

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's)
Own Motion to Consider the Ratemaking and Other)
Implications of a Proposed Plan for Resolution of)
Voluntary Case filed by Pacific Gas & Electric)
Company (PG&E) Pursuant to Chapter 11 of the)
Bankruptcy Code, in the United States Bankruptcy)
Court, Northern District of California, San Francisco)
Division, In re Pacific Gas and Electric Corporation)
And Pacific Gas and Electric Company,)
Case No. 19-30088)
_____)

I.19-09-016
(Filed September 26, 2019)

**ALLIANCE FOR NUCLEAR RESPONSIBILITY'S
RESPONSE TO ORDER INSTITUTING INVESTIGATION**

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Date: October 18, 2019

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I. INTRODUCTION.

Pursuant to Rule 5.2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the Alliance for Nuclear Responsibility (“A4NR”) respectfully files this Response to the September 26, 2019 Order Instituting Investigation (“OII”). A4NR represents both residential and small business ratepayers on nuclear energy issues before California and Federal regulatory agencies, the Legislature, and Congress. It has actively participated in many Commission proceedings.

A4NR has no objection to the OII’s preliminary scoping memo regarding the need for hearing, issues to be considered, or schedule. The OII appropriately invokes the insight gained from the embers of PG&E’s prior bankruptcy regarding the divergence in functions between the Commission and a bankruptcy court: the bankruptcy court adjudicates the relationship between a debtor and its creditors, while the Commission’s focus is on the relationship between a utility and its ratepayers.¹

The United States Bankruptcy Code affords no protection to ratepayer interests beyond the requirement of 11 U.S.C. § 1129(a)(6) that any rate change in a reorganization plan be approved by governmental regulatory commissions with proper jurisdiction. The California Constitution and Public Utilities Code, on the other hand, elevate the assurance of just and reasonable rates to the Commission’s paramount obligation.

II. A4NR’s PERSPECTIVE.

A4NR expects the Commission to rigorously scrutinize any proposed plan of

¹ OII at p. 4, citing D.03-12-035.

reorganization for its impact on PG&E's ratepayers, and to exercise its police powers to preclude unreasonably or imprudently incurred costs.

Information provided by PG&E in its pending General Rate Case, A.18-12-009, indicates that current operation of the Diablo Canyon Nuclear Power Plant ("DCNPP") — in the face of PG&E's precipitous loss of bundled customers — falls considerably short of the "just and reasonable" standard for rates. PG&E served 82% of the bundled load within its service territory in 2017, but suffered a decline to 59% in 2018 and projects further erosion to 47% in 2019 and 43% in 2020. In 2016, PG&E identified an anticipated loss of customers to Community Choice Aggregation and Direct Access as the primary reason to retire DCNPP in 2025, but the 2020 load estimate represents a collapse below even PG&E's worst case projection for 2025.

In the meantime, DCNPP's above-market costs have soared. PG&E's application of the Commission's Power Charge Indifference Adjustment methodology assigned above-market costs of \$410 million to DCNPP for 2018; initially forecasted \$523 million for 2019, an amount now projected to be \$1.168 billion; and presently estimates \$1.258 billion in above-market costs for 2020. Yet PG&E proposes to incur another \$1.124 billion of otherwise avoidable going-forward O&M and capital expenditures for DCNPP over the 2020 — 2022 General Rate Case period.

The sponsor of any proposed plan of reorganization that contemplates continued operation of an asset rendered so conspicuously obsolescent by market conditions will face a substantial burden of proof that imposing such costs on ratepayers is either just or reasonable.

Additionally, such a plan will need to document how DCNPP's annual ~18,000 GWh of inflexible baseload generation can be applied to PG&E's greatly diminished bundled load in a

manner consistent with California's Renewable Portfolio Standard Program, as required by Cal. Pub. Util. Code §3292(b)(1)(D)(i) in order for PG&E to be an eligible participant in the Wildfire Insurance Fund.

III. CONCLUSION.

A4NR's participation in this proceeding will not prejudice any party and will not delay the schedule or broaden the scope of the issues in the proceeding. A4NR looks forward to participating as a party and envisions conducting discovery, sponsoring testimony, and submitting briefs. The undersigned will be A4NR's principal contact in this proceeding, but A4NR also asks that the following two individuals be placed in the "*information only*" category of the Service List:

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Respectfully submitted,

By: /s/ John L. Geesman

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