

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company )  
for Compliance Review of Utility-Owned )  
Generation Operations, Portfolio Allocation )  
Balancing Account Entries, Energy Resource )  
Recovery Account Entries, Contract )  
Administration, Economic Dispatch of Electric )  
Resources, Utility-Owned Generation Fuel )  
Procurement, and Other Activities for the Record )  
Period January 1 through December 31, 2021. )  
(U 39 E) )

Application 22-02-015  
(Filed February 28, 2022)

**ALLIANCE FOR NUCLEAR RESPONSIBILITY'S PROTEST**

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## PROTEST

Pursuant to Rule 2.6 of the California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure, the Alliance for Nuclear Responsibility (“A4NR”) respectfully submits its Protest of the Application of Pacific Gas and Electric Company (“PG&E”) in the 2021 Electric Energy Resource Recovery Account (“ERRA”) Compliance proceeding. PG&E’s Application was filed on February 28, 2022 and first appeared in the Commission’s Daily Calendar on March 7, 2022, although mistakenly identified then as “A.22-03-015”.

A4NR’s Protest is focused upon the Application’s pretense that PG&E should not bear responsibility for the costs inflicted upon ratepayers by 149.2 days of forced outages in 2020 and 2021 at Unit 2 of the Diablo Canyon Nuclear Power Plant (“DCNPP”). These outages stemmed from the imprudent administration of DCNPP Unit 2 by PG&E, and the replacement costs for energy and capacity associated with the six outages should be disallowed from PG&E’s requested recovery.

In response to a data request from A4NR, PG&E has calculated these costs to sum to \$178.6 million. In its pending 2023 General Rate Case, PG&E has identified the recorded capital costs of its controversial Unit 2 Main Generator Stator Project as \$79.7 million. The trouble-plagued new stator, the source of five of the six Unit 2 outages, was placed in service December 18, 2019 and PG&E’s haphazard managerial decisions on whether to complete the capital investment featured prominently in the 2017 and 2020 general rate cases. Based upon PG&E’s diminished market share for generation within its service territory, a substantial majority of the

costs of the DCNPP Unit 2 outages will likely be passed through to Community Choice Aggregation and Direct Access customers under the Power Charge Indifference Adjustment.

PG&E acknowledges that it has the burden to prove by a preponderance of evidence that its administration of utility-owned resources like DCNPP Unit 2 satisfy a “reasonable manager” standard. As stated in PG&E’s 2021 ERRA Compliance Application, this means

utilities are held to a standard of reasonableness based upon the facts that are known or should have been known at the time. The act of the utility should comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act.<sup>1</sup>

PG&E’s testimony asserts that the Utility “actively managed Siemens in its performance of its contractual and warranty obligations”<sup>2</sup> but repeatedly points to shortcomings in Siemens’ performance.<sup>3</sup> Even if these blame-the-vendor claims are accurate, PG&E cannot evade responsibility for the performance of its selected contractor. A reasonable manager of utility-owned generation assets knows that it is not indemnified by its customers (or departed load) from its acceptance of defective or improperly installed equipment, or unsatisfactory performance by its vendors. PG&E’s remedy for such deficiencies must be anchored in the “contractual and warranty obligations” of its vendors, not a presumptive reimbursement from its ratepayers for any lapse in diligence. PG&E’s testimony is silent on the reasonableness of its acceptance of the Unit 2 Main Generator rebuild as satisfactorily completed, and silent on what

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<sup>1</sup> PG&E Application, p. 6, citing D.11-10-002, p. 11, fn. 2 (quoting D.90-09-088, 37 CPUC 2d 488, 499 (1990)) and D.16-04-006, p. 12.

<sup>2</sup> PG&E Testimony, p. 4-13, lines 2 – 4.

<sup>3</sup> *Id.*, p. 4-12, line 33 – p. 4-17, line 33.

redress it has sought or will seek from those responsible for any inadequate performance. PG&E's customers (and departed load) deserve better protection.

A4NR has already initiated discovery and intends to sponsor testimony. It has no objections (or further comments at this time) regarding PG&E's statements on the proposed category, need for hearing, and other issues to be considered in the 2021 ERRA Compliance proceeding. A4NR endorses the revised schedule proposed by CalCCA, to which PG&E and the Public Advocates Office appear to have also agreed. In the event the Commission prefers a different schedule, A4NR's only request is that evidentiary hearings be held either before October 19, 2022 or after November 13, 2022. 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,

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