

## COUNTY OF SANTA BARBARA LEGISLATIVE ANALYSIS FORM

*This form is required for the Legislative Program Committee to consider taking an advocacy position on an issue or legislative item.*

<b>BILL NUMBER:</b> SB 968	<b>AUTHOR:</b> Sen. Monning co-author Hannah Beth Jackson Katcho Achadjian
<b>INTRO/AMEND DATE:</b> 3/15/16	<b>AUTHOR'S POLITICAL PARTY:</b> Democratic
<b>BILL STATUS:</b> 1 <sup>st</sup> hearing Senate Energy March 29th	

**1) BILL SUBJECT:**

Study economic impacts and mitigation for early closure of Diablo Canyon

**2) FROM DEPARTMENT:**

**3) IS THIS ITEM SPECIFICALLY REFERENCED IN THE LEGISLATIVE PLATFORM?**

**4) WHICH POLICY-RELATED MATTER IS OF CONCERN WITH THIS BILL?**

energy generation and economic impacts

**5) HOW WOULD THIS BILL IMPACT THE COUNTY? (Current practices, responsibility, authority, pros/cons, affected programs and/or services, etc.)**

Evaluates loss of jobs and resources on central coast

- 6) IMPACT ON COUNTY PROGRAM:**     Major                       Minor                       None  
**SANTA BARBARA COUNTY IMPACT:**     Major                       Minor                       None  
**STATEWIDE IMPACT:**                       Major                       Minor                       None

*Explanation of Impacts:*

PG&E is the largest employer in San Luis Obispo and at least 150 employees live in northern SB County

**7) WOULD THIS BILL IMPACT:**

- |   |   |                             |
|---|---|-----------------------------|
| a. Efficient service delivery and operations?   | <input type="checkbox"/> YES            | <input type="checkbox"/> NO |
| b. Fiscal stability?                            | <input type="checkbox"/> YES            | <input type="checkbox"/> NO |
| c. Inter-agency cooperation?                    | <input type="checkbox"/> YES            | <input type="checkbox"/> NO |
| d. Local control?                               | <input type="checkbox"/> YES            | <input type="checkbox"/> NO |
| e. Protection of safety net services?           | <input type="checkbox"/> YES            | <input type="checkbox"/> NO |
| f. Community sustainability/economic stability? | <input checked="" type="checkbox"/> YES | <input type="checkbox"/> NO |

*Additional Comments:*

The question of fiscal stability is the subject of the bill



**COUNTY OF SANTA BARBARA**  
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**8) FISCAL IMPACT ON THE COUNTY:**

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Revenue Increase | <input type="checkbox"/> Revenue Decrease | <input type="checkbox"/> Unfunded Mandate        |
| <input type="checkbox"/> Cost Increase    | <input type="checkbox"/> Cost Decrease    | <input checked="" type="checkbox"/> Undetermined |
| <input type="checkbox"/> None             |   |  |

*Additional Comments:*

Loss of resources and job, and advance planning for economic mitigation should this occur

**9) OTHER AGENCIES THAT SHOULD REVIEW THIS BILL:**

*Please list other agencies below:*

**10) CSAC POSITION ON BILL:**

- |  |                                 |   |
|--|---------------------------------|---|
| <input type="checkbox"/> Support               | <input type="checkbox"/> Oppose | <input type="checkbox"/> Support if Amended |
| <input type="checkbox"/> Oppose unless Amended | <input type="checkbox"/> Watch  | <input type="checkbox"/> No position taken  |

**11) OTHER LOCAL OR STATEWIDE ORGANIZATIONS THAT HAVE TAKEN A POSITION ON THIS BILL:**

*(Indicate support or opposition for each)*

SLO County, SLO Coastal School District, City of San Luis Obispo, Economic Vitality Council

**12) PROPOSED AMENDMENTS: (Attach separate sheet)**

**13) RECOMMENDATION:**

- |  |  |   |
|--|--|---|
| <input checked="" type="checkbox"/> Active Support*    | <input type="checkbox"/> Passive Support               | <input type="checkbox"/> Support if Amended*    |
| <input type="checkbox"/> Active Opposition*            | <input type="checkbox"/> Passive Opposition            | <input type="checkbox"/> Oppose unless Amended* |
| <input type="checkbox"/> Watch                         | <input type="checkbox"/> Concerns (Why? Explain in #6) | <input type="checkbox"/> No Position (Why?)     |
| <input type="checkbox"/> No Change since Last Position |  |   |

\* Indicates that the department believes that the Board of Supervisors should take a formal position on this bill

*Additional Comments:*

**14) LEGISLATIVE ANALYSIS FORM PREPARED BY: Alliance for Nuclear Responsibility**

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**SB 968 FACT SHEET**  
**SENATOR BILL MONNING**  
**DIABLO CANYON: ADVERSE ECONOMIC IMPACT ASSESSMENT**

**PROPOSED BILL**

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Senate Bill (SB) 968 requires the Pacific Gas and Electric Company (PG&E) to submit to the California Public Utilities Commission an assessment of the adverse economic impacts that could occur in the San Luis Obispo County region if the Diablo Canyon Nuclear Power Plant were to temporarily or permanently shut down.

The assessment would be conducted by an independent third party and made publically available.

**BACKGROUND**

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The Diablo Canyon Power Plant (Plant) is owned and operated by PG&E and located on the California coast in San Luis Obispo County. The Plant is the only nuclear power plant operating in the state and is licensed by the Nuclear Regulatory Commission (NRC). Unit 1 is licensed to operate until November 2, 2024, and Unit 2 is licensed to operate until August 26, 2025.

On November 24, 2009, PG&E filed a 20 year license renewal with the NRC but after the accident at the Fukushima Daiichi nuclear power plant in Japan in 2011, active efforts to extend the license have stalled. As a result, seismic studies and reviews are ongoing and will need to be completed prior to NRC's decision to extend Diablo Canyon's license.

Additionally, if PG&E continues to move forward with the Plant's license extension, use of the Once-Through Cooling system and future environmental mitigation will need to be reviewed by the State Water Resources Control Board.

A June 2013 Economic Impact Study funded by PG&E concluded that the local economic impact of Diablo Canyon is substantial, with the total 2011 estimated economic impact to be \$919.8 million.

The Plant has approximately 1,483 employees and it is estimated that this year the San Luis Coastal Unified School District will receive more than \$10 million, 16 percent of its operating revenue, from taxes paid by PG&E.

According to San Luis Obispo County records, PG&E is the largest property taxpayer in the County, paying over \$25 million in 2014, much of that attributable to its operations at Diablo Canyon.

**NEED FOR LEGISLATION**

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While the 2013 Economic Impact Study highlighted the economic benefits of Diablo Canyon, the study failed to detail the adverse economic impacts that could occur if the Plant were to shut down.

No one can say for certain whether the Diablo Canyon Nuclear Power Plant will continue to operate in the near-term or long-term. Given this uncertainty and the region's economic reliance on the Plant, it is critical that state regulators and the public be informed about the potential adverse economic impacts should the plant not be in operation and how to best mitigate these impacts

In 2013, local communities were ill prepared for the sudden closure of the San Onofre Nuclear Generating Station (SONGS) in San Diego.

Unlike the region impacted by the SONGS closure, the San Luis Obispo region relies more heavily on the economic benefits provided by Diablo Canyon and needs economic impact information in order to assess how the region can absorb adverse economic impacts should the Plant be closed.

**FOR MORE INFORMATION**

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Contact: Ryan Guillen  
 Phone: (916) 651-4017  
 Email: [ryan.guillen@sen.ca.gov](mailto:ryan.guillen@sen.ca.gov)

**SOLUTION**

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SB 968 calls for a comprehensive economic assessment of the region that would be impacted if the Diablo Canyon Nuclear Power Plant temporarily or permanently closes. The assessment would determine if there would be decreases in local tax revenues, decreases in the local workforce, and if there would be indirect economic losses. Additionally, the assessment would include a review of the economic impacts of the closure of the San Onofre Nuclear Generating Station and how the community is handling decommissioning.

Assessing and planning for any adverse economic impacts should the Diablo Canyon Power Plant shut down is prudent and will not take away from the existing public safety assessments related to the Plant. SB 968 will allow local communities and the state with the information they need to develop potential contingency plans should Diablo Canyon temporarily or permanently shut down.

**SUPPORT**

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None at this time

**OPPOSITION**

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None at this time

AMENDED IN SENATE MARCH 14, 2016

**SENATE BILL**

**No. 968**

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**Introduced by Senator Monning**  
**(Coauthor: Senator Jackson)**  
*(Coauthor: Assembly Member Achadjian)*

February 8, 2016

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An act to add Section 712.5 to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 968, as amended, Monning. Diablo Canyon Units 1 and 2 powerplant.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Diablo Canyon nuclear powerplant, composed of reactor Units 1 and 2, is operated by the Pacific Gas and Electric Company in the County of San Luis Obispo. Existing law requires the commission to convene, or continue, until August 26, 2025, an independent peer review panel to conduct an independent review of enhanced seismic studies and surveys of the Diablo Canyon Units 1 and 2 powerplant, including the surrounding areas of the facility and areas of nuclear waste storage.

This bill would direct the commission to require the Pacific Gas and Electric Company to submit an assessment, *no later than July 1, 2018*, conducted by an independent ~~third~~ 3rd party, *selected as specified*, of the adverse economic impact that could ~~occur~~ occur, and of potential ways to mitigate that adverse economic impact, if the Diablo Canyon Units 1 and 2 powerplant were to temporarily or permanently shut down before the powerplant's current operating licenses ~~expire~~. *expire or if the Pacific Gas and Electric Company were to decide not to pursue*

*license renewal.* The bill would require the commission to consider any further assessments or reviews needed that could assist local efforts to prepare for a ~~sudden~~ closure of the Diablo Canyon Units 1 and 2 powerplant.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Pacific Gas and Electric Company.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 712.5 is added to the Public Utilities  
2 Code, to read:

3 712.5. (a) (1) The commission shall require the Pacific Gas  
4 and Electric Company to submit an ~~assessment~~ *assessment, no*  
5 *later than July 1, 2018*, of the adverse economic impact for the  
6 region surrounding the County of San Luis Obispo that could occur  
7 if the Diablo Canyon Units 1 and 2 powerplant were to temporarily  
8 or permanently shut down before the powerplant’s current  
9 operating licenses from the Nuclear Regulatory Commission ~~expire~~.  
10 ~~The expire or if the Pacific Gas and Electric Company were to~~  
11 *decide not to pursue license renewal. The assessment shall include*  
12 *a review, as described in paragraph (4) of subdivision (b), of*  
13 *potential actions for the state and local jurisdictions to consider*  
14 *in order to mitigate the adverse economic impact of a shutdown.*

15 (2) ~~The assessment shall be conducted by an independent third~~  
16 ~~party whose independence and qualifications can reasonably be~~  
17 ~~verified by the commission:~~ *party, selected in accordance with*  
18 *paragraph (1) of subdivision (c).*

19 (b) The assessment shall consist of, but not be limited to, all of  
20 the following:

21 (1) Estimates of any decreases in local tax revenues, decreases  
22 in workforce populations, losses in indirect or induced economies,  
23 and potential impacts to ratepayers from an early shutdown.

24 (2) A review of the economic impacts that affected the region  
25 surrounding the San Onofre Nuclear Generating Station after it  
26 was decommissioned by the Southern California Edison Company  
27 and of the relevant decommissioning plans of the San Onofre  
28 Nuclear Generating Station.

1 (3) *A review of regions in the United States similar to the region*  
 2 *surrounding the County of San Luis Obispo that have experienced*  
 3 *the decommissioning of a nuclear powerplant and of the resulting*  
 4 *adverse economic impacts of the decommissioning on those*  
 5 *regions.*

6 ~~(3)~~

7 (4) Identification of any contingency plans that could mitigate  
 8 the adverse economic impact of ~~an early~~ a shutdown to state and  
 9 local jurisdictions, the local workforce, and entities receiving  
 10 enhanced tax revenue.

11 ~~(e) The~~

12 (c) (1) *The commission shall require the Pacific Gas and*  
 13 *Electric Company to issue a request for proposal for the*  
 14 *independent third party that will ensure that the selected party is*  
 15 *able to make an independent review and analysis of the data*  
 16 *described in subdivision (b). The commission shall make the final*  
 17 *selection of the independent third party from the list of qualified*  
 18 *bidders.*

19 (2) *The independent third party shall consult with the Board of*  
 20 *Supervisors of the County of San Luis Obispo, the governing board*  
 21 *of the San Luis Coastal Unified School District, and other relevant*  
 22 *governmental entities to assist in an accurate assessment of*  
 23 *decreases in local tax revenues.*

24 (d) The commission shall make the assessment publicly available  
 25 on its Internet Web site and place it as an item on the agenda at  
 26 the next commission meeting after the assessment is made publicly  
 27 available for purposes of collecting and recording public comment,  
 28 and hold any subsequent public meetings as necessary.

29 (e) The commission shall consider any further assessments or  
 30 reviews needed that could assist local efforts in the region  
 31 surrounding the County of San Luis Obispo to prepare for a ~~sudden~~  
 32 closure of the Diablo Canyon Units 1 and 2 powerplant and make  
 33 those considerations and findings publicly available.

34 SEC. 2. The Legislature finds and declares that a special law  
 35 is necessary and that a general law cannot be made applicable  
 36 within the meaning of Section 16 of Article IV of the California  
 37 Constitution because, currently, the Diablo Canyon Units 1 and 2  
 38 powerplant, owned and operated by the Pacific Gas and Electric  
 39 Company, is the last operating nuclear powerplant in California  
 40 and its continued operation is uncertain as Diablo Canyon Units

**SB 968**

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1 1 and 2 are only authorized to operate until 2024 and 2025,  
2 respectively. Local communities were ill-prepared and given no  
3 notice after the sudden closure of the San Onofre Nuclear  
4 Generating Station was announced on June 7, 2013, and the state  
5 is still responding, at significant cost, to the sudden, permanent,  
6 and unexpected loss of baseline electricity. Therefore, an  
7 assessment is needed from the Pacific Gas and Electric Company  
8 on the adverse economic impact specific to ~~an early shut down a~~  
9 *shutdown* of the Diablo Canyon Units 1 and 2 powerplant to  
10 provide the state, and local communities, with valuable and  
11 necessary information to plan and prepare for that circumstance,  
12 if needed.

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