

**CALIFORNIA STATE
LANDS COMMISSION**

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BETTY T. YEE, *Controller*
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Established in 1938

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December 7, 2017

SENT VIA ELECTRONIC MAIL AND U.S. MAIL

Public.Advisor@cpuc.ca.gov

California Public Utilities Commission
Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Picker and Commissioners,

The California State Lands Commission (CSLC) supports the Joint Proposal in Application 16-08-006, submitted by the Pacific Gas and Electric Company (PG&E), Natural Resources Defense Council, Friends of the Earth, Alliance for Nuclear Responsibility, and International Brotherhood of Electrical Workers Local 1245 (Joint Parties) and supported by the County of San Luis Obispo and various local governments within the County. The CSLC is a three-member statewide commission, consisting of Lt. Governor Gavin Newsom, State Controller Betty Yee, and Director of Finance Michael Cohen. The CSLC manages approximately four million acres of tide and submerged lands offshore California, including offshore San Luis Obispo County, making its decisions in furtherance of the common law Public Trust Doctrine and in the best interest of the State of California. The CSLC appreciates your attention to this important matter and requests that you consider the significant statewide benefits provided under the Joint Proposal in ruling on the pending application.

On June 21, 2016, the Joint Parties announced that, despite their radically diverging interests and viewpoints, they had reached an agreement, the Joint Proposal, to responsibly retire Diablo Canyon by 2025. The Joint Proposal received significant support, and, on June 28, 2016, the CSLC authorized a short term lease to PG&E for the continued use and maintenance of the Diablo Canyon Power Plant cooling system infrastructure, allowing Diablo Canyon to continue operating until 2025 ([Item 96, June 28, 2016](#)). In authorizing the lease, the CSLC determined that approving the lease was in the State's best interests, relying on PG&E's commitments in the Joint Proposal to retire Diablo Canyon; procure renewable energy sources to replace Diablo Canyon; retain and retrain Diablo Canyon's talented workforce; and mitigate adverse economic impacts to local communities resulting from the planned Diablo Canyon retirement. The CSLC determined at a public meeting after hearing hours of testimony that these commitments were necessary to ensure that Diablo Canyon's retirement avoids the detrimental effects resulting from the abrupt retirement of a major energy-generating facility, such as what was experienced with the San Onofre Nuclear Generating Station

(SONGS) in 2013, including increased greenhouse gas emissions from replacement power sources; layoffs of the plant's workforce; and significant adverse economic impacts to the surrounding communities.

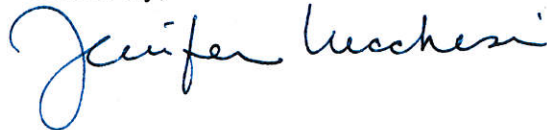
On November 8, 2017, California Public Utilities Commission (CPUC) Administrative Law Judge (ALJ) Peter V. Allen issued a proposed decision regarding the Joint Proposal. The proposed decision, if adopted, would approve the planned Diablo Canyon retirement; defer consideration of replacement procurement to the Integrated Resource Planning process; partially approve the Diablo Canyon employee retention and retraining program; and entirely deny the Community Impact Mitigation Program. The CSLC respects ALJ Allen's opinion but requests that you, in making the final decision regarding Application 16-08-006, consider the Joint Proposal's significant benefits for Californians statewide, including the ratepayers. These benefits include the responsible retirement of Diablo Canyon; procurement of renewable energy sources; worker retention and retraining programs; and mitigation of adverse economic impacts to local communities.

- Although Diablo Canyon has provided greenhouse gas-free power for decades, the plant's retirement will, among other things, allow the impacted coastal environment to begin to heal; reduce entrainment and impingement of marine species; eliminate risks to the facility's infrastructure created by the proximity of the facility to various fault lines; and create opportunities for new renewable energy projects to contribute to California's electric grid.
- Replacing Diablo Canyon with renewable energy sources would ensure that Californians receive electricity from safe, clean sources. Moreover, it is critically important that one of the largest sources of greenhouse gas-free energy be replaced with energy sources that are equally carbon-free.
- Retaining and retraining Diablo Canyon's workforce would help ensure that the employees are adequately compensated to continue to safely operating Diablo Canyon and are prepared to transition to new employment opportunities after the plant's retirement. PG&E currently employs approximately 1,500 employees to operate Diablo Canyon. Without a retention program, these employees may accept positions with other employers to ensure that they remain employed rather than wait for Diablo Canyon's retirement to search for new positions. The Joint Proposal's fair retention program would ensure that these employees are incentivized to remain with PG&E and continue safely operating the plant until its retirement. Similarly, the retraining program would provide Diablo Canyon's talented workforce with the skills it needs to transition to new positions after California's last nuclear plant retires.
- Mitigating adverse economic impacts to the local communities would help these communities adjust to the changes in their economy resulting from the retirement of Diablo Canyon. San Luis Obispo County estimates that Diablo Canyon

annually contributes \$1 billion to its economy. Suddenly losing this contribution would have detrimental economic effects. The Community Impact Mitigation Program would provide support to the County, cities, and residents while their economy adjusts after the retirement.

You now control the fate of the Joint Proposal, and, unless you approve the Joint Proposal in its entirety, PG&E may abandon all of its commitments. In issuing a lease for the cooling system infrastructure to allow Diablo Canyon operations until 2025, the CSLC strived to ensure that PG&E would retire Diablo Canyon responsibly, avoiding the kinds of detrimental effects felt statewide resulting from the abrupt SONGS retirement. For these reasons, the CSLC requests that you consider the Joint Proposal's statewide benefits, summarized above, and how your decision will impact millions of Californians. Thank you for your attention to this significant statewide matter.

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Lucchesi". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

JENNIFER LUCCHESI
Executive Officer

cc: Honorable Lt. Governor Gavin Newsom
Honorable State Controller Betty Yee
Director Michael Cohen, Department of Finance