# COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
# AGENDA ITEM TRANSMITTAL

| (1) DEPARTMENT | (2) MEETING DATE | (3) CONTACT/PHONE |
|---|---|---|
| Administrative Office/ Emergency Services | September 13, 2011 | Ron Alsop, (805) 781-5011 |

(4) SUBJECT
Request the California Public Utilities Commission to Add a County Representative to a Peer Review Panel Related to PG&E Seismic Studies

(5) SUMMARY OF REQUEST
Requesting permission for staff to file a motion with the California Public Utilities Commission (Commission) in turn requesting that a representative of the County be added to the Commission's Independent Peer Review Panel to review the results of seismic studies underway and/or previously completed by Pacific Gas and Electric Company related to the Diablo Canyon Power Plant.

(6) RECOMMENDED ACTION
It is recommended that the Board authorize requesting the California Public Utilities Commission to add a representative of the County to the Independent Review Panel for the purpose of conducting a peer review of PG&E seismic studies and that the Commission authorize the recovery of the costs of the peer review participation.

| (7) FUNDING SOURCE(S) | (8) CURRENT YEAR FINANCIAL IMPACT | (9) ANNUAL FINANCIAL IMPACT | (10) BUDGETED? |
|---|---|---|---|
| PG&E through the Public Utilities Commission | $70,000 (revenue offset) | $180,000 (for an estimated two additional years; revenue offset) | ☒ No ☐ Yes ☐ N/A |

(11) OTHER AGENCY INVOLVEMENT/IMPACT (LIST):
California Public Utilities Commission, PG&E, County Counsel

(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? ☒ No ☐ Yes, How Many? ____
☐ Permanent ____ ☐ Limited Term ____ ☐ Contract ____ ☐ Temporary Help ____

(13) SUPERVISOR DISTRICT(S)
☐ 1st, ☐ 2nd, ☐ 3rd, ☐ 4th, ☐ 5th, ☒ All

(14) LOCATION MAP
☐ Attached ☒ N/A

(15) MADDY ACT APPOINTMENTS
Signed-off by Clerk of the Board: ☒ N/A

(16) AGENDA PLACEMENT
☐ Consent ☐ Hearing (Time Est. _____)
☐ Presentation ☒ Board Business (Time Est. 30 minutes)

(17) EXECUTED DOCUMENTS
☐ Resolutions (Orig) ☐ Contracts (Orig + 3 Copies)
☐ Ordinances (Orig) ☒ N/A
☐ Email Resolution and Ordinance to *CR_Board_Clerk* (in MS Word)

(18) NEED EXTRA EXECUTED COPIES?
☐ Number: _____ ☐ Attached ☒ N/A

(19) BUDGET ADJUSTMENT REQUIRED?
☐ BAR ID Number: _____
☐ 4/5th's Vote Required ☒ N/A

(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)
_____

(21) W-9
☒ No ☐ Yes

(22) AGENDA ITEM HISTORY
☐

(23) ADMINISTRATIVE OFFICE REVIEW

# County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. D430 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011

**JIM GRANT**
COUNTY ADMINISTRATOR

TO: Board of Supervisors

FROM: Ron Alsop, Administrative Office/Office of Emergency Services

DATE: September 13, 2011

SUBJECT: Request the California Public Utilities Commission to Add a County Representative to a Peer Review Panel Related to PG&E Seismic Studies

## Recommendation

It is recommended that the Board authorize requesting the California Public Utilities Commission (Commission) to add a representative of the County to the Independent Review Panel for the purpose of conducting a peer review of PG&E seismic studies and that the Commission authorize the recovery of the costs of the peer review participation.

## Discussion

On August 12, 2010 the California Public Utilities Commission granted an application from Pacific Gas and Electric Company (PG&E) which requested approval of funding to perform additional seismic studies in the area at and around the Diablo Canyon Power Plant. The seismic studies were recommended by the California Energy Commission (CEC) in the CEC's November 2008 report titled, "An Assessment of California's Nuclear Power Plants: AB 1632 Report". Specifically, PG&E requested the Commission (1) find that PG&E should proceed with the CEC-recommended additional seismic studies, and (2) authorize PG&E to establish a new balancing account to record and recover in rates the actual costs of those seismic studies, estimated at approximately $16.73 million.

The Commission's decision granting the application from PG&E is referenced as Decision 10-8-003, August 12, 2010. As part of that decision, in addition to PG&E's proposal to employ outside consultants and subject its seismic studies to peer review, the Commission decision included convening its own Independent Peer Review Panel. The Commission's decision included inviting the CEC, the California Geological Survey, the California Coastal Commission, and the California Seismic Safety Commission to participate on the panel. Under the auspices of the Commission, the Independent Peer Review Panel is conducting an independent review of PG&E's seismic studies including independently reviewing and commenting on PG&E's study plan and the findings of the study, which are expected to be completed in 2013.

The Independent Peer Review Panel convened its first meeting on August 31, 2010 at the Commission's offices in San Francisco. At this meeting, PG&E gave a brief presentation on its proposed seismic survey study plans.

PG&E also requested and the Commission approved the establishment of a Diablo Canyon Seismic Study Balancing Account (DCSSBA) to record and recover the utility's actual costs of conducting the seismic studies. PG&E estimated that the expenses associated with the seismic studies will be $16.73 million. PG&E proposed to commence recovery of costs over a three-year period based upon the $16.73 million estimate and annually to true-up its generation rates based upon actual costs as recorded in DCSSBA.

PG&E proposed that the costs recorded to the DCSSBA be recovered in the Utility Generation Balancing Account or its successor, as part of the Annual Electric True-up for recovery through the Commission's jurisdictional rates. Costs incurred by PG&E to comply with directions issued by the Independent Peer Review Panel shall be recovered in the DCSSBA. The Independent Peer Review Panel may employ consultants and experts. Costs incurred by the Independent Peer Review Panel shall be reimbursed by PG&E and recovered in the DCSSBA.

The Commission recognized that the projected $16.73 million cost was an estimate, and they were concerned that cost overruns were possible without prior authorization by the Commission. Therefore the Commission capped the costs at $16.73 million and required PG&E to apply for removal of the cap when it believes the costs will exceed $16.73 million. As the seismic studies and related work progress PG&E has determined the costs will indeed exceed $16.73 million.

As a result, PG&E will be filing another application with the Commission for approval of additional costs. As part of PG&E's new filing, this request before the Board of Supervisors is asking for approval to include a request to the Commission to add to the Independent Peer Review Panel a representative of the County of San Luis Obispo. PG&E is agreeable to including this request in their new application to the Commission.

A sample motion for making this request is attached to this staff report.

Other Agency Involvement

The County Administrative Office/Office of Emergency Services has been working with PG&E on this request and PG&E does not object. However, since the County does not have staff expertise to serve on the Independent Peer Review Panel it will be necessary to hire an expert specialist consultant to serve on our behalf. As a result, County Administrative Office/Office of Emergency Services staff discussed with PG&E the need to include in their request to the Commission an additional $250,000 to offset the costs of a County representative. This cost is based on the understanding that an individual with highly qualified and unique skills will be needed to properly serve on the Independent Peer Review Panel. The Administrative Office and/or other staff as agreed to by the Administrative Office may also work directly with the Commission as needed, such as attending relevant public meetings representing the County.

Financial Considerations

County staff will work with PG&E staff to include the estimated $250,000 expert consultant cost as a reimbursable expense through the process noted earlier in this staff report. Should the Commission agree to the County's request the Administrative Office will return to the Board at later date with a budget adjustment request. No increase in General Fund Support is anticipated.

Results

Having a County representative on the Independent Peer Review Panel will help ensure the interests and concerns of our citizens and the Board of Supervisors are met through direct input and involvement in the review process. This will in turn help meet the County's communitywide results goal of a safe community.

**BEFORE THE PUBLIC UTILITIES COMMISSION**
**OF THE STATE OF CALIFORNIA**

| | |
|---|---|
| Application of Pacific Gas and Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission.<br><br>(U 39 E) | Application No. 10-01-014 |

**MOTION TO INTERVENE OF**
**SAN LUIS OBISPO COUNTY**

Dated: September __, 2011

ENTER INDIVIUAL REPRESENTING COUNTY
HERE AND ALL CONTACT INFROMATION

**BEFORE THE PUBLIC UTILITIES COMMISSION**
**OF THE STATE OF CALIFORNIA**

| |
|---|
| Application of Pacific Gas and Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission.<br><br>(U 39 E) |

# MOTION OF INTERVENE OF SAN LUIS OBISPO COUNTY

Pursuant to Rule 1.4 of the California Public Utilities Commission Rules of Practice and Practice and Procedure the County of San Luis Obispo hereby requests permission to intervene in the above-captioned proceeding. Under Rule 1.4(a)(4), a person or entity may become a party to a proceeding by making a motion that: (1) discloses the persons or entities in whose behalf the filing is being made and the interest of those persons or entities in the outcome of the proceeding, (2) states the factual and legal contentions that the person intends to make, and (3) shows that the contentions will be reasonably pertinent to the issues already presented.

Insert narrative here addressing potions 1-3 above.

(1) The County of San Luis Obispo is representing the 271,000 residents of the county, including the approximately 145,000 who reside within the Diablo Canyon Emergency Planning Zone. The County of San Luis Obispo is the lead local agency responsible for offsite emergency planning and preparedness for the citizens and visitors within the Emergency Planning Zone and surrounding areas. The residents of the county and particularly the Emergency Planning Zone have a vested interest in the outcome of the proceeding due to their proximity to Diablo Canyon.

(2) & (3) The County supports the completion of the studies, to the extent it concurs with scope of the IPRP on which it requests to participate and supports PG&E's request to recover the costs of the seismic studies and IPRP in this filing.

Respectfully Submitted,

By: /s/