

# DCISC

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## DIABLO CANYON INDEPENDENT SAFETY COMMITTEE

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May 22, 2018

Office of Senator Monning  
State Capitol, Room 313  
Sacramento, CA 95814

Attn: Ms. Bethany Westfall, Legislative Director  
Re: DCISC Comments on Senator Monning's CA Senate Bill No. 1090

The Diablo Canyon Independent Safety Committee ("DCISC") hereby submits its comments concerning California Senate Bill 1090, introduced by Sen. Bill Monning on February 12, 2018, which, if approved, would require in part that the California Public Utilities Commission (CPUC) approve full funding by PG&E ratepayers for its Diablo Canyon Nuclear Power Plant ("Diablo Canyon") employee retention program as originally proposed in PG&E's Application 16-08-006 dated August 11, 2016, to retire Diablo Canyon by 2025.

### Background about the DCISC

The DCISC was established as one of the terms of a settlement agreement entered into by the Division of Ratepayer Advocates ("DRA" now known as the Office of Ratepayer Advocates) of the California Public Utilities Commission ("CPUC"), the Attorney General ("AG") for the State of California, and Pacific Gas and Electric Company ("PG&E"). The settlement agreement, dated June 24, 1988, was intended to cover the operation and revenue requirements associated with Diablo Canyon's two 1,100 megawatt pressurized water reactors located in San Luis Obispo County for the 30-year period following the commercial operation date of each unit. The agreement arose out of rate proceedings that had been pending before the CPUC for four years, and which included numerous hearings and pre-trial depositions. Just prior to the commencement of trial, the DRA, the AG and PG&E prepared and entered into the settlement agreement and submitted it to the CPUC for approval.

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The agreement provided that:

"An Independent Safety Committee shall be established consisting of three members, one each appointed by the Governor of the State of California, the Attorney General and the Chairperson of the California Energy Commission ("CEC"), respectively, serving staggered three-year terms. The Committee shall review Diablo Canyon operations for the purpose of assessing the safety of operations [emphasis added] and suggesting any recommendations for safe operations. Neither the Committee nor its members shall have any responsibility or authority for plant operations, and they shall have no authority to direct PG&E personnel. The Committee shall conform in all respects to applicable federal laws, regulations and Nuclear Regulatory Commission ("NRC") policies."

The DCISC is made up of recognized technical experts in the nuclear power field who have visited the plant or held public meetings near the plant almost every month since 1990 and know the value to the safety of operations in retaining an experienced, high-performing plant staff, which now numbers approximately 1,500 persons.

#### Discussion of the Issue

On June 21, 2016, PG&E announced a Joint Proposal with Friends of the Earth, the Natural Resources Defense Council, Environment California, the International Brotherhood of Electrical Workers Local 1245, Coalition of California Utility Employees and the Alliance for Nuclear Responsibility to retire Diablo Canyon at the expiration of its current operating licenses from the NRC in 2024 for Unit 1 and in 2025 for Unit 2. On August 11, 2016, PG&E filed Application 16-08-006 with the CPUC for approval of the retirement of Diablo Canyon, implementation of the Joint Proposal, and recovery of associated costs, including employee retention incentives through proposed ratemaking.

Under the Joint Proposal, PG&E would continue to operate Diablo Canyon at current power levels until retirement, with commitments to continuing the safe operation of Diablo Canyon and providing resources and assistance to transitioning workers. To ensure continued safe operations under the Joint Proposal, PG&E stated that it would be critical to retain existing employees, who are well-trained and highly qualified, throughout the remaining several-year period of power operation. To accomplish this, PG&E proposed to provide employee retention incentive payments of 25% per year<sup>1</sup>.

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<sup>1</sup> The retention incentive would be paid in accordance with two tranches, the first being for the period September 1, 2016 to August 31, 2020 and the second from September 1, 2020 to August 31, 2023.

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### DCISC discussion and recommendation

In its Decision 18-01-022, issued on January 16, 2018, the CPUC directed that the Diablo Canyon ratepayer-supported employee retention incentive payments be reduced from PG&E's proposed 25% per year to 15% per year. Although the DCISC did not participate as a party in the CPUC proceeding that led to Decision 18-01-022, the DCISC has observed, in its subsequent visits to the plant, disappointment by employees in the reduction of the incentive payments and anticipates significant increases in future employee attrition, especially in nuclear plant operations, maintenance, and security. This is a concern to the DCISC as increased attrition in these critical areas would in all likelihood adversely affect the safety of operations at Diablo Canyon. In fact, the DCISC also recognizes that the overall morale of the entire staff is another important consideration. The DCISC believes that a well-designed and appropriately funded employee retention incentive program is essential to the plant's safe operation until retirement. While the DCISC does not know what precise funding level is appropriate, the 15% proposal seems to us to be inadequate, based on our recent interactions with the plant staff.

The DCISC strongly believes that continued operation of the power plant through the proposed retirement date of Diablo Canyon Units 1 and 2 in 2024 and 2025, respectively, in a safe manner requires retaining those existing members of the trained workforce who are vital to operating the plant safely. For this reason the employee retention program as originally agreed upon in the Joint Proposal in Application 16-08-006 should not be cut as severely as the cuts in CPUC Decision 18-01-022. A retention program needs to be designed and funded that effectively accomplishes the needed staff-retention objectives for those employees who have vital roles in achieving nuclear safety. For these reasons, the DCISC strongly supports those aspects of Senator Monning's CA Senate Bill 1090 with regards to appropriate funding for the employee retention program. We are, of course, not in a position to advise on how the needed employee-retention program should be designed in detail, provided it includes adequate incentives for those employees who perform vital safety functions.



The DCISC is not commenting in this letter on aspects of Senator Monning's bill that deal with issues beyond those related to the safe operation of the nuclear plant, because those other aspects are outside the DCISC's charter. Although the CPUC Decision is in effect, it is not yet final due to the pendency of an Application for Rehearing.

The DCISC is available to answer questions and provide additional information as needed. We appreciate the opportunity to provide input into the legislative process on this important topic concerning the future of California's power supply in the rapidly changing energy landscape.

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On behalf of myself and the other members of the Diablo Canyon Independent Safety Committee, please convey our thanks to Senator Monning for the opportunity to review and comment on CA Senate Bill 1090. It is our hope that this letter will contribute to the Senate's assessment of these important issues and their potential to adversely affect the future safety of Diablo Canyon. Should the Senator have any questions or concerns about the DCISC's comments please do not hesitate to communicate with us.

Very truly yours,

  
Peter Lam, DCISC Chair   
Legal Counsel

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