PACIFIC GAS AND ELECTRIC COMPANY RESPONSE TO REQUESTS TO SUSPEND DIABLO CANYON LICENSE RENEWAL PROCEEDING

- Seismic safety is a critical component of the ongoing, safe operation of Diablo Canyon. PG&E takes seismic safety very seriously, as evidenced by the thorough, ongoing studies performed in connection with the Diablo Canyon Long Term Seismic Program (LTSP), a part of PG&E's licensing commitment with the NRC.

- In letters to the Commission, stakeholders assert that absent the results of studies using the three-dimensional (3-D) seismic imaging and mapping technology preferred by the CEC, PG&E has insufficient knowledge of the newly-identified Shoreline Fault. **These stakeholders are wrong.**

- By virtue of completing and analyzing the results of detailed seismic studies, using two-dimensional seismic imaging and mapping and other advanced technology, PG&E's seismologists have determined that:

    - The Shoreline Fault is 600 meters from the power block and 300 meters from the intake structure.
    - The Shoreline Fault is a vertical strike-slip fault that extends to 10 km in depth
    - While the Shoreline Fault is closer to the intake structure and the power block than the Hosgri fault to which the plant is designed, the ground motion from a potential earthquake associated with the Shoreline Fault will be less than the ground motion that will be caused by an earthquake along the Hosgri fault, to which the plant is designed.

- Based on this in-depth analysis, PG&E has concluded, and the NRC has independently confirmed, that Diablo Canyon is seismically designed to withstand a larger, more severe earthquake than a potential earthquake along the Shoreline Fault.

- PG&E is committed to continuing its analysis of important new seismic information and to continuing to provide information to the NRC and to the public through normal regulatory means. PG&E has briefed the CEC and the California Coastal Commission on the status of the Shoreline Fault Zone investigation and other LTSP activities and has provided the CEC and the CPUC with the most up-to-date seismic information available.

- In letters and pleadings filed with the Commission, stakeholders assert that absent the results of studies using 3-D seismic imaging and mapping technology the CPUC can not fully evaluate the costs and benefits of operating Diablo Canyon beyond the expiration of the current operating licenses. **These stakeholders are wrong.**

- The seismic analyses described above demonstrate that the plant is safe as designed. In the unlikely event that the results of the supplemental 3-D seismic studies indicate that it is not safe to operate Diablo Canyon as designed, the NRC will shut down Diablo Canyon immediately. That action will not wait for the end

of the current license term. As such, the cost of any required seismic retrofits are not relevant to the cost-effectiveness of license renewal. If the NRC required seismic retrofits, the CPUC may need to address whether *seismic retrofits* are cost effective. Twenty additional years of operation beyond expiration of the current Diablo Canyon operating licenses could only enhance the cost effectiveness of seismic retrofits dictated by the results of seismic studies during the current operating period.

- An expedited decision from the CPUC approving PG&E's funding request for the 3-D seismic studies will ensure that activities supporting those studies can begin immediately. PG&E requested a decision within 120 days, and the Application is, essentially, unopposed. PG&E's assumption that it will take three years to complete the 3-D seismic studies is based, among other things, on the need to obtain required permits from several state agencies, including the California Coastal Commission and the State Lands Commission. If these permits can be expedited, the necessary activities and analysis could be completed in two years.

- The CPUC need not delay consideration of the license renewal application pending the results of the supplemental 3-D seismic studies. In the license renewal proceeding, the question before the Commission is whether it is cost effective and in the best interest of ratepayers to spend $85 million to preserve the *option* to operate Diablo Canyon beyond the expiration of the current operating licenses. As noted above, to the extent seismic study results dictate retrofits, the cost of those retrofits would be incurred during the current operating period. In a cost effectiveness analysis, the cost of the retrofits would be included in both the shut down and the extended operation scenarios and, therefore, would not have any impact on the results. As noted above, twenty additional years of operation could only enhance the cost effectiveness of any seismic retrofits dictated by the results of seismic studies completed during the current operating period.

- PG&E has presented evidence that the *minimum* net benefit to ratepayers of continued operation of this valuable, GHG emission-free generating facility is $3.5 billion. PG&E has also presented evidence that it will be virtually impossible to meet California's ambitious GHG emission reduction goals without Diablo Canyon's 2300 MW in the state's generation portfolio.