

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.

Rulemaking 10-05-006
(Filed May 6, 2010)

**Reply Brief of L. Jan Reid
On Track I and Track III Issues**

October 3, 2011

L. Jan Reid
3185 Gross Road
Santa Cruz, CA 95062
Tel/FAX (831) 476-5700
janreid@coastecon.com

TABLE OF CONTENTS

Summary of Recommendations	iii
I. Nuclear Power Plant Decommissioning Investigation	1
A. Scope of Proceeding	2
B. Risk of Continued Operation of Nuclear Power Generation Plants	3
C. Grid Impacts	4
II. Once Through Cooling (OTC)	5
III. Procurement Review Groups (PRGs).....	6
IV. Conclusion	9

TABLE OF AUTHORITIES

Commission Decisions and Plans

CPUC Water Action Plan	6
D.07-12-052	8

Summary of Recommendations

I recommend that:

1. The Commission should open an Order Instituting Investigation (OII) in order to evaluate the feasibility of shutting down the SONGS and Diablo Canyon nuclear power generation facilities. (pp. 1-4)
2. The Commission should adopt the Staff proposal concerning Once Through Cooling (OTC) plants. (pp. 5-6)

My recommendations are based on the following proposed findings:

1. The potential benefits of nuclear power plant decommissioning are related to the reduction of the risk associated with the continued operation of California's nuclear power plants. (pp. 1-4)
2. The issue of nuclear power plant decommissioning is within the scope of this proceeding as it relates to future Commission action or Commission processes. (pp. 2-3)
3. Pacific Gas and Electric Company (PG&E) witness Janice Frazier-Hampton testified that the California Independent System Operator (CAISO) would have the opportunity to introduce a grid impact study if the Commission were to open an OII regarding nuclear power plant decommissioning. (p. 4)
4. PG&E has introduced no evidence into this proceeding which shows that the Staff's OTC proposal will increase customer costs. The Commission should not assume that customer costs will increase or decrease without evaluating empirical evidence related to customer costs. (p. 5)
5. The Staff's OTC proposal encourages water conservation, seeks to improve water quality, and is consistent with the Commission's policy goals. (pp. 5-6)
6. L. Jan Reid did not recommend the creation of a formal record as part of the PRG process. (pp. 6-7)

Pursuant to the August 15, 2011 oral ruling¹ of Administrative Law Judge (ALJ) Peter Allen, I submit my reply brief on Track I and Track III Long Term Procurement Plan (LTPP) issues.

Reply Briefs are due on October 3, 2011. I will send this pleading to the Docket Office on Friday, October 3, 2011 using the Commission's electronic filing system, intending that the pleading will be timely filed. My reply brief relies extensively on the direct and rebuttal testimony of Reid in Exhibits 1300, 1302, and 1303.

I. Nuclear Power Plant Decommissioning Investigation

As discussed below, Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) oppose the evaluation of the feasibility of decommissioning California's nuclear power plants. Neither PG&E nor SCE provides a single convincing reason why the Commission should not open an Order Instituting Investigation (OII) in order to evaluate the feasibility of decommissioning California's nuclear power plants as recommended by Reid.

Therefore, I recommend that the Commission open an OII to investigate the feasibility of shutting down the San Onofre (SONGS) and Diablo Canyon nuclear generation facilities.

¹ Allen, 4 RT 353:27-28, 354:1-6.

A. Scope of Proceeding

Southern California Edison Company (SCE) incorrectly states that:
(SCE Opening Brief, p, 6)

Finally, L. Jan Reid and Women's Energy Matters (WEM) propose that the Commission consider a nuclear shutdown of San Onofre Nuclear Generating Station (SONGS) and Diablo Canyon Nuclear Power Plant. The Commission should reject these recommendations as beyond the scope of this proceeding because they raise issues that are beyond the scope of the analyses that the Commission ordered to be performed in this proceeding.

First of all, Reid did not call for an immediate shutdown of the Diablo Canyon and SONGS facilities. Reid proposed that the Commission open an OII in order to evaluate the feasibility of decommissioning the SONGS and Diablo Canyon facilities. (Exhibit 1302, pp. 7-9)

SCE's recommendation is inconsistent with the facts in this proceeding. An evaluation of the feasibility of nuclear decommissioning is obviously within the scope of this proceeding. In making its recommendation, SCE ignores the following facts:

1. WEM addressed the nuclear generation issue when it served opening testimony in Track II of this proceeding on May 4, 2011.
2. On May 10, 2011, PG&E and SCE filed a motion to strike WEM's testimony relating to the closure of the Diablo Canyon and SONGS facilities. (Motion of Pacific Gas and Electric Company and Southern California Edison Company to Strike Portions of the Testimony Submitted By Women's Energy Matters And Pacific Environment, May 10, 2011, pp. 2-4)
3. On May 23, 2011, ALJ Allen denied PG&E's and SCE's motion to strike portions of WEM's testimony. (Allen, 1 RT 41:19-20)

4. On June 10, 2011, ALJ Allen issued a ruling (Ruling) which stated that procurement oversight rules are within the scope of Track III of the instant proceeding. The Ruling also allowed parties to propose “future Commission processes to address these [Track III] issues.” (Ruling, pp. 6-7) Reid proposed a future Commission process when he recommended that the Commission open an OII to evaluate the feasibility of decommissioning the Diablo Canyon and SONGS nuclear generation facilities.

B. Risk of Continued Operation of Nuclear Power Generation Plants

PG&E states that: (PG&E Opening Brief, p. 6)

Finally, the Commission should reject Mr. Reid’s proposal to open a new proceeding to consider the shut down of nuclear facilities in the state, and WEM’s proposal to immediately shut down the state’s nuclear facilities. The record in this proceeding is completely inadequate to allow the Commission to evaluate what the effects would be of immediately shutting down these generators.

Neither Mr. Reid nor WEM have provided a threshold showing that there are potential benefits from shutting down the state’s nuclear facilities in the immediate future that would justify opening up a new proceeding to evaluate that question in more detail.

I agree with PG&E that the record in this proceeding is inadequate for the Commission to order an immediate shutdown of the state’s nuclear facilities. This is one of the reasons why Reid has proposed that the Commission open an Order Instituting Investigation (OII) to fully consider the matter. (Exhibit 1302, pp. 8-9)

PG&E incorrectly states that “Neither Mr. Reid nor WEM have provided a threshold showing that there are potential benefits from shutting down the state’s nuclear facilities in the immediate future that would justify opening up a new proceeding to evaluate that question in more detail.” (PG&E Opening Brief, p. 6)

The potential benefits of nuclear decommissioning should be obvious to everyone. The potential benefits are related to the reduction of the risk associated with the continued operation of California's nuclear power plants.

Women's Energy Matters (WEM) has documented some of these risks in its opening testimony in Track II of this proceeding. (See Exhibit 800, pp. 7-10)

WEM has pointed out that "Both reactors sit on and near multiple faults capable of major earthquakes; both sit on oceanfront real estate where tsunamis are a possibility." (Exhibit 800, p. 8)

PG&E has not contested the risk of nuclear accidents caused by earthquakes, tsunamis, or other factors. It appears, rather, that perhaps PG&E simply does not want the Commission to even discuss the feasibility of decommissioning California's nuclear power plants.

C. Grid Impacts

PG&E states that "For example, to address grid impacts, the CAISO will need to investigate impacts on the electric transmission system, as well as system-wide generation and local reliability impacts." (PG&E Opening Brief, p. 15) This is one of the issues that should be addressed in an OII. I have provided a more comprehensive list of issues in my direct testimony. (Exhibit 1302, p. 9)

PG&E witness Janice Frazier-Hampton testified that the CAISO would have the opportunity to introduce a grid impact study if the Commission were to open an OII regarding nuclear plant decommissioning. (Frazier-Hampton, 4 RT 302:26-28, 303:1-5)

II. Once Through Cooling (OTC)

The CPUC Energy Division Staff's (Staff's) OTC Proposal (See June 13, 2011 Ruling of ALJ Peter Allen, Appendix A) would prohibit a utility from entering into a contract with an OTC facility for longer than one year. A utility is exempt from this prohibition if one of the following three conditions applies: (Ruling, Appendix A)

1. If a facility is found by the Water Resources Control Board to be fully in compliance with Section 316(b) of the Clean Water Act.
2. If the Commission authorizes the procurement of new capacity in the LTPP proceeding (as detailed in the October 1, 2010 Statewide Water Control Policy on the Use of Coastal and Estuarine Waters Used for Power Plant Cooling or in successor documents for the express purpose of enabling the repowering of those OTC facilities), contracts longer than one year and/or that extend beyond the Water Resources Control Board OTC compliance date are permitted, if those contracts do not result in operation of the OTC system beyond the compliance date.
3. If an OTC facility elects to comply with the State Water Resources Control Board OTC policy by means of SWRCB Track 2 (under which water intake is reduced by 93% or screens or similar technologies that are expected to be approved by the State Water Resources Control Board are utilized) contracting with such a facility beyond the State Water Resources Control Board's compliance date is permitted.

PG&E incorrectly states that: (PG&E Opening Brief, pp. 16-17)

As explained in more detail below, the OTC Proposal would likely increase customer costs with no discernable benefits and thus should be rejected. Moreover, Pacific Environment and Mr. Reid fail to provide any reasoned basis for the Commission to adopt the OTC Proposal.

PG&E has introduced no evidence into this proceeding which shows that the Staff's OTC proposal will increase customer costs. The Commission should not assume that customer costs will increase or decrease without the benefit of empirical evidence.

Both Pacific Environment and Reid have provided a reasoned basis for the Commission to adopt the Staff's OTC proposal. Reid testified that: (Exhibit 1302, pp. 10-11)

The Commission has a long history of supporting water policies that improve water quality and encourage water conservation. The Commission has stated that: (CPUC Water Action Plan, December 15, 2005, p. 2)

In light of increasing statewide concerns about water quality and supply, the Commission will explore innovative solutions to water problems and keep pace with newer approaches it is implementing in the energy and telecommunications sectors as well as strategies being used by water agencies and entities not subject to Commission jurisdiction. In our loading order for water supply sources, we recognize that cost-effective conservation is the best, lowest-cost of supply.

The Staff proposal encourages water conservation, seeks to improve water quality, and is consistent with the Commission's policy goals. Therefore, the Commission should adopt the Staff's OTC proposal.

III. Procurement Review Groups (PRGs)

SCE alleges that: (SCE Opening Brief, p. 36)

Like the Staff Proposal for the PRG to provide written comments, the Commission should also reject Jan Reid's proposal to create a formal record by requiring PRG participants to "submit data requests to the [Investor Owned Utility] IOU within 48 hours of the initial presentation by the IOU" and to "provide written comments to the IOUs within 15 days of the IOUs response to a PRG member's data request."

As explained below, SCE's allegation that Reid seeks to create a formal record as part of the PRG process is simply a part of SCE's ongoing litigation strategy and should be given zero weight by the Commission. Reid has never recommended the creation of a formal record as part of the PRG process.²

Staff has recommended that "The members of each PRG would be committed to devote the time necessary to meet and confer with the utilities on each proposed contract and/or procurement process and provide written comments to the utilities within no later than fifteen days of initiation of the review process." (Ruling, Appendix B, p. 17)

Reid testified that: (Exhibit 1302, p. 15)

I am a member of PG&E's PRG group. I am unable to provide meaningful feedback to PG&E on a proposed contract or process until PG&E responds to my data requests.

As an alternative, Reid recommended that the following language be used: (Exhibit 1302, p. 15)

The members of each PRG would be committed to devote the time necessary to meet and confer with the utilities on each proposed contract and/or procurement process. PRG members shall submit data requests to the IOU within 48 hours of the initial presentation by the IOU. PRG members shall provide written comments to the IOUs within 15 days of the IOUs response to a PRG member's data request.

² Unlike SCE, Reid has provided a verification statement as part of all of his pleadings in this proceeding.

Thus, Reid's recommendation is a modification of the Staff's recommendation. If Reid is required to provide written recommendations to PG&E, then Reid must have the data necessary for Reid to provide meaningful feedback to PG&E. SCE's belief notwithstanding, there was no other intent associated with my recommendation.²

This is the not the first time that SCE has incorrectly accused Reid of trying to create a formal record as part of the PRG process. In 2007-2008, Reid sponsored testimony on behalf of Aglet Consumer Alliance in the 2006 LTTP. Reid recommended that "the Commission require all three IOUs to keep minutes of PRG meetings and to distribute those minutes to PRG members for review and correction." (2006 LTTP, Exhibit 52, p. 1-8).

SCE claimed that "the only real reason for recording and keeping formal minutes would be to use parties' statements or positions as evidence in some subsequent forum." (Exhibit 37, p. 19.) The Commission disregarded SCE's allegation and ordered the IOUs to provide confidential "meeting summaries to PRG members that include a list of attending members, including the organizations represented, a summary of topics presented and discussed, and a list of information requested or offered to be supplied after the meeting, and the identity of the requesting party." (Decision (D.-) 07-12-052, Finding of Fact 56, slip op. at 278)

In Track II of the instant proceeding, Reid recommended that the Commission order the IOUs to provide a meeting summary to their PRG members within 30 days of each PRG meeting date. (Exhibit 1300, pp. 12-16) In response to my recommendation, PG&E proposed that "meeting summaries be distributed to PRG members for their review and comment 48 hours in advance of the next

regularly scheduled monthly meeting.” (Exhibit 103, p. I-1) I support PG&E’s compromise regarding the distribution of PRG meeting summaries.

In contrast to PG&E’s position, SCE opposed any Commission requirement that SCE provide meeting summaries in a timely manner.

IV. Conclusion

The Commission should adopt my recommendations for the reasons given herein.

* * *

Dated October 3, 2011, at Santa Cruz, California.

/s/ _____

L. Jan Reid
3185 Gross Road
Santa Cruz, CA 95062
Tel/FAX (831) 476-5700
janreid@coastecon.com

VERIFICATION

I, L. Jan Reid, make this verification on my behalf. The statements in the foregoing document are true to the best of my knowledge, except for those matters that are stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Dated October 3, 2011, at Santa Cruz, California.

/s/ _____

L. Jan Reid
3185 Gross Road
Santa Cruz, CA 95062
Tel/FAX (831) 476-5700
janreid@coastecon.com