

From: Cherry, Brian K
Sent: 2/27/2013 8:52:04 PM
To: Edward F. Randolph (edward.randolph@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: SLOT Editorial - Backup Needed in Case of Diablo Plant Shutdown

Interesting article.

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977

Begin forwarded message:

From: News Flash <newsflash@pge.com>
Date: February 27, 2013, 7:54:27 AM HST
To: Real time PG&E coverage {PG&E Internal - #PRIVATE#} <Newsflash-Real-Time@pge.com>
Subject: **SLOT Editorial - Backup Needed in Case of Diablo Plant Shutdown**
Reply-To: <newsflash@pge.com>

The *San Luis Obispo Tribune* published an editorial on the substantial economic impacts that Diablo Canyon has on the San Luis Obispo region. The editorial supports developing a financial contingency plan for when the plant is no longer available as a resource.

Backup Needed in Case of Diablo Plant Shutdown

County wise to make moves toward a contingency plan to soften local economic impact if power plant is ever shuttered

San Luis Obispo Tribune – Editorial, February 27, 2013

No matter how you feel about nuclear energy — pro, con or indifferent — there’s no denying that the **Diablo Canyon Power Plant** is a huge contributor to the Central Coast economy. Given our dependence on Diablo-related jobs and tax revenue, it makes sense to develop a financial contingency plan in the event that the plant shuts down.

The Board of Supervisors deserves credit for agreeing last week to start that planning process.

To be clear, we don’t expect the plant to close anytime soon. Diablo is licensed to operate through 2025 and could be relicensed for an additional 20 years.

Given the Nuclear Regulatory Commission’s track record of approving relicensing applications, it seems almost certain that Diablo will be allowed to operate through 2045.

Nonetheless, it’s inevitable that there will come a day when the plant is gone, whether it’s 10 years or 30 years from now. When that happens, the financial fallout will be grim.

According to a 2009 Cal Poly study, property taxes paid by **PG&E** will drop dramatically, from \$25 million in 2009 to \$1 million; hundreds of high paying jobs will be lost; and local cities — including some in Santa Barbara County — will lose millions in sales tax revenue.

The forecast for the San Luis Coastal School District is especially dire. The report predicts a “dramatic reduction of revenue ... most likely shifting this basic aid district to a revenue limit district, that is more susceptible to State budget fluctuations.”

The study also looks at what's likely to happen to the PG&E property after the plant is decommissioned. It concludes that cattle grazing and recreation — including hiking, biking and surfing venues — are the most likely uses, but downplays their economic benefits.

In other words, the report reads like an economic horror story.

But throwing up our hands and waiting for the worst is not the answer. Nor is complacently assuming that, by that time, new industries will be on the scene to cushion the economic loss.

Right now, we have the luxury of time to prepare, and we should take advantage of it.

Government agencies need to take a long-term look at how to optimize Diablo-related tax revenue while it's still available, possibly by increasing reserves or completing capital projects.

It also makes sense to begin analyzing alternative uses for the site, paying special attention to what it will take to get the necessary legal agreements and permits in place.

Again, the Board of Supervisors was on the right track when it directed County Administrator Dan Buckshi to report back on how to proceed with a study of financial life after Diablo. We look forward to his recommendations.

Photo link:

<http://www.sanluisobispo.com/2013/02/27/2409023/backup-needed-in-case-of-diablo.html>

Photo caption:

Diablo Canyon nuclear power plant is operated by Pacific Gas & Electric Co.

Photo credit:

Joe Johnston

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