

NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION REQUESTING TO INCREASE RATES FOR THE RETIREMENT OF DIABLO CANYON (A.16-08-006)

Background

On August 11, 2016, Pacific Gas and Electric Company (PG&E) filed an application with the California Public Utilities Commission (CPUC) requesting approval of a Joint Proposal that would phase out PG&E's production of nuclear power at Diablo Canyon Power Plant (DCPP) at the end of its current operating license period in 2024 and 2025. This request will also allow PG&E to increase its investment in energy efficiency, renewables and storage beyond the current state 2030 mandates.

The parties to the Joint Proposal include: PG&E, International Brotherhood of Electrical Workers Local 1245, Coalition of California Utility Employees, Friends of the Earth, Natural Resources Defense Council, Environment California and Alliance for Nuclear Responsibility.

The proposal recognizes that California's recently implemented energy policies, along with several other factors, will significantly reduce the need for Diablo Canyon's electricity output by 2025.

The Joint Proposal would replace power produced by two nuclear reactors at the Diablo Canyon Power Plant with a cost-effective, greenhouse gas free portfolio of energy efficiency, renewables and energy storage. This proposal will also include a PG&E commitment to a 55 percent renewable energy target in 2031, which is five percentage points higher than the state's 2030 mandate.

The Joint Proposal would increase total system rates by 1.6 percent in the near term. However, PG&E does not anticipate a long-term increase in customer rates as a result of the proposal. PG&E believes relicensing and operating DCPP through 2044 would have a higher overall cost than the Joint Proposal. Additional factors affecting this rate projection include lower demand, declining costs for renewable power and the potential for higher renewable integration costs if DCPP is relicensed.

If approved, the costs would be \$1.766 billion and would be collected over an eight year time period. Included in this application is an increase to annual nuclear decommissioning revenue requirements of \$59 million, an increase in annual generation revenue requirements of \$7 million over the period 2018–2025, and an annual energy efficiency revenue requirement of \$187 million over the period 2019–2025.

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The increased revenue requested in this filing will support the following activities:

- Energy efficiency projects to reduce 2,000 gigawatt hours in electricity demand across PG&E's service territory by 2024.
- The Diablo Canyon Employee Retention and Employee Retraining Programs to ensure the continued safe and reliable operation of the plant through the end of its licensed life.
- The Community Impacts Mitigation Payments to San Luis Obispo County to offset the loss of property tax revenue over the remaining nine years of plant operation.
- PG&E's formal termination of its license renewal application allowing the recovery of paid costs associated with previous license renewal activities.

How will PG&E's application affect me?

Most of PG&E's customers are bundled customers which receive electricity (generation), transmission and distribution service from PG&E. For the year 2021, the year with the greatest revenue requirement impact as a result of this application, the forecasted electric revenue requirement increase is \$253 million. PG&E estimates that the requested increase in electric revenues would be distributed as shown in the table below.

|  PROPOSED ELECTRIC RATE CHANGES | | | | |
|--|---------------------------------------|--|-----------------------------|-------------------|
| Customer Class | 8/1/2016 Present Average Rate (¢/kWh) | 1/1/2021 Proposed Average Rate (¢/kWh) | Average Rate Change (¢/kWh) | Percentage Change |
| Bundled Service | | | | |
| Residential | 19.47 | 19.77 | 0.30 | 1.6% |
| Small Commercial | 22.38 | 22.74 | 0.36 | 1.6% |
| Medium Commercial | 19.66 | 19.99 | 0.32 | 1.7% |
| Large Commercial | 16.81 | 17.11 | 0.30 | 1.8% |
| Streetlights | 21.42 | 21.77 | 0.35 | 1.7% |
| Standby | 16.34 | 16.61 | 0.28 | 1.7% |
| Agriculture | 17.00 | 17.27 | 0.27 | 1.6% |
| Industrial | 13.35 | 13.58 | 0.23 | 1.8% |
| Total System Rate Change | 18.22 | 18.52 | 0.30 | 1.6% |

If approved, PG&E's request would increase electric rates for customers who receive electric generation and distribution services from PG&E. For a typical residential Non-CARE customer using 500 kWh per month the rate would increase from \$96.94 to \$98.48 or 1.6 percent. Individual customer bills may vary.

How will PG&E's application affect non-bundled customers?

Direct Access (DA) and Community Choice Aggregation (CCA) customers purchase electricity from another provider and receive electric transmission and distribution services from PG&E. The net impact of PG&E's application on DA and CCA customers would be \$37.8 million, or an average increase of 3.2 percent.

Departing Load (DL) customers do not receive electric generation, transmission or distribution services from PG&E. However, they are required to pay certain charges as required by law or CPUC decision. The net impact on DL customers would be \$5 million, or an average increase of 15.5 percent.

How do I find out more about PG&E's proposals?

If you have questions about PG&E's filing, please contact PG&E at **1-800-743-5000**. For TDD/TTY (speech-hearing impaired), call **1-800-652-4712**. If you would like a copy of PG&E's filing and exhibits, please write to PG&E at the address below:

Pacific Gas and Electric Company
 Diablo Canyon Retirement (A.16-08-006)
 P.O. Box 7442
 San Francisco, CA 94120

A copy of PG&E's filing and exhibits are also available for review at the CPUC's Central Files Office by appointment only. For more information, contact aljcentralfilesid@cpuc.ca.gov or **1-415-703-2045**. PG&E's application (without exhibits) is available on the CPUC's website at www.cpuc.ca.gov/pao.

CPUC process

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are formal parties in the case can participate.

After considering all proposals and evidence presented during the hearings, the assigned Judge will issue a proposed decision which may adopt PG&E's proposal, modify it or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

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The Office of Ratepayer Advocates (ORA) may review this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call **1-415-703-1584**, email ora@cpuc.ca.gov or visit ORA's website at www.ora.ca.gov.

Stay informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>. If you would like to learn how you can participate in the proceeding, if you have informal comments about the application, or questions about the CPUC processes, you may access the CPUC's Public Advisor Office (PAO) webpage at <http://consumers.cpuc.ca.gov/pao/>.

You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov

Mail: CPUC
Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102

Call: **1-866-849-8390** (toll-free) or **1-415-703-2074**

TTY: **1-866-836-7825** (toll-free) or **1-415-703-5282**

If you are writing or emailing the Public Advisor's Office, please include the proceeding number (Diablo Canyon, A.16-08-006). All comments will be circulated to the Commissioners, the assigned Judge and appropriate CPUC staff, and will become public record.