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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission. (U39E)

Application 10-01-014  
(Filed January 15, 2010)

**RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S REGARDING MOTION OF SAN LUIS OBISPO COUNTY FOR INTERIM RULING PROVIDING FOR COSTS: GRANTED**

**1. Summary**

The County of San Luis Obispo (the County) moves that the assigned Commissioner and the Administrative Law Judge (ALJ) issue an interim ruling to address the costs associated with the County's participation on the Independent Peer Review Panel (IPRP), established in Decision (D.) 10-08-003. The County requests that the assigned Commissioner and the assigned ALJ issue a ruling preliminarily approving a budget, not to exceed \$210,000, for the County's participation on the IPRP. The ruling would allow the County to retain a seismic expert on behalf of itself and the IPRP in the most timely fashion possible. The County asserts that the Commission's Energy Division, acting as contracting agent on behalf of the IPRP, cannot execute or begin work on a contract amendment with the County without approval, preliminary or otherwise, of a budget for the County's participation on the IPRP. In the meantime, the IPRP may lose the opportunity to retain an outside expert to

review the design of Pacific Gas and Electric Company's (PG&E) proposed high-energy 3D seismic studies. The proposed studies are currently undergoing environmental review by the State Lands Commission. The County believes that review of the design of the proposed studies by an outside seismic expert would be most significant and meaningful prior to issuance of the State Lands Commission permit to perform the studies.

## **2. Background**

In D.10-08-003, the Commission approved approximately \$16.7 million in funding for PG&E to perform additional seismic studies in the area at and around the Diablo Canyon Power Plant, as recommended by the California Energy Commission (CEC) in the CEC's November 2008 report titled, "An Assessment of California's Nuclear Power Plants: AB 1632 Report." D.10-08-003 also authorized the IPRP, which includes the CEC, the California Geologic Survey, the California Coastal Commission, and the California Seismic Safety Commission.

On September 23, 2011, PG&E filed a motion to re-open this proceeding and recover increased costs of approximately \$47.5 million associated with the seismic studies. If PG&E's request is approved, the total costs associated with the additional seismic studies would be approximately \$64.2 million.<sup>1</sup> PG&E's motion included approximately \$950,000<sup>2</sup> for activities related to the IPRP and noted the County's desire to participate on the IPRP. The County's

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<sup>1</sup> Motion of Pacific Gas and Electric Company to Re-Open Application 10-01-014 and To Recover Increased Costs of Seismic Studies (September 23, 2011).

<sup>2</sup> Application (A.) 10-01-014, Testimony of Kent Ferre, Attachment 2A (December 9, 2011).

understanding, based on conversations with Energy Division staff, is that \$210,000 of the \$950,000 PG&E requested for IPRP related activities has been budgeted for the County's participation on the IPRP.

On November 9, 2011, the County filed a Petition for Modification of D.10-08-003 requesting that the County be included on the IPRP,<sup>3</sup> which was granted.

**3. THE RULING REQUESTED IN THIS MOTION WOULD ALLOW THE IPRP TO RETAIN THE NECESSARY OUTSIDE EXPERTISE IN A TIMELY FASHION**

At the PHC on February 23, 2012, both the County and the Alliance for Nuclear Responsibility raised the issue of how the IPRP might be able to retain the necessary seismic experts to evaluate PG&E's proposed seismic studies in a timely fashion.<sup>4</sup>

As noted in PG&E's motion to re-open this proceeding, the proposed seismic studies are subject to permitting and environmental review requirements of the State Lands Commission.<sup>5</sup> PG&E submitted its State Lands Commission application in April 2011. The State Lands Commission's environmental review of the proposed studies is currently ongoing. The State Lands Commission

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<sup>3</sup> Motion of San Luis Obispo County to Re-Open Application 10-01-014 and Become a Party and Petition of San Luis Obispo County for Modification of Decision 10-08-003 (November 9, 2011).

<sup>4</sup> As discussed at the Prehearing Conference of November 30, 2011, the parties had contemplated that the IPRP would retain outside seismic expertise. Tr. at 28, lines 24-28.

<sup>5</sup> Motion of Pacific Gas and Electric Company to Re-Open Application 10-01-014 and To Recover Increased Costs of Seismic Studies, at 9.

issued a Draft Environmental Impact Report last month.<sup>6</sup> The County anticipates that the State Lands Commission may consider approval of the studies over the next few months. The County asserts that the most meaningful opportunity to review the design of PG&E's proposed studies is prior to the State Lands Commission issuance of a permit to perform the studies. Thus, it is imperative for the IPRP to retain an outside seismic expert as soon as possible. In order for the IPRP to retain the necessary outside expertise in the most timely manner possible, the County has proposed that its participation on the IPRP would include the retention on behalf of the IPRP of an outside seismic expert agreed to by the IPRP.<sup>7</sup>

The County anticipates that the IPRP would require an outside seismic expert or experts to: (i) review the design of PG&E's proposed studies and (ii) review the geologic/seismic conclusions that PG&E draws from the data collected from the studies. The IPRP's most pressing need at this time, and the impetus for this motion, is to hire a consultant to review the design of PG&E's proposed high-energy 3D seismic studies. The main objective for the study design consultant would be to determine appropriate parameters for a 3D seismic reflection survey of the faults and other geologic structures that affect the seismic risk hazard at Diablo Canyon. Determination of the appropriate survey parameters would include evaluation of (i) the spatial density and orientation of sound sources and receivers, and (ii) the data processing sequence necessary for the successful imaging of these faults and structures. These

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<sup>6</sup> See [http://www.slc.ca.gov/Division\\_Pages/DEPM/DEPM\\_Programs\\_and\\_Reports/CCCSIP/CCCSIP.html](http://www.slc.ca.gov/Division_Pages/DEPM/DEPM_Programs_and_Reports/CCCSIP/CCCSIP.html).

parameters would then be compared to those for the studies proposed by PG&E. The study design consultant's work would include analysis of existing seismic data, analysis of proposed source and receiver configurations, and modeling of seismic reflection response and processing options for imaging the relevant targets. Based on the information developed by the expert, the IPRP would provide comments on the design of PG&E's proposed studies.

The Commission's Energy Division is currently in the process of drafting an amendment to its existing contract with the other IPRP members. The contract amendment would be with the County and would allow the County to participate on the IPRP through its representative, Bruce Gibson, as well as retain seismic experts on behalf of the IPRP. However, in order for Energy Division to execute this amendment the County understands that Energy Division requires at least interim approval of a budget for the County's participation. The County believes that an interim ruling in this proceeding preliminarily approving a budget, not to exceed \$210,000 for the County's participation on the IPRP, would allow (i) the County's participation on the IPRP, and (ii) the County to retain the necessary seismic expertise on behalf of the IPRP in the most timely fashion available.

**4. THE COUNTY'S REQUEST FOR AN INTERIM RULING WILL NOT RESULT IN COSTS ABOVE THOSE ALREADY REQUESTED BY PG&E FOR IPRP-RELATED ACTIVITIES**

The County proposes that its participation on the IPRP, including the retention of outside seismic experts on behalf of the IPRP, would not exceed

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<sup>7</sup> This proposal is consistent with the parties' concept of the IPRP, discussed at the November 30, 2011 Prehearing Conference, that outside seismic experts would be hired on behalf of and be approved by the IPRP. See, Tr. at 28, lines 24-28.

\$210,000. As noted, this \$210,000 represents the amount budgeted for the County's participation on the IPRP in PG&E's request for \$950,000 for IPRP related activities. The County is not proposing any increase to the amount for IPRP related activities requested by PG&E.

The County anticipates using approximately \$100,000 for a study design consultant to review PG&E's proposed seismic studies. A maximum of \$20,000 would be committed for travel expenses associated with Mr. Gibson's participation in the IPRP meetings.<sup>8</sup> The remaining \$90,000 would be used for the purpose of retaining an expert to interpret study data once it has been collected and processed. Any preliminary approval of a budget for the County's participation on the IPRP would be subject to a final Commission decision in this proceeding.

In the meantime, the County would advance the funds for Bruce Gibson's travel expenses and for the outside seismic experts retained by the County on behalf of the IPRP. The County proposes that it would invoice PG&E for the County's participation on the IPRP, including the County's retention of outside seismic experts on behalf of the IPRP,<sup>9</sup> and that PG&E would reimburse the County for its costs if and when the Commission approves PG&E's request for \$950,000 for IPRP related activities.

We grant the Motion. PG&E's proposed seismic studies are subject to permitting and environmental review requirements of the State Lands

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<sup>8</sup> Currently, it appears likely that Mr. Gibson's travel expenses will be far less than \$20,000.

<sup>9</sup> This approach is consistent with the parties' concept of the IPRP discussed at the November 30, 2011 Prehearing Conference. See, Prehearing Conference, Tr., at 27 line 26 to 28 line 1.

Commission. PG&E submitted its State Lands Commission application in April 2011. The State Lands Commission's environmental review of the proposed studies is currently ongoing.

The State Lands Commission has issued a Draft Environmental Impact Report. The County anticipates that the State Lands Commission may consider approval of the studies over the next few months. We agree that the most meaningful opportunity to review the design of PG&E's proposed studies is prior to the State Lands Commission issuance of a permit to perform the studies. Thus, it is imperative for the IPRP to retain an outside seismic expert as soon as possible. In order for the IPRP to retain the necessary outside expertise in the most timely manner possible, we grant the motion.

We preliminarily approve a budget, not to exceed \$210,000, for San Luis Obispo County to retain a seismic expert on behalf of itself and the IPRP.

It is so ruled.

Dated May 16, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio  
Assigned Commissioner

/s/ ROBERT BARNETT

Robert Barnett  
Administrative Law Judge