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

Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, and Recovery of Associated Costs Through Proposed Ratemaking Mechanisms (U39E)

Application 16-08-006  
(Filed August 11, 2016)

**NOTICE OF WRITTEN EX PARTE COMMUNICATION**

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Attorneys for County of San Luis Obispo

Dated: October 6, 2016

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In accordance with Rule 8.3 of the Commission's Rules of Practice and Procedure, the County of San Luis Obispo (County) provides this notice of written ex parte communication. On October 6, 2016, the County participated in the prehearing conference for this proceeding. Before the start of the prehearing conference, the County made available to all parties present a handout that contained the County's proposed procedural schedule and a brief explanation of the underlying rationale. It was brought to the County's attention that a Commissioner's advisor received a copy of the handout. The County is therefore providing this notice of written ex party communication. A copy of the handout is Attachment A to this notice.

Respectfully submitted October 6, 2016 at San Francisco, California.

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By /s/ Megan Somogyi

Megan Somogyi

Attorneys for County of San Luis Obispo

Attachment A

**County of San Luis Obispo Proposed Schedule for A.16-08-006**

OII to Conduct SB 968 Economic Impacts Study	First Quarter 2017
Intervenor Testimony (Phase I)	3/2017
PG&E Rebuttal Testimony (Phase I)	5/2017 (6 weeks after intervenor testimony)
Hearings (Phase I)	7/2017
Opening Briefs (Phase I)	Minimum 4 weeks following close of hearings
Reply Briefs (Phase I)	Minimum 4 weeks following opening briefs
Proposed Decision (Phase I)	Fourth Quarter 2017/First Quarter 2018
Final Decision (Phase I)	First Quarter 2018
SB 968 Study Completed; OII consolidated with Phase II of A.16-08-006	July 2018
Phase II Testimony on Community Impacts Program True-up	Third Quarter 2018
Phase II Rebuttal Testimony on Community Impacts Program True-up	Fourth Quarter 2018
Phase II Hearings	First Quarter 2019
Phase II Opening and Reply Briefs	Second Quarter 2019
Phase II Proposed and Final Decisions	Third/Fourth Quarter 2019

The closure of Diablo Canyon will fundamentally change the economy and fabric of the surrounding community. The full extent of the local economic impact is currently unknown, but is estimated to exceed \$1 billion annually following the shutdown of the plant. A number of factors will contribute to the local impacts, including taxes, the local job market, replacement power sited in the community or on the Diablo Canyon lands, redevelopment of the Diablo Canyon site, and use of the land surrounding the plant. These factors will, in turn, be affected by the manner in which Diablo Canyon is decommissioned. PG&E intends to submit its site-specific decommissioning plan in its 2018 Nuclear Decommissioning Cost Triennial Proceeding. The triennial decommissioning cost proceedings only address the *costs* of decommissioning.

In A.16-08-006 and the Joint Proposal, PG&E proposes a \$49.5 million Community Impacts Mitigation Program that is intended to help offset the effects of closing Diablo Canyon. The reasonableness of the proposed mitigation program cannot, however, be determined until the full extent of the local economic impact has been studied. SB 968 directs the Commission to undertake such a study by July 2018. The Commission should open an OII to conduct the study and examine the results, which can be consolidated with this proceeding.

The impacts to the community may be mitigated if replacement procurement is sited in the community. Keeping generation in the County and surrounding communities will provide a tax and revenue base that will help offset the loss of Diablo Canyon. Whether and to what extent replacement generation will be sited in the community will be decided either in a phase of this proceeding or in the Commission's Integrated Resource Planning proceeding. The IRP proceeding schedule calls for Commission approval of the utilities' IRP filings in late 2017 or early 2018. A.16-08-006 calls for solicitations in 2018 (Tranche 1) and 2019 (Tranche 2). It is therefore possible that some certainty will exist as to what replacement generation will be located in the community surrounding Diablo Canyon at the time the Commission will be evaluating the total local impacts of the Diablo Canyon closure.

These three elements are essential to a complete assessment of the local impact of shuttering Diablo Canyon; their respective timelines should allow the Commission to take all three into account concurrently.

The County proposes that the \$49.5 million Community Impacts Mitigation Program proposed in A.16-08-006 be treated as an *interim* mitigation program, subject to a true-up in a subsequent phase of this proceeding that is consolidated with the SB 968 OII, into which the site-specific decommissioning plan and replacement procurement can be offered as evidence. In the first phase of this proceeding, the parties will submit the evidence currently at their disposal to test the reasonableness of the interim mitigation program; a second round of testimony and evidence will be submitted in the subsequent true-up phase beginning in the second half of 2018.