

SLOMFP TALKING POINTS FOR DECEMBER 16, 2024 ORAL
ARGUMENT

- Good afternoon, my name is Jill ZamEk speaking on behalf of SLOMFP.
- I have two main points that I will cover today dealing with prudence and reliability.
- **WHY IS THE COMMISSION NOT HONORING ITS PROMISE TO RATEPAYERS TO PERFORM A FULL PRUDENCY ANALYSIS?**
 - Conclusion of Law No. 15, on page 127 of the decision in the rulemaking proceeding, promised ratepayers a prudency analysis of continued DCP operations, complete with a cost-effectiveness analysis.
 - Was this promise by the Commission merely lip service to the ratepayers? The answer to this question will be determined by the Commission's actions at the conclusion of this meeting.
 - Currently, the Commission's promise to the ratepayers was an empty one. The Commission's proposed decision is devoid of any actual cost-effectiveness analysis. The proposed decision does not compare the costs of extended operations of DCP to the costs of renewable and clean alternative energy resources.
 - Inexplicably, both PG&E and the proposed decision utterly ignore the required cost comparison all together.
 - PG&E and the proposed decision ignore the need for this analysis despite the express promise in the rulemaking decision that it is in the best interests of ratepayers to continue to evaluate the issue.
 - They also ignore the need for this analysis despite the requirements of the prudent manager standard under P.U.C. Section 451 - as explained by former New York and Main PUC Commissioner chair and former NRC Commissioner SLOMFP Expert Peter Bradford's Opening and Reply Testimony.

- If the time is not right to evaluate the cost-effectiveness of DCPD operations before authorizing PG&E to recover in rates nearly $\frac{3}{4}$ of a billion dollars, just for the instant record period, then will it be the right time for this analysis?
- Respectfully, both PG&E's and the proposed decision's failure to even address the cost-effectiveness issue is shocking, especially given the balance of evidence in the record.
- SLOMFP expert Mark Cooper gave detailed and apparently the only testimony on cost-effectiveness in this proceeding. SLOMFP expert Cooper concluded that several renewable and clean alternative energy resources (including but not limited to, efficiency, on-shore wind and utility PV) were less costly than extended operations at DCPD. This testimony went without any meaningful rebuttal.
- Yet, neither PG&E, nor the proposed decision referenced Cooper's cost comparison analysis.
- The Commission cannot hide behind any implied finding with respect to cost-effectiveness because pursuant to P.U.C Section 1705, the Commission is required to expressly and separately state findings of fact and conclusions of law on all issues material to the order or decision.
- However, the Commission cannot make a finding that DCPD is cost-effective because the only evidence on the issue in the record is that of SLOMFP expert Mark Cooper's testimony that the plant is NOT cost-effective.
- Therefore will be error for the Commission to authorize approval of the cost recovery
- **THE COMMISSION'S POSITION ON RELIABILITY IS OUT OF HARMONY WITH SB 846**
 - The Proposed decision on page 78 and Finding of Fact No. 28, states that reliability issues are outside the scope of this proceeding and will be considered in the IRP proceeding.

- But the rulemaking decision made clear that the IRP proceeding cannot consider DCPD in IRP Portfolios, resource stacks or PSPs after 2024 for unit 1 and 2025 for unit 2. Nor can the IRP proceeding carry out the SB 846 mandate to terminate DCPD extended operations if DCPD is not needed, not cost-effective or imprudent.
- Moreover, the IRP is for long-range reliability needs over a 10 year outlook. That is ill-suited to address the acute issue presented in this proceeding of whether the current capacity obviates the need for DCPD and incurring additional costs for DCPD in the instant record period.
- Multiple parties, including SLOMFP through its expert Rao Konidena have supplied substantial evidence showing that DCPD is no longer needed from a reliability standpoint.
- SLOMFP also submitted evidence in the form of testimony from Expert Peter Bradford that the reliability is a component of the prudence analysis required by P.U.C. Section 451.
- Thus, Commission's decision to approve the rate recovery in light of this evidence will be reversible error.
- As SLOMFP Expert Peter Bradford has testified, when dealing with events that have low probability but high consequences, the way in which the decision is made is as important as the decision itself. Imprudent decisions are not always followed by drastic consequences. However, repeated imprudent decision-making will eventually have severe consequences. That is the risk being run with Diablo Canyon. Failure to examine the ongoing reliability and economic situation in a comprehensive and prudent manner risks eventually saddling California customers and taxpayers with large economic penalties and perhaps with large safety impacts as well.