ATTACHMENT: MOTHERS FOR PEACE LETTER TO LEGISLATURE RE AFFORDABILITY OF ELECTRIC RATES

Two and a half years have passed since the California Legislature enacted S.B. 846, emergency legislation allowing continued operation of Pacific Gas & Electric Company's (PG&E's) Diablo Canyon nuclear plant for five years beyond its operating license expiration dates. The legislation was passed on the explicit condition that the extended operation would be affordable. Since then, four deeply concerning developments stand out in stark clarity:

- In a time when consumer costs are rising, California electric rates are skyrocketing to the highest levels in the U.S. outside of Hawaii; and PG&E's rates are the highest in the state;
- The manner in which the California Public Utilities Commission (CPUC) administers S.B. 846 is enriching PG&E at the same time it exacerbates the crisis of affordability for ratepayers and taxpayers across the state;
- The heavy economic burdens imposed by continued operation of Diablo Canyon on ratepayers and taxpayers are largely unnecessary; and
- The CPUC has repeatedly refused to carry out its responsibility of assessing the overall prudence and costs of continuing to operate Diablo Canyon, based on a crabbed and illogical interpretation of the Legislature's intent in passing S.B. 846.

These developments undermine the Legislature's commitment to affordability, made in passing S.B. 846 and renewed most recently at the outset of the current legislative session. It is time for the Legislature to take action to correct this egregious and unnecessary crisis of affordability in electricity costs by issuing new instructions to the CPUC directing it to provide a complete and meaningful evaluation of the affordability of continuing to operate Diablo Canyon.

ALL BRANCHES OF THE CALIFORNIA STATE GOVERNMENT HAVE MADE AFFORDABILITY OF ELECTRIC RATES A HIGH PRIORITY.

In 2022, in passing S.B. 846, the Legislature committed that "the extension of the Diablo Canyon powerplant [must] benefit California's electric customers."[1] The Legislature backed up that promise by decreeing that if "those benefits fail to materialize" or the CPUC determines that "costs to operate the plant increase significantly," the state "will plan for an earlier decommissioning date that also safeguards electric reliability to the state."[2]

Consisted with the Legislature's commitment, the CPUC has stated that "[i]t is well within the Commission's authority, and in ratepayers' best interest, to continue to evaluate the prudence and cost-effectiveness of continued DCPP operations."[3]

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[1] Ca. Public Resources Code, § 25548(d).

[2] *Id.*

[3] D.23-12-036 at 127 (Dec. 15, 2023).

The Governor has also aligned himself with the Legislature by asserting that "it is essential that electric service remains affordable, reliable, and safe for all Californians during our clean energy transition."[4]

Today, over the two and a half years since passage of S.B. 846, consumer costs in California have risen dramatically, with electricity rates higher than almost all other states in the union.[5] Therefore, with the opening of the 2025-26 Regular Legislative Session, Speaker of the Assembly Rivas issued a clarion call to "to chart a new path forward and renew the California dream by focusing on affordability."[6] As recognized by the Speaker, the reason for his call to action is urgent:

> Our constituents, they don't feel that the State of California is working for them. That's their lived experience in this moment. Californians are deeply anxious. They're anxious about our state's cost of living. They're anxious about the challenges of doing business here. They're anxious because they feel it. They feel it at the grocery store when they have to pay their bills. They feel it every time they fill up their gas tank for their long commutes from work to home. And they absolutely feel it when trying to imagine buying and owning a home right here in the state that they love.

According to the CPUC Public Advocates Office, over a million PG&E customers (18%) are behind on their energy bills, with an average amount owed of $675.[7] And residential average rates for energy bills have increased by 118% since 2014, twice the rate of inflation.[8] California electric bills are the highest in the U.S. outside of Hawaii.[9]

As Speaker Rivas recognizes, *now* is the time to live up to that commitment – in this legislative session, in the midst of the affordability crisis that is engulfing California -- not at some undetermined future time.

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[4] Executive Order N-5-24 (Oct. 30, 2024).

[5] https://www.ktvu.com/news/california-has-nations-second-highest-power-rates-soaring-bills-projected-continue.

[6] https://mothersforpeace.org/wp-content/uploads/2025/06/120224-Rivas-Affordability-2min.mp4

[7] Public Advocates Office, Q3 2024 Electric Rate Report (Dec. 5, 2024) (https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/241205-public-advocates-office-q3-2024-rates-report.pdf).

[8] *Id. See also* https://www.kqed.org/news/12033386/pge-electricity-rates-have-jumped-nearly-70-since-2020.

[9] https://poweroutage.us/electricity-rates.

THE COSTS OF CONTINUING TO OPERATE DIABLO CANYON ARE DRIVING UP THE CRISIS OF AFFORDABILITY.

The crisis of affordability called out by Speaker Rivas is exacerbated by the heavy subsidies paid by ratepayers and taxpayers to PG&E for the continued operation of Diablo Canyon. In passing S.B. 846, the Legislature assumed that the state's $1.4 billion loan would cover the cost of "extending operations of the Diablo Canyon powerplant," such that additional expenditures by ratepayers would be nominal.[10] Thus, S.B. 846 provided for a fixed management fee of $100 million/year and a "volumetric performance fee" (VPF) of $6.50/MWh of power generated from Diablo Canyon from all Investor Owned Utility customers (SCE/SDG&E) and an extra $6.50/MWh from PG&E service territory customers for a total of $13/MWh.[11] PG&E was also allowed to exceed the budget for spending the $1.4 billion loan by 15%.[12]

But the Legislature's assumption that the costs of Diablo Canyon would be contained proved false:

- PG&E has estimated that continued operation of Diablo Canyon will impose a significant cost to ratepayers – and the estimate keeps growing. In the spring of 2024, for example, PG&E estimated that Diablo Canyon would accrue an average of $186 million/year in above-market costs for each year of extended operation.[13] In 2025, the amount of deficit is $410 million -- more than double the earlier estimate.[14]
- In 2024, the CPUC approved a rate hike for Diablo Canyon of $722.6 million – in addition to the $74 million management fee and a VPF of $167.1 million.[15]
- PG&E is now demanding a $410 million dollar rate hike from the CPUC for 2026.[16]

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[10] Government Code, § 25548.3(a). *See also id.,* § 25548.3(c)(5)(B) (requiring loan repayment if "license renewal . . . conditions are too onerous, or will generate costs that exceed the maximum amount of loan authorization.")

[11] Public Utilities Code § 712.8(c)(3).

[12] Public Utilities Code § 712.8(h).

[13] Pacific Gas and Electric Company, Diablo Canyon Power Plant 2025 Cost Recovery Forecast to Support Operations, Etc. at 2, 23 (Oct. 11, 2024) (CPUC Docket No. A24-03-018) (hereinafter "PG&E Fall 2024 Update").

[14] Application of Pacific Gas and Electric Company to Recover in Customer Rates the Costs to Support Extended Operation of Diablo Canyon Power Plant, Etc. (March 29, 2024) (CPUC Docket No. A25-03-015) (hereinafter "PG&E Rate Application for 2025").

[15] CPUC, Decision on Pacific Gas and Electric Company's Revenue Requirement to Support Extended Operation of Diablo Canyon Power Plant, Etc. at 23 (Dec. 19, 2024) (CPUC Docket No. A24-03-018) (hereinafter "CPUC 2024 Rate Decision").

[16] Application of Pacific Gas and Electric Company (U 39 E) to Recover in Customer Rates the Cost to Support Extended Operation of Diablo Canyon Power Plant from January 1 through December 31, 2026, Etc. at 1 (March 28, 2025) (CPUC Docket No. A25-03-015) (hereinafter "PG&E Rate Application for 2026").

- Based on recent experience, PG&E's $410 million estimate may be too low. In initially applying for a rate hike for 2024, for example, PG&E estimated its net revenue requirement at $418.4 million.[17] In a subsequent "update," however, PG&E increased the estimate to $761 million – an 80% increase.[18]
- In a state where electric rates are among the highest in the country, PG&E customers pay the highest rates in the state.[19]
- In addition, already-burdened ratepayers in other service areas are paying for electricity from Diablo Canyon that they don't even receive. Under S.B. 846, customers of "all load-serving entities" – *i.e.,* customers of Southern California Edison and San Diego Gas and Electric in addition to PG&E -- must bear the cost of continuing to operate Diablo Canyon – even though those outside the PG&E service area will not receive one kilowatt hour of electricity. [20]
- It is no longer clear whether the Trump Administration will honor a Biden Administration commitment to reimburse the State for $1.1 billion of the $1.4 billion loan. This $1.1 billion in federal funds would have gone from the U.S. Department of Energy (DOE) to the California Department of Water Resources (DWR), which issued the loan to PG&E.[21] In this time of a $12 billion budget deficit, the DWR may have to look to taxpayers to reimburse funds not forthcoming from the DOE.
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PG&E LEADS WITH GREED, NOT LOVE.

PG&E CEO Patricia Poppe has vowed to "lead with love."[22] Instead, PG&E leads with greed:

- PG&E boasted record profits for the past two years: $2.47 billion in 2024 and $2.2 billion in 2023.[23]
- In 2024, PG&E sought and obtained six separate rate increases.[24] The average bill for a PG&E ratepayer for electricity and gas is now $295/month.[25] And PG&E's electric rates are the highest in the state.[26]

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[17] PG&E Rate Application for 2025 at 13.

[18] PG&E Fall 2024 Update at 8. The CPUC approved recovery of $722.6 million, less than the requested $761 million. *See* 15 above.

[19] https://www.nbclosangeles.com/investigations/national-investigations/pge-rate-hike-california/3302833/.

[20] Public Utilities Code § 712.8(c)(3).

[21] Government Code § 25548.3(a).

[22] https://www.youtube.com/watch?v=vdBHae36yr8.

[23] https://youtu.be/jVXxSAj6BcA?si=RquIu6JLMqc7A8Bh.

[24] *Id.*

[25] *Id.*

[26] *See* note 19 above.

- PG&E's CEO Poppe took home $15.8 million in 2024.[27] This amount is only slightly down from her $17 million compensation in 2023, which placed her among the 10 most highly-compensated utility executives in the U.S.[28]
- S.B. 846 allows PG&E to recover a special volumetric performance fee (VPF) "to the extent it is not needed for Diablo Canyon" for "critical public purpose priorities" that do not enrich PG&E stockholders.[29] PG&E's application for a 2025 $100 million-plus VPF award was rejected by a CPUC administrative law judge (ALJ) for lacking "the detail necessary" to ensure that the VPF would meet S.B. 846 criteria and not enrich PG&E stockholders. [30] The CPUC Commissioners' subsequent reversal of the ALJ's decision "from the dais" *i.e.,* changing the ALJ's decision during the Commission voting session without allowing the public an opportunity to comment, violated longstanding agency protocol for public participation in CPUC decisions.
- PG&E's business model, which heavily burdens ratepayers with expenditures designed to increase stockholder returns, has been criticized by the Public Advocate:

> PG&E's customers are shouldering the burden of the utility's failure to accurately forecast its workload and perform traditional utility work. PG&E's electricity rates have increased by 41% in the last 3 years and 101% in the last 10 years, surpassing inflation. While the utility claims that ratepayers bear no risk if it doesn't complete the work, that's only part of the picture. PG&E is financially incentivized to spend as much money as it possibly can because it receives a financial return on some of those expenditures. *The more customer-funded energization work PG&E can complete in 2025 and 2026, the more profits PG&E's shareholders will reap.*[31]

THE CPUC REFUSES TO IMPOSE A CHECK ON PG&E'S IMPRUDENCE.

The Legislature gave the CPUC both authority and responsibility to evaluate the prudence and cost-effectiveness of continuing to operate the Diablo Canyon reactors for an additional five-

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[27] https://www1.salary.com/Patricia-K-Poppe-Salary-Bonus-Stock-Options-for-PGandE-CORP.html.

[28] https://www.newsdata.com/california_energy_markets/regional_roundup/pg-e-extends-contract-with-ceo-patti-poppe-for-another-six-years/article_addb3156-b110-11ef-af92-bbf6620973c5.html; https://www.siliconvalley.com/2024/04/04/pge-energy-bill-electric-gas-ceo-exec-pay-profit-stock-fire-economy/; https://energyandpolicy.org/as-customers-struggled-utility-ceos-pay-spiked-last-year/.

[29] Public Utilities Code §§ 712.8(t)(1), (2).

[30] Proposed Decision of ALJ Atamturk, Pacific Gas and Electric Company's Revenue Requirement to Support Extended Operation of Diablo Canyon Power Plant and 2025 Volumetric Performance Fees Proposal (Nov. 14, 2024).

[31] https://www.publicadvocates.cpuc.ca.gov/press-room/commentary/250423-pge-seeks-another-multi-billion-dollar-rate-increase (emphasis added).

years past their operating license expiration dates.[32] But the CPUC Commissioners have pointedly refused to examine any costs other than those that may be imposed by the U.S. Nuclear Regulatory Commission (NRC) or the Diablo Canyon Independent Safety Committee (DCISC). As stated in the CPUC's 2023 decision approving continued operation of Diablo Canyon:

> Section 712.8(c)(2)(B) requires the Commission to review the following costs to determine if they are too high to justify: (1) costs or upgrades necessary to address the DCISC's recommendations on seismic safety or issue of deferred maintenance; and (2) expenditures stemming from NRC's conditions of license renewal. While SB 846 does not provide guidance or parameters on what level of costs might be considered 'too high to justify,' it is clear that the scope of costs being considered in Section 712.8(c)(2)(B) *are limited to any costs associated with recommendations by the DCISC as specified or conditions of NRC's license renewal.*[33]

The Commission also relegated issues of need and reliability to the Integrated Resource Plan (IRP).[34]

Thus, the CPUC effectively abdicated the authority and responsibility delegated to it by the Legislature to evaluate the prudence and cost-effectiveness of continuing to operate Diablo Canyon, including comparing the cost of Diablo Canyon to other electricity sources, taking account of the burgeoning supply of renewables; and evaluating whether Diablo Canyon is needed at all.

And the CPUC's reliance on the NRC to identify potentially costly safety upgrades is absurd, given the Trump Administration's recent instruction to the NRC that it must now promote nuclear energy and meet a production quota, including for existing reactors.[35]

The CPUC has consistently ignored the pleas of trade associations, consumer groups and environmental organizations to examine the prudence of continuing to operate Diablo Canyon – apparently based on an assumption that you, the legislators, want to prop up Diablo Canyon at any cost. With the predictability of a robot, the CPUC has approved one cost increase after another for PG&E customers without ever having found the decisionmaking that imposes those increases to have been prudent.

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[32] *See* discussion above at page 1.

[33] CPUC, Decision Conditionally Approving Extended Operations at Diablo Canyon Nuclear Power Plant Pursuant to Senate Bill 846 at 46 (Dec. 15, 2023) (CPUC Docket No. R23-01-007) (emphasis added).

[34] *Id.* at 52.

[35] Executive Order 14300, 90 Fed. Reg. 22,587 (May 29, 2025).

- The CPUC has approved an astounding six rate hikes for PG&E in 2024, resulting in PG&E becoming the most expensive electric utility in California.[36]
- Executive Order N-5-24 required the CPUC to report to Governor Newsom by January 1, 2025, "the results of its analysis and its recommendations for modifying or repealing any statute that would reduce costs to electric ratepayers without compromising public health and safety, electric grid reliability, or the achievement of the State's 2045 clean electricity goal and the State's 2045 economywide carbon neutrality goal." But the CPUC's report does not mention S.B. 846 or its effect on ratepayers and taxpayers. [37]
- The CPUC's reversal of the ALJ's VPF ruling from the dais seriously undermined public confidence in the agency's credibility and integrity with respect to the administration of S.B. 846.

The unexpectedly errant administration of S.B. 846 has left taxpayers and ratepayers on the hook for continued upkeep of two dangerous and uncompetitive reactors that are steadily being replaced by more efficient and affordable sources. And the burden is lopsided – by operation of S.B. 846, a significant number of ratepayers in other service areas are paying for electricity from Diablo Canyon that they will never receive. Of course, taxpayers across the state will have to pick up the $1.4 billion tab for the loan if it is forgiven and not reimbursed by the federal government. Thus, for years to come, the majority of Californians – both ratepayers and taxpayers -- will be paying for electricity they never receive while PG&E stockholders and executives profit handsomely.

DIABLO CANYON IS NOT NEEDED TO KEEP THE LIGHTS ON IN CALIFORNIA.

In 2022, the Legislature saw continued operation of Diablo Canyon as a "stopgap measure" needed to "improve statewide energy system reliability and to reduce the emissions of greenhouse gases while additional renewable energy and zero-carbon resources come online."[38] Since, 2023, however, studies by the California Energy Commission have consistently demonstrated that continued operation of Diablo Canyon is not needed for a reliable electricity supply.

The latest analysis—conducted by Telos Energy and published by the CEC in May 2025—shows that California is projected to have a statewide electricity surplus of 10–11 GW in 2025 and 9–10 GW in 2030, even after accounting for lower behind-the-meter solar forecasts, increased data center load, and extreme weather years like 2022.[39] California meets the 1-day-in-10-years

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[36] *See* https://www.kqed.org/news/12033386/pge-electricity-rates-have-jumped-nearly-70-since-2020.

[37] *See* CPUC Response to Executive Order N-5-24 (Feb. 18, 2025) (https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf.)

[38] Ca. Public Resources Code, § 25548(b).

[39] California Energy Commission, Reliability Analysis Branch, Energy Assessment Division, *California Energy Resources and Reliability Outlook, 2025* (Report No. CEC-200-2025-011-SD, May 8, 2025); *Joint Agency Reliability Planning Assessment, Covering the Requirements of SB*

reliability standard through at least 2035 across all but the most extreme scenarios, such as an unrealistic case where California becomes an “electrical island” with zero imports.

Even under more conservative modeling assumptions than in prior CEC studies, the conclusion remains clear: Diablo Canyon is not needed to maintain grid reliability. Future risks lie not in keeping aging nuclear plants online, but in planning for flexible, winter-resilient resources. [40]

THE LEGISLATURE MUST ACT TO REPAIR THE DAMAGE TO AFFORDABILITY OF ELECTRIC RATES CAUSED BY THE ADMINISTRATION OF S.B. 846

Only the Legislature can stop the outrageously unfair and unjustified transfer of funds from pinched ratepayer bank accounts to PG&E’s pockets. It is time to revoke S.B. 846, call in the $1.4 billion loan granted in 2022, order the removal of Diablo Canyon from taxpayer and ratepayer support, and let the Diablo Canyon Decommissioning Panel fulfill its objective as agreed by all parties before the passage of S.B. 846. At a bare minimum, the Legislature must clarify to the CPUC Commissioners that they should not interpret S.B. 846 as instructing or permitting them to assume that continued operation of Diablo Canyon is reasonable and prudent, and require the CPUC -- in scoping order for current proceeding A.25-03-015 -- to impose a requirement for a finding that any extension of Diablo Canyon is both reasonable and prudent.

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846 (Combined First and Second Quarterly Report for 2025) and SB 1020 (Annual Report) (Report No. CEC-200-2025-004, May 1, 2025).

[40] California Energy Commission, Reliability Analysis Branch, Energy Assessment Division, *California Energy Resources and Reliability Outlook, 2025* (Report No. CEC-200-2025-011-SD, May 8, 2025); *Joint Agency Reliability Planning Assessment, Covering the Requirements of SB 846 (Combined First and Second Quarterly Report for 2025) and SB 1020 (Annual Report)* (Report No. CEC-200-2025-004, May 1, 2025).