San Luis Obispo Mothers for Peace
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mothersforpeace.org

June 12, 2025

Honorable Members of the California State Assembly and State Senate
State Capitol
Sacramento, CA 95814

SUBJECT: *Affordability for Electricity Consumers and Taxpayers in California*

Dear Hon. Members of the California State Assembly and Senate,

As so powerfully stated by Assembly Speaker Rivas in opening this year's legislative session, you have made it your priority to "chart a new path forward and renew the California dream by focusing on affordability." We applaud your goal! Reducing the high cost of living for Californians is both essential and urgent. *To that end, we urge you to stop the unexpected and unjustified transfer of massive fees from ordinary taxpayers and ratepayers to the already-bulging pockets of Pacific Gas & Electric Company (PG&E) stockholders and executives through the flawed administration of S.B. 846.*

When SB 846 was passed in 2022 you expected an emergency shortfall in the electricity supply during peak demand periods, requiring Diablo Canyon to remain open past its 2024/2025 operating license expiration dates. *Since 2023, however, studies by the California Energy Commission (CEC) -- including the latest update in May 2025 -- have consistently demonstrated that California not only meets but exceeds the 1-day-in-10-years reliability standard through 2035 under most scenarios.* In February 2025, CEC chair David Hochschild affirmed this, telling the Senate Energy Committee: "Five years ago we had a reliability incident, August 14th to 15th of 2020. Now we've really addressed that. We're in a much better posture. We've added 27 gigawatts of new capacity, and *now we're dealing with affordability.*"

Consistent with Chair Hochschild's emphasis on affordability, you anticipated that in passing S.B. 846, your $1.4 billion, forgivable zero-interest loan to PG&E would be (a) more or less sufficient to cover the transition cost of continuing to operate the twin reactors for another five years past their expiration dates and (b) highly subsidized by the U.S. government. *Instead:*

- *PG&E predicted in 2024 that Diablo Canyon will accrue an average of $186 million dollars in above-market costs passed on to ratepayers for each of those five years.*
- *In 2025, PG&E is demanding a $410 million dollar rate hike—more than double that 2024 estimate—from the California Public Utilities Commission (CPUC) for 2026.*
- *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. In this time of a $12 billion budget deficit, the DWR will now have to look to taxpayers to reimburse funds not forthcoming from the DOE.*

We understand that you expected that the largess of S.B. 846 would be met by lean and mean budgeting by PG&E. After all, PG&E CEO Patricia Poppe has vowed to "lead with love." *Instead, PG&E leads with greed:*

- *PG&E boasted record profits for the past two years.*
- *PG&E's CEO takes home $17 million a year, up $3 million from 2022.*
- *PG&E's application for a 2025 $100 million-plus "volumetric performance fee"(VPF) award was rejected by a CPUC administrative law judge (ALJ) for lacking "the detail necessary" to ensure that the VPN would meet S.B. 846 criteria for benefiting all California ratepayers rather than enriching PG&E stockholders. The CPUC Commissioners' subsequent reversal of the ALJ's decision from the dais violated longstanding agency protocol guaranteeing the public an opportunity to comment on the reversal.*

Finally, to that point, we understand that you believed that the "off-ramps" you built into S.B. 846 would function – *i.e.,* that the CPUC would blow the whistle if continuing to operate Diablo Canyon turned out to be imprudent or too costly. *Instead of checking PG&E's greed*:

- *The CPUC has ignored the pleas of trade associations, consumer groups and environmental organizations to examine whether it is prudent or reasonable to continuing to operate Diablo Canyon – apparently based on an assumption that you, the legislators, want to prop up Diablo Canyon at any cost.*
- *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.*

The unexpectedly errant administration of S.B. 846 has left taxpayers and ratepayers on the hook for continued upkeep of two dangerously antiquated and uneconomical reactors that could be -- and are -- easily being replaced by more efficient and affordable sources. And the burden is lopsided: through implementation of S.B. 846, a significant number of ratepayers in other service territories are paying for electricity from Diablo Canyon *without* accruing the benefits.

Only you 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 decommissioning of Diablo proceed as had been previously agreed. *At a bare minimum,* you 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 the scoping order for current proceeding A.25-03-015 -- to impose a requirement to make those findings before any extension of Diablo Canyon can continue.

Please see this Attachment https://mothersforpeace.org/electric-rates-affordability-attachment/ for a more detailed discussion and documentation of our concerns.

Sincerely,

*/s/*Jane Swanson, Board President
San Luis Obispo Mothers for Peace