

Assembly Bill No. 42

Passed the Assembly August 31, 2009

Chief Clerk of the Assembly

Passed the Senate August 24, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 565 to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 42, Blakeslee. Electricity: Pacific Gas and Electric Company: seismic fault.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities including electrical corporations, as defined.

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to conduct various assessments and forecasts on energy industry supply, production, transportation, delivery and distribution, demand, and prices.

This bill would require Pacific Gas and Electric Company, in furtherance of the recommendations made by the Energy Commission, to conduct seismic fault studies or surveys in areas at or near the Diablo Canyon Nuclear Power Plant in order to maintain reliable operation of the electrical grid and mitigate impacts to customer rates that could result from a seismic event. Because a violation of this requirement would be a crime, this bill would impose a state-mandated local program by creating a new crime. The bill would require the commission, in consultation with the California Geologic Survey and the Seismic Safety Commission, to conduct or facilitate a peer review of any fault studies or surveys conducted pursuant to that requirement within 120 days of receipt of a final study or survey. The bill would require the Pacific Gas and Electric Company to fund all costs associated with a peer review of any studies or surveys and would require the commission to authorize the utility to fully recover, in its generation procurement rates, all reasonable costs associated with any studies, surveys, or peer review required pursuant to the bill.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by

the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) This bill would state the findings and declarations of the Legislature concerning the need for special legislation.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) In issuing Decision 07-03-044, the Public Utilities Commission authorized an expenditure of sixteen million eight hundred thousand dollars (\$16,800,000) of ratepayer funds to explore the feasibility of relicensing the Diablo Canyon nuclear powerplant.

(b) The Public Utilities Commission, regarding the expenditure of those funds, said that Pacific Gas and Electric Company should defer, to the extent feasible, its work, its own study, and associated spending, until after the State Energy Resources Conservation and Development Commission (Energy Commission) issues its findings and conclusions pursuant to Chapter 722 of the Statutes of 2006, and that Pacific Gas and Electric Company should incorporate the findings and recommendations of that Energy Commission assessment in its own work.

(c) The assessment made pursuant to Chapter 722 of the Statutes of 2006 included several findings and recommendations; in particular, the Energy Commission found that Pacific Gas and Electric Company should use three-dimensional geophysical seismic reflection mapping and other advanced techniques to explore fault zones near Diablo Canyon.

(d) The July 2007 magnitude 6.8 Japan Sea earthquake located 16 kilometers from Tokyo Electric Power Company's Kashiwazaki-Kariwa Nuclear Power Plant shut down the facility at a cost of some hundreds of millions of dollars per month.

(e) In November 2008, the United States Geological Survey identified a previously unidentified offshore fault approximately one kilometer west of Diablo Canyon nuclear powerplant with an estimated ability to generate a magnitude 6.5 earthquake.

SEC. 2. Section 565 is added to the Public Utilities Code, to read:

565. (a) (1) Pacific Gas and Electric Company shall, in furtherance of the recommendations made by the Energy Commission pursuant to paragraph (8) of subdivision (a) of Section 25303 of the Public Resources Code, conduct seismic fault studies or surveys, including, but not limited to, three-dimensional geophysical seismic reflection mapping, in areas at or near the Diablo Canyon Nuclear Power Plant, in order to maintain reliable operation of the electrical grid and mitigate impacts to customer rates that could result from a seismic event.

(2) The Energy Commission, in consultation with the California Geologic Survey and the Seismic Safety Commission, may participate in the development of study or survey designs.

(b) (1) The Energy Commission, in consultation with the California Geologic Survey and the Seismic Safety Commission, shall conduct or facilitate a peer review of any studies or surveys conducted pursuant to subdivision (a) within 120 days of receipt of a final study or survey.

(2) The Energy Commission may enter into agreements with qualified scientists with expertise in fault imaging and character and behavior studies to conduct an external scientific peer review of the scientific basis for any fault study or survey.

(3) The Energy Commission shall include the findings and recommendations of any studies or surveys conducted pursuant to subdivision (a) in the integrated energy policy report as updates pursuant to subparagraph (D) of paragraph (8) of subdivision (a) of Section 25303 of the Public Resources Code.

(4) Pacific Gas and Electric Company shall be responsible for funding all costs associated with a peer review of any studies or surveys conducted pursuant to subdivision (a).

(c) The commission shall allow Pacific Gas and Electric Company to fully recover, in its generation procurement rates, all reasonable costs associated with any studies or surveys required pursuant to subdivision (a) and the peer review required pursuant to subdivision (b). The commission shall expedite issuance of its decision approving the recovery of costs as specified in this section, so that the decision is made within 120 days of filing the application.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 4. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of unique circumstances pertaining to Pacific Gas and Electric Company.

Approved _____, 2009

Governor