

AMENDED IN ASSEMBLY MARCH 31, 2009

AMENDED IN ASSEMBLY MARCH 17, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 42

Introduced by Assembly Member Blakeslee

December 1, 2008

An act to add Section 565 to the Public Utilities Code, relating to ~~electricity, and declaring the urgency thereof, to take effect immediately.~~ *electricity.*

LEGISLATIVE COUNSEL'S DIGEST

AB 42, as amended, 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 to seek funding for seismic fault studies and seismic retrofits in order to maintain reliable operation of the electrical grid and reduce impacts to customer rates as a result of a seismic event. Because a violation of this requirement would be a crime, this bill would impose a state-mandated local program. The Energy Commission would be required to conduct a peer review of any fault studies conducted pursuant to that requirement. The Public Utilities Commission would be required to

allow Pacific Gas and Electric Company to fully recover costs from all of their electrical customers for investments in fault studies and seismic retrofits 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.

~~(4) This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

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

3 (a) In issuing ~~decision~~ *Decision* 07-03-044, the Public Utilities
4 Commission authorized an expenditure of sixteen million eight
5 hundred thousand dollars (\$16,800,000) of ratepayer funds to
6 explore the feasibility of relicensing the Diablo Canyon Nuclear
7 Power Plant.

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

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

(d) The July 2007 magnitude 6.8 Japan Sea earthquake located 16 kilometers from Toyota 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 Power Plant 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) Pacific Gas and Electric Company shall seek funding for seismic fault studies and seismic retrofits, deemed urgent by the Energy Commission or the Seismic Safety Commission, 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, in order to maintain reliable operation of the electrical grid and reduce impacts to customer rates as a result of a seismic event.

(b) (1) The Energy Commission shall conduct a peer review of any studies conducted pursuant to subdivision (a).

(2) The Energy Commission may enter into agreements with academic and industry groups of 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.

(3) The Energy Commission shall include the findings and recommendations of the peer review of any fault study 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.

(c) The commission shall allow Pacific Gas and Electric Company to fully recover costs from all of their electrical customers for investments in fault studies and seismic retrofits pursuant to this section.

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

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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

8 ~~SEC. 5. This act is an urgency statute necessary for the~~
9 ~~immediate preservation of the public peace, health, or safety within~~
10 ~~the meaning of Article IV of the Constitution and shall go into~~
11 ~~immediate effect. The facts constituting the necessity are:~~

12 ~~In order to complete a seismic study, and perform seismic~~
13 ~~retrofits, relating to Diablo Canyon Nuclear Power Plant as soon~~
14 ~~as possible in order to protect electricity customers, it is necessary~~
15 ~~that this act take effect immediately.~~