
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No: SB 931 **Hearing Date:** 4/21/2026
Author: Laird
Version: 3/25/2026 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Nidia Bautista

SUBJECT: Diablo Canyon nuclear powerplant: Community Impacts Mitigation Program

DIGEST: This bill extends funding for the Community Impacts Mitigation Program, to offset unitary tax collections in San Luis Obispo County, by authorizing the collection from customers of all load-serving entities.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory jurisdiction over public utilities, including electrical corporations. (Article 12 of the California Constitution)
- 2) Authorizes the CPUC to fix rates, establish rules, examine records, issue subpoenas, administer oaths, take testimony, punish for contempt, and prescribe a uniform system of accounts for all public utilities, including electrical and gas corporations, subject to its jurisdiction. (Article 12, §6 of the California Constitution)
- 3) Requires that all charges demanded or received by any public utility for any product, commodity or service be just and reasonable, and that every unjust or unreasonable charge is unlawful. (Public Utilities Code §451)
- 4) Authorizes the collection of funds, on a nonbypassable basis, required for site restoration when an electrical corporation's nuclear powerplant is removed from service. (Public Utilities Code §379)
- 5) Requires the CPUC to approve full funding for the Community Impacts Mitigation Program (CIMP) set forth in a settlement between the Pacific Gas and Electric Company (PG&E) and various entities, including public entities in the County of San Luis Obispo, to mitigate the impacts caused by the

decommissioning of the Diablo Canyon nuclear powerplant (DCPP) proposed by the PG&E. Pursuant to existing law, the CPUC issued a decision authorizing the recovery of the costs of the CIMP through the nuclear decommissioning nonbypassable charge. (Public Utilities Code §712.7)

- 6) Requires the CPUC to direct and authorize the extended operation of the DCPP until October 31, 2030. (Public Utilities Code §712.8)

This bill:

- 1) Requires the CPUC to ensure the continued full funding of the CIMP for the extended operation of the DCPP, as provided.
- 2) Makes legislative findings and declarations as to the necessity of a special statute for the DCPP.
- 3) Declares that it is to take effect immediately as an urgency statute due to the DCPP currently in extended operation while the CIMP funding ended at the end of 2025.

Background

Diablo Canyon Nuclear Powerplant. PG&E's DCPP is California's only remaining operating nuclear plant. The facility sits on approximately 900 acres adjacent to the Pacific Ocean between Avila Beach and Montaña de Oro State Park. The plant produces approximately 10% of California's energy generation and about 20% of PG&E's overall electricity. The DCPP is a major contributor to the economy of San Luis Obispo County and northern Santa Barbara County. According to San Luis Obispo County, PG&E is both the largest taxpayer and largest private employer in the county. DCPP employs roughly 1,500 employees who help operate the facility. DCPP itself generates millions in property tax revenue, which mainly benefits local schools. A study, commissioned by PG&E, of the economic benefits of DCPP concluded that operation of DCPP in 2011 contributed, directly and indirectly, over \$900 million to the local economy, including many of the regions high-paying, year-round jobs. DCPP was recently issued an extended license to operate by the federal Nuclear Regulatory Commission (NRC). In addition to NRC licensing, DCPP is subject to lease requirements from the State Lands Commission, due to the location of the DCPP on state tideland, and additional state permitting.

Joint Proposal announced. On June 28, 2016, the State Lands Commission voted to approve a lease extension for the plant to 2025. A week prior to the vote, PG&E

announced a Joint Proposal with labor and environmental organizations that would result in the closure of the plant by 2025 and “increase investment in energy efficiency, renewables and storage beyond current state mandates.” The original parties of the Joint Proposal were the International Brotherhood of Electrical Workers Local 1245, Coalition of California Utility Employees, Friends of the Earth, Natural Resources Defense Council, Environment California, and Alliance for Nuclear Responsibility.

CPUC Application 16-08-006. In August 2016, PG&E filed an application with the CPUC submitting the Joint Proposal to review and request for approval of the replacement power provisions, the employee retention program and other elements. The application sought over \$1 billion in ratepayer funds to pay for the costs associated with the proposal. In November 2016, PG&E agreed to expand the Joint Proposal and secured the support of the County of San Luis Obispo, the Coalition of Cities (Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo) and the San Luis Coastal Unified School District. The expanded proposal included \$85 million in support for the San Luis Obispo County community, compared to the \$50 million in the original proposal.

CPUC Decision. In the fall of 2017, the CPUC voted to approve the retirement of DCPP, including approval for some of the elements of the Joint Proposal. Specifically, the CPUC approved \$222.6 million in rate recovery for costs associated with the employee retention (\$211.3 million) and retraining (\$11.3 million). The CPUC also approved \$18.6 million for license renewal activities. However, the CPUC denied elements of the Joint Proposal, including the denying the \$85 million for the CIMP stating that the use of ratepayer funds for those activities is not legally allowable. In denying the CIMP, the CPUC stated that it could not legally authorize the use of ratepayer funds for non-utility-related activities, such as funding schools. Instead, the CPUC stated that the parties would need authorization from the Legislature to use ratepayer funds for these purposes or, alternatively, PG&E shareholders could also fund these efforts. The CPUC decision also commented on the lack of fairness for a significant portion of the CIMP distribution, especially the \$10 million to the school district. The CPUC decision stated that the “amount and allocation of payments appear to have more to do with PG&E’s litigation needs than the economic needs of the community.”

SB 1090 (Monning, Chapter 561, Statutes of 2018). SB 1090 proposed to have the Legislature direct the CPUC to require the use of ratepayer funds for activities, or portion of activities, the CPUC had already denied (an additional 10% augmentation to the already-approved 15% annual employee retention bonuses) and CIMP that the CPUC acknowledged they could not authorize since these activities were not utility-related. The proponents of the Joint Proposal argued that

DCPP has benefitted all PG&E ratepayers and that the risks associated with DCPP have been borne by San Luis Obispo County residents who will continue to live with the risks posed by the plant, even once the plant is decommissioned. They argue that the elements of the Joint Proposal that were not approved by the CPUC are necessary to ensure the continued safe operation of the plant and that the costs would be minimal to individual ratepayers.

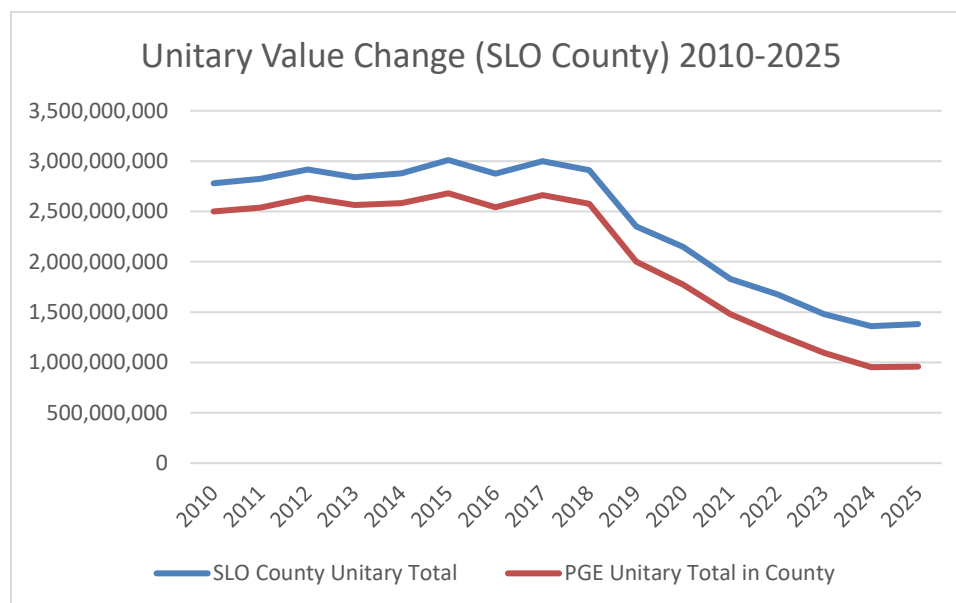
Comments

Need for this bill. The supporters of this bill contend it is necessary to extend the CIMP funding through the end of the 2030, the scheduled retirement date for Unit 2 at DCPP. They argue that when the state extended operations of DCPP through 2030 by SB 846 (Dodd, Chapter 239, Statutes of 2022), the funding to the community to offset local impacts was inadvertently not extended. They claim this funding is necessary as these local governments have relied on the community funding to support essential public services, including fire protection, public safety response, and local schools.

The author states:

SB 931 is a district bill that maintains an important source of funding built off the cost sharing agreements in SB 846 (Dodd, 2022) and paid for by all that benefit from the energy reliability provided by Diablo Canyon. When the state extended the plant's operations, it's only fair that we also extend the funding commitments made to support those communities.

Tax collections. According to the Board of Equalization (BOE), the San Luis Obispo County and the cities in the county have continued to benefit from unitary tax collection with the continued operation of the DCPP. They note that the age of the plant and its pending decommissioning have affected the value of the collections. The BOE provided the below graph to illustrate the decline and continued unitary tax collection for the DCPP operations, the main source of unitary taxes for San Luis Obispo County.



Should ratepayers shoulder these costs? As it was when SB 1090 (Monning, Chapter 561, Statutes of 2018) was being considered by the Legislature, the question for the Legislature is whether the costs of the activities proposed in this bill, however laudable, should be shouldered by electric utility ratepayers. The original CIMP was intended to provide local governments with a ramp to adjust to the changes to the unitary tax collection once DCPD fully decommissioned. Of course, SB 846 authorized its extended operations for an additional five years without an extension of the CIMP. The supporters of this bill contend such a ramp is still necessary as the plant continues to operate. They believe the current tax collection is woefully under collected and therefore a continued CIMP is merited. In the late 1990s, the County of San Luis Obispo and the San Luis Coastal Unified School District sought protection against the risk that DCPD-related property taxes would decrease precipitously in response to electric market restructuring, namely AB 1890 (Brulte, Chapter 854, Statutes of 1996), and jeopardize the ability of the County to provide basic public and educational services. At the time, the CPUC expressed a reluctance to require ratepayers to pay for the cost of local government services that are typically paid for by taxpayers, no matter how beneficial those services may be. The CPUC stated that authorization from the Legislature would be necessary for any such action, since CPUC did not have the authority to use ratepayer funds for non-utility-related activities. Subsequently the Legislature passed into law Chapter 382, Statutes of 1997, a budget bill which authorized \$10 million from ratepayers to fund a community mitigation fund to benefit the county and school district.

The Utility Reform Network suggests a portion of the incentive funding provided to PG&E to extend the operations of DCPD by SB 846 should be used, rather than

an additional collection from electric utility customers (including those of community choice aggregators and other utilities).

Need for amendments. *The author and committee may wish to amend this bill to specify the dates by when the extension of the collection for the CIMP is authorized, authorize an annual distribution that reflects annual changes to the allocation formula, and make additional technical clarifying amendments.*

Prior/Related Legislation

SB 846 (Dodd, Chapter 239, Statutes of 2022) authorized the extension of operating DCPD beyond the expiration dates (of 2024 for Unit 1 and 2025 for Unit 2), to up to five additional years (no later than 2029 and 2030, respectively), under specified conditions. The bill also authorizes a loan of \$1.4 billion from the state to PG&E, the operator of DCPD, to facilitate the extension of the plant. The bill appropriated \$600 million and required future Legislative action for the remaining appropriation of the \$1.4 billion. The bill also explicitly authorized collections from electric ratepayers (both customers of PG&E and those of other electricity providers) for ongoing costs.

SB 1090 (Monning, Chapter 561, Statutes of 2018) required the CPUC to approve collection of ratepayer funds for previously denied elements of a PG&E application related to the retirement of the DCPD. Specifically, the bill required ratepayers to fund an augmentation to an employee retention program and funds for the local school district, cities and county. This bill also required the CPUC to ensure that integrated resource plans avoid any increase in emissions of greenhouse gases as a result of the retirement of the nuclear power plant.

SB 968 (Monning, Chapter 674, Statutes of 2016) required an assessment of the regional economic effect that would result from closure of the DCPD.

AB 361 (Achadjian, Chapter 399, Statutes of 2015) extended the sunset date for the Nuclear Planning Assessment Special Account from July 1, 2019, to August 26, 2025, to continue funding emergency service programs and planning activities for DCPD in San Luis Obispo County.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

City of San Luis Obispo
County of San Luis Obispo

Port San Luis Harbor District
San Luis Coastal Parent Information Network

OPPOSITION:

The Utility Reform Network

ARGUMENTS IN SUPPORT: According to the County of San Luis Obispo:

SB 931 addresses a gap in SB 846 (Chapter 239 of the Statutes of 2022), which extended operations of the Diablo Canyon Power Plant through 2030 but did not explicitly extend the Community Impacts Mitigation Program originally required under SB 1090 (Chapter 561 of the Statutes of 2018). As a result, mitigation funding expired at the end of 2025, despite continued plant operations and impacts to the host community. SB 931 appropriately corrects this misalignment by ensuring the continued full funding of the Community Impacts Mitigation Program for the duration of the extended operations period. This restores consistency with the original legislative intent that mitigation funding remain in place through the facility's operating life.

ARGUMENTS IN OPPOSITION: According to the The Utility Reform Network:

The CIMP program was authorized in SB 1090 (Monning, 2018) after being rejected by the California Public Utilities Commission (CPUC) in Decision 18-01-022.1 The CIMP provides ratepayer funds to San Luis Obispo County and was designed to supplement reductions in property taxes attributable to the declining book value of the Diablo Canyon Power Plant (DCPP) as it neared its planned retirement in 2025. The cost of CIMP was \$9.375 million per year through 2025. Extending this subsidy pursuant to SB 931 would raise customer rates by \$46.9 million through 2030. ...Ratepayers are already overpaying for DCPP and should not be forced to bear additional rate hikes to cover the costs of subsidies to local governments. Since SB 931 would change the terms of SB 846 by extending CIMP, an offsetting change should be made to hold ratepayers harmless from the incremental costs.

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