
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 931 (Laird) - Diablo Canyon nuclear powerplant: Community Impacts Mitigation Program

Version: April 29, 2026

Urgency: Yes

Hearing Date: May 11, 2026

Policy Vote: E., U. & C. 13 - 3

Mandate: Yes

Consultant: Ashley Ames

Bill Summary: This bill would extend funding for the Community Impacts Mitigation Program, to offset unitary tax collections in San Luis Obispo County, by authorizing the collection from all electric utility ratepayers statewide.

Fiscal Impact:

- Unknown, potentially significant costs, possibly in the hundreds of thousands of dollars annually until the Diablo Canyon nuclear powerplant is closed in 2030 (ratepayer funds), for the California Public Utilities Commission (CPUC) to extend the Community Impacts Mitigation Program and provide oversight of funds collected by the Load Serving Entities (LSEs).
- Unknown costs to the state as an electric utility ratepayer through the end of 2030 (various funds) due to continued collections from ratepayers statewide as authorized by this bill. The State of California is an electricity customer, purchasing roughly one percent of the state's electricity. As such, the state incurs costs when rates go up or are higher than they otherwise would be.

Background: Existing law requires the CPUC to approve full funding for the Community Impacts Mitigation Program 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 PG&E. Pursuant to existing law, the CPUC issued a decision authorizing the recovery of the costs of the Community Impacts Mitigation Program through the nuclear decommissioning nonbypassable charge. (Public Utilities Code §712.7)

DCPP is California's only remaining operating nuclear plant, and it produces approximately 10% of California's energy generation and about 20% of PG&E's overall electricity. 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.

In the late 1990s, the County of San Luis Obispo and the San Luis Coastal Unified School District sought protection against the risk that DCPP-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.

In 2016, PG&E announced a Joint Proposal with labor and environmental organizations that would result in the closure of DCPD by 2025 and “increase investment in energy efficiency, renewables and storage beyond current state mandates.” PG&E subsequently filed an application with the CPUC to review and request approval for this proposal, including for \$1 billion in ratepayer funds to cover the associated costs. The CPUC voted to approve the retirement of DCPD, but denied the \$85 million proposed for the Community Impacts Mitigation Program, which was intended to provide local governments with a ramp to adjust to the changes to the unitary tax collection once DCPD fully decommissioned. The CPUC stated it could not legally authorize the use of ratepayer funds for non-utility-related activities and that, instead, the parties would need authorization from the Legislature to use ratepayer funds for these purposes or, alternatively, PG&E shareholders could fund these efforts.

After being rejected by the CPUC, the Community Impacts Mitigation Program was authorized in SB 1090 (Monning, 2018). Intended to offset impacts of DCPD’s declining book value as the plant approached retirement in 2025, the Community Impacts Mitigation Program supplemented property taxes with ratepayer funds in San Luis Obispo County. When the state extended operations of DCPD through 2030 by SB 846 (Dodd, Chapter 239, Statutes of 2022), this funding to the community to offset local impacts was not extended.

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 DCPD. They note that the age of the plant and its pending decommissioning have affected the value of the collections.

Proposed Law: This bill would require the CPUC to approve continued funding of the Community Impacts Mitigation Program, to offset unitary tax collections in San Luis Obispo County, by authorizing collections from electric utility ratepayers statewide. Specifically, it would require the CPUC to approve all of the following:

1. The full funding for the community impact mitigation settlement proposed in Application 16-08-006.
2. The full funding for the employee retention program proposed in Application 16-08-006.
3. Funding for the Community Impacts Mitigation Program approved in commission Decision 18-11-024 (November 29, 2018), Decision Implementing Senate Bill 1090 and Modifying Decision 18-01-022, in the amount authorized by Advice Letter 5461-E-A, during the period of extended operations as prescribed.
 - a. Provide that the funding shall be recovered in rates as specified.

This bill would also:

1. Require that the full funding be provided for in five payments, starting in fiscal year 2026–27 and continuing through fiscal year 2030–31, with the final payment made before October 31, 2030, the last day of operations of Unit 2 of DCPP.
2. Require that the funding for the Community Impacts Mitigation Program not be extended beyond the time period specified in this bill unless the Legislature enacts future legislation explicitly extending funding for that program.
3. Require the CPUC to ensure that integrated resource plans are designed to avoid any increase in emissions of greenhouse gases as a result of the retirement of DCPP.
4. Require the CPUC to establish an expedited advice letter process for the approval and implementation of the community impact mitigation settlement and the employee retention program.

Related Legislation:

SB 846 (Dodd, Chapter 239, Statutes of 2022) authorized the extension of operating DCPP 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 DCPP, 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 DCPP. 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 DCPP.

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 DCPP in San Luis Obispo County.

Staff Comments: The Community Impacts Mitigation Program cost about \$9 million per year through 2025. Extending the program through 2030 pursuant to this bill could easily require an additional collection in the tens of millions of dollars from electricity customers. The State of California, as one such customer, could incur costs as a result. The impact to ratepayers is unknown, but could be significant. The committee may wish to consider whether or not costs for the activities proposed in this bill, however laudable,

should be shouldered by ratepayers statewide, including those of community choice aggregators and utilities other than PG&E.

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