

THIRD READING

Bill No: SB 931
Author: Laird (D), et al.
Amended: 5/14/26
Vote: 27 - Urgency

SENATE ENERGY, U. & C. COMMITTEE: 13-3, 4/21/26
AYES: Allen, Archuleta, Arreguín, Becker, Caballero, Gonzalez, Hurtado,
McNerney, Reyes, Richardson, Rubio, Stern, Wahab
NOES: Ochoa Bogh, Grove, Strickland
NO VOTE RECORDED: Dahle

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

SUBJECT: Diablo Canyon nuclear powerplant: Community Impacts Mitigation Program

SOURCE: Author

DIGEST: This bill extends funding for the Essential Services Mitigation Fund within the Community Impacts Mitigation Program (CIMP), to offset unitary tax collections in San Luis Obispo County, that fund governmental services by authorizing the collection from electric utility 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 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) Makes legislative findings and declarations as to the necessity of a special statute for the DCPP.
- 2) Requires the CPUC to ensure the continued full funding of the Essential Service Mitigation Fund by the CIMP for the extended operation of the DCPP, as provided.
- 3) Requires the funding be provided in five payments beginning equal annual installments of \$8,333,333 to the Essential Service Mitigation Fund starting in fiscal year 2026–27 and ending in fiscal year 2030–31, with the final payment made before October 31, 2030.

- 4) Requires the County of San Luis Obispo to distribute the annual installments deposited into the Essential Service Mitigation Fund within 30 days of receipt of each deposit, as provided.
- 5) 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 nuclear plant operating. 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 region's 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 utility 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 DCP, 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 for a foundation of their choice. 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 DCP has benefitted all PG&E ratepayers and that the risks associated with DCP 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.

The following summarizes the funding collected from electric utility customers and its allocation to local governments, schools, and the San Luis Coastal Education Foundation as approved with SB 1090 to help San Luis Obispo County adjust to the loss of tax collection from the pending closure of DCPD:

- \$10 million – Economic Development Fund
 - \$3.84 million – San Luis Obispo County sole use
 - \$1.7 million – Economic Development
 - \$1.0 million – Housing revolving funds
 - \$948,000 – Infrastructure
 - \$192,000 – City of Grover Beach
 - \$400,000 – Regional Economic Funds
 - \$5.76 million – Coalition of Cities (all incorporated cities in the county excluding Grover Beach)

- \$75 million – Essential Services Mitigation Fund
 - \$27.9 million – San Luis Obispo County total
 - \$12.1 million – General Fund Mitigation
 - \$5.4 million – Housing
 - \$4.5 million – Safety
 - \$4.1 million – Infrastructure
 - \$1.9 million – Economic Development
 - \$47.1 million – 70+ governmental entities including cities and school district
 - \$36.8 million to the San Luis Coastal Unified School District (per the settlement agreement submitted to the CPUC)
 - \$10 million to the San Luis Coastal Unified School District for an educational foundation of their choice (per the settlement agreement submitted to the CPUC). Provided to San Luis Coastal Education Foundation, a nonprofit (per news reports the funding was used to establish an endowment).

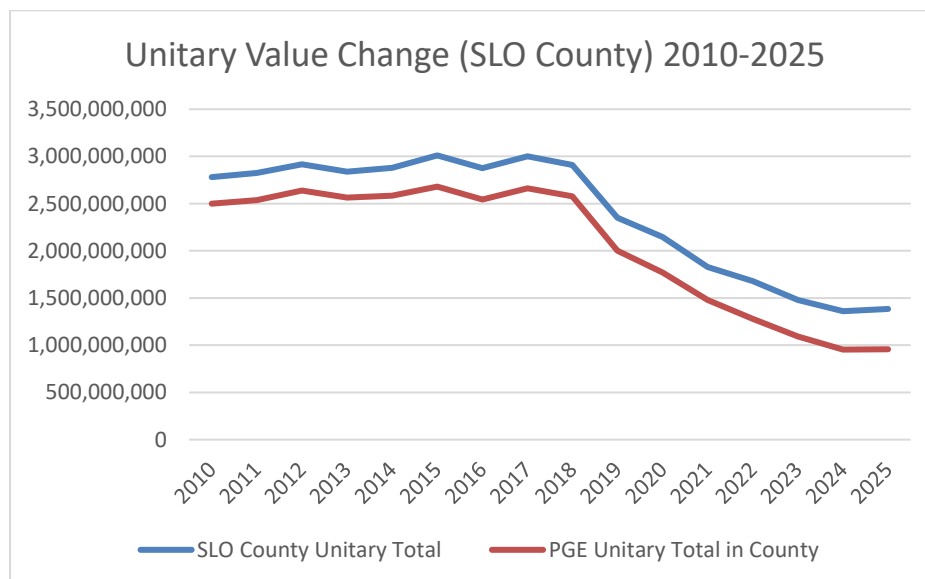
Comments

Bill seeks continued electric ratepayer funding for local government services. This bill would require electric ratepayers to fund over \$40 million in five annual payments of \$8,333,333 for the Essential Service Mitigation Fund starting in fiscal year 2026–27 and ending in fiscal year 2030–31, with the final payment made before October 31, 2030. The bill requires San Luis Obispo County to allocate the

funding based on specified factors, including past allocation and weighted basis using unitary factors.

Need for this bill. The supporters of this bill contend it is necessary to continue to extend the CIMP funding through the end of 2030, the scheduled retirement date for Unit 2 at DCPD. They argue that when the state extended operations of DCPD 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.

Unitary tax collections have continued with continued operations of DCPD. 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, even beyond the 2025 intended date of closure of the plant. They note that the age of the plant (given its value has depreciated) and its pending decommissioning has affected the value of the collections. The BOE provided the below graph to illustrate the decline, but continued unitary tax collection for the DCPD operations, the main source of unitary taxes for San Luis Obispo County.



Back at it! Déjà vu. This is at least the third time San Luis Obispo County has sought funding from electric ratepayers to fund anticipated or perceived changes to tax collections. 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 the passage of 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.

Should ratepayers shoulder these costs? As it was when SB 1090 was 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 (read: ween from) to the changes to the unitary tax collection once DCPD is fully decommissioned. Of course, SB 846 authorized its extended operations for an additional five years without an extension of the CIMP and also not a pause or refund to ratepayers from the costs from CIMP, as such these local governments, schools (and a foundation of the school's choice) continued to benefit from the unitary tax collection and the ratepayer funded CIMP. However, 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 continued electric ratepayer contributions are merited. 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). The Legislature authorized SB 1090 to support the closure of DCPD and the resulting loss of unitary tax collection, these were not authorized collections to continue the operation of DCPD.

Caution! Deputies at the Office of Legislative Council have cautioned that this bill as proposed may run afoul of Section 24 of Article XIII of the Constitution which prohibits the Legislature from imposing taxes for local purposes.

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 general fund to PG&E, the operator of DCP, to facilitate the extension of the plant. 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 DCP. Specifically, the bill required ratepayers to fund an augmentation to an employee retention program and funds for the local school district, cities and county.

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

According to the Senate Appropriations Committee:

- 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 to cover the costs of activities authorized by this bill. 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 state is an electric utility ratepayer, purchasing roughly one percent of the state's electricity. The fiscal impact this bill would have on ratepayers is unknown, but could be significant.

SUPPORT: (Verified 5/14/26)

Sally J. Lieber, Chair, California State Board of Equalization
Californians for Green Nuclear Power, Inc.
City of San Luis Obispo
County of San Luis Obispo
Native Nuclear

Port San Luis Harbor District
San Luis Coastal Parent Information Network
Two Individuals

OPPOSITION: (Verified 5/14/26)

Fission Transition
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 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.

5/18/26 15:05:40

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