



August 31, 2018

The Honorable Edmund G. Brown, Jr.
Governor of the State of California
State Capitol, First Floor
Sacramento, CA 95814

SUBJECT: SB 1090 Request for Signature

Dear Governor Brown:

We are writing to express our strong support for SB 1090 (Monning), a bill that will ensure the safety and reliability of Diablo Canyon during the remainder of its licensing period and enable our county to devise a new economic strategy that defends our social, environmental and economic values.

Over the past three decades, the Diablo Canyon Power Plant has played a critical role in our regional economy and overall way of life. As the county's largest private employer and taxpayer, the estimated \$1 billion of economic benefit delivered by this single facility has reduced pressure within the region to over-develop our scenic coastal county. As a result, San Luis Obispo County remains a haven of open space and environmental stewardship, boasting an unrivaled 80 miles of accessible coastline. Additionally, for the past thirty years, Diablo Canyon's 1,500 head-of-household jobs have helped anchor our middle-class as we work to combat the growing issues of wealth inequality, gentrification and homelessness.

The announcement of the Diablo closure has brought into sharp focus what is at stake in our community. The loss of our region's largest private sector employer and millions in local tax revenues will create tremendous pressure to cut programs and develop the region. Without proactive planning and regional coordination, the financial shock of the plant closure will trigger economic impacts that will strike at the heart of our community's most vulnerable populations and environmental resources.

Key issues impacting the state, including aging infrastructure and lack of affordable housing, are significant challenges in Coastal California and poised to reach crisis levels in our community if left unaddressed. For nearly thirty years, Diablo Canyon has supported local investments in infrastructure and social services. While the plant will be in full operation over the next seven years, the loss of these investments will be felt immediately. This sudden decline in revenue, coupled with the threat of an SB 1 repeal in November, could bring our affordable housing efforts to a virtual halt.

Although the challenges are great, so too is our resolve to meet them and make our community a case study in how regional cooperation can grow a diversified and inclusive economy, while continuing to protect our environmental resources. But redesigning our local economy to replace the loss of Diablo revenues and avoid irreversible negative impacts on vulnerable populations and environmental resources is no small undertaking. Only through the regional and stakeholder cooperation made possible by this legislation can we work toward a balanced economic future that leverages open space and environmental stewardship as prime assets while growing our affordable housing stock, diversifying our job market and continuing to combat the threats of gentrification so common to coastal communities.

Over the past thirty years, the tradeoffs between ratepayers and our residents have been reasonable – we received high paying jobs and substantial revenue in exchange for providing ratepayers with low cost zero emissions energy. Now, with the impending closure of the facility, that relationship is poised to fall woefully out of balance. Ratepayers will move on while our regional economy is left to falter and our community is required to play host to 2,000 tons of high-level nuclear waste on our seismically active coastline - likely in perpetuity. SB 1090 recognizes and seeks to mitigate this imbalance by providing our region some breathing room to avoid an economic crisis at a relatively small cost to ratepayers, who will continue to benefit from Diablo for another eight years.

Although SB 1090 does not set precedent, as Diablo Canyon is the last remaining nuclear power plant in California, the legislation is not without precedent. We urge you to consider the fact that community economic mitigation funding is, in fact, considered a best practice. Consider these three examples:

- **Vermont Yankee Power Plant:** The closure of Vermont Yankee Nuclear Power Plant in Windham County Vermont resulted in an agreement that brought \$10 million in economic development for Windham County over five years, \$5.2 million in clean energy development support for Windham County and elsewhere, \$5 million payment to the state for calendar year 2015, and a \$25 million fund to ensure the site is restored after decommissioning.
- **Coal Mine Closures:** The Economic Development Administration administers a multi-million dollar, multi-year economic assistance program for communities faced with coal plant closures and state the following about its program: “The funding will assist locally-driven efforts to communities and regions severely impacted by the declining use of coal through activities and programs that support economic diversification, job creation, capital investment, workforce development and re-employment opportunities.”
- **Military Base Closures:** The Federal Base Realignment and Closure program provides billions in funding to communities affected by a military base closure. The Department of Defense’s Office of Economic Adjustment states: “Any change to operations on a local military

installation can have an impact on the surrounding communities... a base closure, or program adjustment, these changes can disrupt the economic stability of towns and even whole states. To minimize the impacts of military operational changes, OEA provides technical guidance and expertise, as well as financial assistance to state and local governments directly affected by these changes.”

Just as the State of California is investing in its clean energy future and planning for the replacement of the 10% of the statewide energy load once supplied by Diablo Canyon, SB 1090 allows our community to thoughtfully plan for the replacement of economic activity and associated social and environmental impacts resulting from the closure of the facility. Taking to heart lessons learned from other communities impacted by power plant and military base closures, the settlement agreement negotiated between PG&E and community stakeholders proactively anticipates and plans for the mitigation of various impacts.

Specifically, the key provisions of the settlement agreement include:

1. Proposed Community Impact Mitigation Program

A. Proposed Essential Services Fund

The Proposed \$75 million Essential Services Fund will allow the region to continue to offer services that support the safe and reliable operation of the plant. Despite our community continuing to host the fully operating facility for another eight years, the facility’s contribution to our community is scheduled to fade to zero as the closure approaches. Although Diablo’s investment in our community will rapidly decline, the public safety and environmental risk will not. For the remainder of the plant’s operating life, ratepayers will continue to enjoy carbon-free, low-cost energy, and the community will be expected to serve the same role, but without the level of funding previously judged to be fair and essential. We believe it is important to sustain these essential services for the remainder of the facility’s operation.

Additionally, the Essential Services Fund would provide critical breathing room for the school district to plan properly for a post-Diablo future. An abrupt closure would harm the schools immediately, and school quality is an essential tool for any regional economic development strategy, as well as PG&E’s effort to maintain a sufficient and qualified workforce to operate the plant through the life of its current licenses.

B. Proposed Economic Relief Fund

Our community’s economic future is jeopardized without Diablo Canyon, our largest private-sector employer. We believe the \$10 million in one-time funding is imperative to help jumpstart the diversification of the local economy into a post-Diablo era. Doing so will enable our region to continue to be a bright spot in the state’s economic picture, and not a drain. The spirit of this funding program is to provide economic relief to affected communities and aid the region in jumpstarting a necessary economic regional planning effort that leverages the unique strengths of the region.

2. Proposed Employee Program

Employees of the plant are part of the fabric of our community. They are our friends, neighbors, coaches and volunteers. They live in every corner of our region - from Paso Robles to Santa Maria. They are a highly skilled, specialized workforce that has safely and reliably operated the plant since it went online. The announced plant closure has undoubtedly created job insecurity for employees of the plant and in turn diminished predictability of long-term retention of the workforce.

The Central Coast is a small regional economy, located three hours from major jobs centers. As a result of that relative isolation and extraordinarily high housing costs, our employers have significant recruitment and retention challenges for senior level and specialized technical positions.

The Proposed Employee Program provides the necessary incentives to effectively retain top-notch talent who can operate the plant reliably and safely. We ask that you err on the side of caution and approve the resources to retain these essential employees.

Our community desires to be at the forefront of the many critical issues affecting our state – economic mobility, affordable housing, ending homelessness, environmental protection and educating the next generation of leaders. Although the closure of Diablo Canyon directly and adversely impacts each of these goals, we also believe this difficult moment can be a moment of opportunity. With the extended planning horizon and funding provided by SB 1090, our broad coalition of stakeholders can come together to reinvent our regional economy to advance these shared goals.

We strongly encourage you to sign SB 1090 into law so that our community can move swiftly to secure a safe, vibrant and sustainable future for San Luis Obispo County.

Thank you for your consideration,



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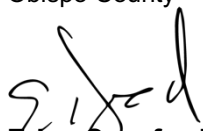
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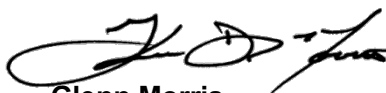
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