

Utilities, regulators conspired to make public pay for California nuclear plant closure

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A series of documents have come to light in recent months showing how utility executives and public regulators held secret, closed-door meetings to shift the cost of decommissioning the San Onofre nuclear power plant—pegged at nearly \$5 billion—onto the shoulders of the public. The plant, closed in 2013, is located in southern California’s San Diego County.

The documents, the subject of the US and California attorneys generals’ investigation, reveal confidential conversations, phone calls and email exchanges between top executives of Southern California Edison (SCE), the utility company that owns 78.2 percent of the inoperable plant, and regulators from the California Public Utilities Commission (CPUC).

The San Onofre Nuclear Generation Station (SONGS) was shut due to a radiation leak in Unit 3 detected on January 31, 2012. A subsequent investigation found premature wear of the tubes that carry radioactive water through the unit’s steam generators. In June 2013, SCE announced that, due to these problems, it would begin decommissioning the plant.

Of the \$4.7 billion cost to permanently close the plant, rate payers will pick up \$3.3 billion, and the remaining \$1.4 billion will be paid by shareholders.

The financial settlement was reached with little or no public input. In May 2013 SCE and San Diego Gas & Electric (SDG&E), which owns 20 percent of the facility, entered secret settlement negotiations with the Utility Reform Network (TURN) and the Office of Ratepayer Advocacy (ORA). The latter is supposedly an “independent” monitor.

Even before that date—on March 26, 2013—former SPUC Commissioner Michael Peevey held a private meeting with Edison executive Stephen Pickett at the luxurious Hotel Bristol in Warsaw, Poland, to discuss

the settlement terms. This was revealed in notes investigators seized from Peevey’s home.

All meetings and communications conducted by the utility providers in regards to the settlement negotiations are required to be disclosed. Since the terms were reached before and during the required hearings, and before the Community Engagement Panel meetings were held, the secret deal exposes the whole process of the public proceedings as a sham.

At the half-day evidentiary hearing held at the CPUC headquarters in San Francisco on May 14, 2014, SCE President Ronald Litzinger did not disclose the unreported meetings or any other exchanges although he was asked about ex-parte communications between company executives and CPUC regulators.

Between January 2013 and June 2014, Litzinger had 30 meetings, phone calls or email communications with public regulators regarding the San Onofre settlement. He met directly with CPUC commissioners Peevey and Florio during the time when the formal settlement negotiations were taking place.

Litzinger also failed to point to any factual data providing a reasonable explanation for the terms of the settlement. During the hearing, the administrative law judge for the case, Melanie Darling, denied attorney Mike Aguirre his right to examine the witness, shielding the Edison president from requests to address the key issues.

When asked about his possible communications with Edison, former CPUC Commissioner Peevey exploded and shouted at Aguirre, “I’m not here to answer your goddamn questions! Now shut up! Shut up!” Peevey stepped down from CPUC last December due to the release of emails showing his close ties to Pacific Gas & Electric executives after the 2010 gas pipeline explosion in San Bruno that killed eight people.

Federal and state regulators never fully investigated who was responsible for the replacement of the SONGS steam generator that was supposed to last 20 years but held up for less than two. The US Nuclear Regulatory Commission (NRC) cited SCE for failing to ensure that the manufacturer's (Mitsubishi Heavy Industries) design was adequate but the citation did not carry any fines or penalties.

SCE's earnings went up as a result of taking SONGS out of commission. Not only have none of the SoCal Edison executives been charged with any violations in regards to installing defective steam generators, but the value of the company president's stock went up by \$160,000 a few days after the announcement that the settlement was moving forward. Litzinger pocketed a \$2,354,713 salary for 2013 alone, including \$570,475 in stock awards and \$570,379 in option awards.

Electricity rates in California are among the highest in the country. They have increased by more than 30 percent in the last decade and might jump an additional 47 percent over the next 15 years according to experts.

On April 17 US District Court Judge Cathy Ann Bencivengo issued a tentative ruling dismissing "with prejudice" the case of the Citizens' Oversight advocacy group against SCE and CPUC for illegally collecting money from more than 17 million utility customers in Southern California.

In the lawsuit filed last November, Citizens' Oversight accused CPUC and SCE of causing significant financial harm by charging ratepayers for electricity they don't receive, since the San Onofre plant has not been distributing electricity since January 2012.

Communities near San Onofre also confront the danger of over 1,600 tons of nuclear waste at the site. The majority of the metal tubes with used pellets of reactor fuel are stored in pools of cooling water but need to be moved above the ground as the temporary wet storage capacity has reached its limit. The proposal to bury the waste underground in concrete casks has raised major concerns, however. On top of the choice of an earthquake-prone location for storage, the 1/2 to 5/8 inch thick Holtec canisters Edison is planning to use are widely believed to be inadequate.

A San Onofre safety advocacy group is calling for an approval of more expensive nine to 20 inch thick cast iron casks manufactured in Germany. A 2014

inspection of the Holtec canisters installed at the Diablo Canyon power plant, also in California, revealed that conditions that could lead to cracking appeared after only two years of use.

The Nuclear Regulatory Commission (NRC), which regulates and safeguards operations of the private energy giants such as Edison, can hardly be trusted. It has colluded with utilities in delaying safety improvements and covering up security issues in the past. This includes the leak at the Nuclear Fuel Services plant in Erwin, Tennessee in 2006 and the agency's deliberate underestimation of the danger posed by aging nuclear facilities across the US.

Nuclear power poses a range of complex questions, including ecological and health risks that require a rational, global solution. Under the present economic set-up, a rational debate on the future of nuclear power is blocked by the interests of energy corporations and the national security prerogatives of the capitalist governments involved.



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