NEWS RELEASE

Sierra Club Angeles Chapter
3435 Wilshire Blvd #320
Los Angeles, CA 90010

CONTACTS

Glenn Pascall, Chair, San Onofre Task Force
Email: gpascall@att.net
Phone: 949-248-3183

George Watland, Conservation Program Coordinator
Email: george.watland@sierraclub.org
Phone: 213-387-4287 ext. 210

FOR IMMEDIATE RELEASE: October 26, 2012

Sierra Club Task Force Commends the California Public Utilities Commission Decision to Launch an Investigation of the San Onofre Nuclear Generating Station
Sierra Club asks the PUC to shift the costs of the shutdown from ratepayers to the utility shareholders

The San Onofre Task Force of the Sierra Club Angeles Chapter commends the California Public Utilities Commission (PUC) for its unanimous decision to launch an investigation into the rates, operations, practices, services and facilities of Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E), related to the San Onofre Nuclear Generating Station Units 2 and 3. The Commission met on October 25 to hear public input on the shutdown of the San Onofre facility and to vote on the related Order Instituting Investigation.

In an opening statement, Commissioner Michael Florio said that within 45 days the utilities will testify on proposed rate adjustments and will be required to show costs related to San Onofre. He added that it may never be safe or economic to restart the plant. In that event, PUC long-range plans will address permanent removal of San Onofre from the supply base. “We have a responsibility to protect utility ratepayers and system users,” Florio concluded.

In its statement to the Commission, the Sierra Club noted that the San Onofre facility has been shutdown since January yet ratepayers have been paying $54 million a month in charges for the plant – an average $10 for each household in its service area. The defective system that forced shutdown cost $771 million but only $137 million is recoverable through the manufacturer’s warranty.

Glenn Pascall, chair of the Sierra Club task force, said, “While these facts are well known, the impact on the public review process is this: If the subsidy continues to cover all operating costs related to the faulty generators, it greatly reduces the incentive for Edison to resolve issues related to the future of the plant.”

He continued, “Ours is a free enterprise economy based on risk and reward. Investor-owned utilities are a special case where rates are set by a public agency to assure a fair return to investors and fair charges to consumers. But this principle is distorted in a situation where no power is being delivered and the utility's management purchased defective technology without adequate warranty coverage - yet rates continue to be imposed.

“In such a case, if shareholders are able to shift the cost burden for repairs to the utility’s customers, the principle of risk and reward has been violated and ratepayers pay the consequences of management errors.

“The Sierra Club urges the Commission to terminate the ratepayer subsidy so the utility is no longer making decisions while it is artificially insulated from real-world economic conditions.”

The Angeles Chapter is the local voice of the Sierra Club, America's oldest, largest and most influential grassroots environmental organization. Its 40,000 members in Los Angeles and Orange Counties strive to explore, enjoy and protect nature in their communities and the planet. Learn more about the Angeles Chapter at www.angeles.sierraclub.org.

###