READ THIS & PLEASE WRITE A LETTER TODAY!

August, 1988

DIABLO CANYON SETTLEMENT
PG&E WINS BIG...RATEPAYERS LOSE BIG!

PG&E, the Public Utilities Commission, and California's Attorney General have reached a tentative agreement about Diablo Canyon: **WHO WILL PAY FOR IT AND HOW?**

The proposed settlement is a very bad deal for the public and, in particular, for those who reside near the plant. Why? **IT WILL COST US A GREAT DEAL OF MONEY, AND IT COULD VERY WELL MAKE DIABLO CANYON EVEN LESS SAFE THAN IT IS NOW!**

Consider the following:

1. Under the agreement, PG&E would be paid according to the amount of electricity it generates at Diablo Canyon. That **provides a powerful economic incentive to operate even when it isn't safe to do so.** Even the Nuclear Regulatory Commission, nuclear energy's biggest booster, has expressed concerns about basing rates on plant performance: "Short term economic interest may cause utilities to hurry work, take short cuts, or delay action in order to meet a deadline, a cost limitation, or other factors."

Will PG&E be able to resist the temptation to delay correcting safety problems or to do important maintenance until its next regularly scheduled outage, perhaps 6 or 12 months away, since prompt attention to problems will cost it money?

2. This agreement sets up a so-called Safety Committee, an acknowledgement that performance-based rate setting is very risky. However, this committee has no jurisdiction and no authority to do anything to ensure safety, and will cost us ratepayers $500,000 per year.

3. The Public Utilities Commission's own staff, after more than 2 years of investigation, recommended that $4.4 billion of Diablo's costs be absorbed by PG&E. Those costs, the staff determined, resulted from utility errors and mismanagement, and should not be paid by rate payers.

4. The proposed agreement makes it quite possible for PG&E to recover not only the $5.8 billion cost of building Diablo, but much more as well! There is no ceiling on the amount that PG&E can get back from its ratepayers for building Diablo. (Remember: PG&E originally estimated that the plant would cost $350 million; in 1981 the plant was finished, according to PG&E, and licensed to operate at a cost of $2.2 billion.)

5. Although there is no ceiling in the proposed agreement, there is a floor: **PG&E is protected from any substantial loss of their investment, even though billions were unreasonably spent.**