PG&E Claims:

- **Diablo will produce needed electricity.**
- **20 million barrels per year of foreign oil can be replaced by Diablo.**
- **Diablo will save ratepayers money.**

PG&E can't charge ratepayers for what it has paid to construct the Diablo plant unless it goes "on line." When the project was begun in 1967, the costs to be passed on to ratepayers were estimated at $350 million. PG&E now has $2.6 *billion* invested in Diablo, a cost overrun of 743%. *

Need

Electricity demand in PG&E service areas is growing rather slowly. Instead of the 7½% annual growth rate forecast by PG&E when they started building Diablo, demand has only increased by approximately 1½% annually. Conservation efforts and development of safe, renewable sources of energy eliminate the need for electricity from Diablo Canyon.

Oil

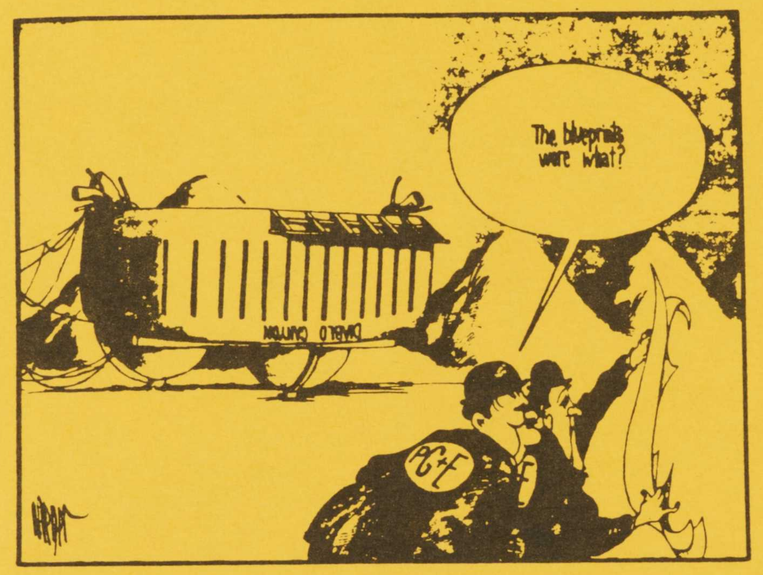
PG&E calculates that Diablo will save 20 million barrels of oil a year. At $43 a barrel, this would be a significant savings. But the fact is that PG&E burned only 9.5 million barrels of oil last year. During the oil crisis in 1974, PG&E signed "take or pay" oil contracts with Chevron to assure a constant supply of oil. These contracts obligate PG&E to buy 15 million barrels of very expensive oil per year until January 1, 1986, even if there is no demand. PG&E either sells or stores the 5.5 million barrel excess.

Costs

When estimating the cost of Diablo Canyon, PG&E only considers construction, operation and fuel purchase. Discussion of the associated costs of nuclear power, such as accidents, decommissioning and waste storage is avoided.

☐**Profits** On December 30, 1981, the PUC determined that 12.2% was a "reasonable rate of return" for PG&E in 1982. The PUC authorized the rate of 12.57% for 1983. "Rate of return" means that for every dollar PG&E invested in Diablo, they get that investment back PLUS 12.2 cents profit. So, for an investment of $2.6 billion, a profit of $317 million is realized. Stockholders in PG&E, not customers, benefit from the pursuit of nuclear power. Also, banks who loan PG&E money for construction are often stockholders. For example, Wells Fargo and Citicorp are among the top 10 stockholders in PG&E and so they profit from stock dividends as well as from interest on construction loans.

☐**Accidents** The Price-Anderson Act of 1957 limits the liability of a utility for a nuclear power plant accident to $560 million. The clean up of the accident at Three Mile Island is expected to cost $1.3 billion and take 8 years. Ratepayers in the plant's service area were hit with an 11% increase in their bills to cover the cost of buying replacement power. Additionally, the utility may raise that rate again to cover a portion of the massive clean-up expense. The Reagan administration has agreed to spend over $100 million tax dollars to help decontaminate TMI. Property owners in the Harrisburg vicinity must also assume the losses of devalued real estate.



☐**Construction** Construction of the Diablo plant is not yet complete. Present costs are approximately $2.6 billion. If further construction is required to rectify structural and engineering errors, costs will climb even higher. *

☐**Operation** PG&E estimates the operational costs for Diablo in the first year to be over $113 million. This figure covers only labor, general "maintenance" and overhead. It excludes fuel costs, taxes and depreciation.

☐**Maintenance** No one knows exactly what "routine" maintenance is for a nuclear power plant. Replacement of worn or damaged parts can vary from $32 million to replace turbine blades to $20 million to replace steam generator tubes. PG&E is proposing that these costs be added to the rate base as they arise.

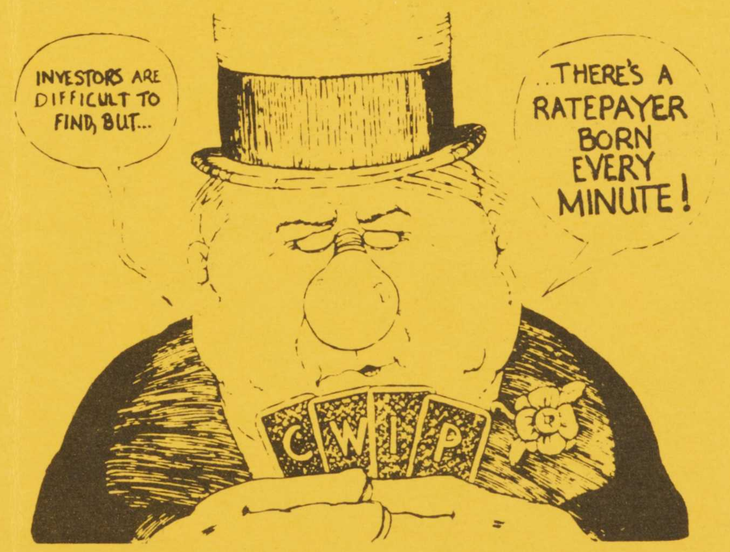
☐**Decommissioning** PG&E claims that it will cost only $195 million to decommission the Diablo Canyon plant. Nuclear reactors become highly radioactive and cannot be dismantled immediately after shutdown. Inflation during the cooling off period (which can be as long as 100 years according to PG&E) will make decommissioning even more expensive.

☐**Social Costs** Jobs. For every job created by investment in nuclear, 2 to 4 jobs could be created by a similar investment in the solar and energy conservation industries.

Health. Radiation exposure causes higher incidence of cancer. The nuclear fuel cycle from the mining of uranium to the storage of waste products endangers workers, communities and future generations.

Privacy. Because the waste product of nuclear energy production, plutonium, is highly radioactive and is used to make nuclear bombs, wastes must be guarded for thousands of years. Nuclear waste watching becomes a matter of "national security," further eroding our civil liberties and extending police functions.

☐**Hidden Costs** The federal government has spent close to $37 billion in taxes since 1950 for nuclear power research and development. The government has also supported uranium enrichment processing with subsidies of approximately $6 billion. The 1981 budget for development of nuclear power was five times greater than the budget for research of *all* alternative sources of energy.



From *Mel Practice in New Hampshire: A Cartoonist's View of Governor Meldrim Thomson*, by D.B. Johnson. Meredith, N.H.: Intervale Publishing, 1978.

* As of May 1983, PG&E has invested over $3.7 billion in Diablo, a cost overrun of more than 1,000%.