



County, Cities, Schools Reach Tentative Agreement with PG&E To Ease Local Impacts of Diablo’s Closure

Officials representing County of San Luis Obispo, the Coalition of Cities, and the San Luis Coastal Unified School District announced today that they have reached a tentative agreement with PG&E aimed at easing the local impacts expected from the planned closing of the Diablo Canyon Power Plant in 2025.

“We reached this agreement through many hours of thoughtful and collegial negotiations with PG&E,” the officials said in a joint statement. “PG&E’s representatives listened carefully to our concerns. We are grateful for their willingness to substantially increase their original proposal to assist us in the difficult undertaking we face – how to support the region’s economic vitality in the aftermath of the plant’s closure.”

In its original application to the California Public Utilities Commission (CPUC), PG&E proposed a \$49.5 million Community Impact Mitigation Program to assist the region in planning for the economic impacts of Diablo’s closure. This new agreement addresses the community’s concerns related to public health, safety and economic security following the closure of the power plant.

The agreement, according to the rules of the California Public Utilities Commission (CPUC), is “a settlement in principle” pending formal approval by the County Board of Supervisors, the councils of the six cities that comprise the Coalition of Cities, the San Luis Coastal Unified School Board and PG&E’s senior management.

All parties need to officially approve the agreement and submit it to the CPUC as a modification to PG&E’s original joint proposal. All elements of the joint proposal are subject to the CPUC’s review and approval.

The County coordinated the settlement negotiations with PG&E, working hand in hand with both the school district and the Coalition of Cities over the past several months to negotiate separate parts of the agreement. The Coalition of Cities includes the six cities of San Luis Obispo, Arroyo Grande, Atascadero, Morro Bay, Paso Robles, and Pismo Beach.

The attached news releases from the County, the Coalition of Cities and San Luis Coastal Unified School District contain details for how the agreement will assist each of the three entities and the communities they serve.

News Release



DATE: Nov. 28, 2016

RELEASE: Immediate

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Coalition of Cities and SLO County Reach Tentative Diablo Mitigation Agreement PG&E Agrees to Establish Additional \$10 Million Economic Impact Fund

Officials from the Coalition of Cities – which includes the six cities of San Luis Obispo, Arroyo Grande, Atascadero, Morro Bay, Paso Robles, and Pismo Beach – today announced a tentative agreement with PG&E calling for the utility to establish a \$10 million Economic Development Fund to help plan and implement ways to ease the economic impact of the Diablo Canyon Power Plant closure in 2025.

The Coalition of Cities reached the agreement in collaboration with the County of San Luis Obispo after weeks of discussions with PG&E. The Coalition was formed proactively in September 2016 on behalf of their residents primarily to address the economic impacts related to Diablo’s planned closure.

The \$10 million Economic Development Fund will be in addition to the original \$49.5 million that PG&E proposed in June as a Community Impact Mitigation Fund. The County and San Luis Coastal Unified School District also negotiated for additional support, outlined in separate news releases.

The mayors of the six Coalition cities – Jan Marx (San Luis Obispo); Shelly Higginbotham (Pismo Beach); Steven W. Martin (Paso Robles); Tom O’Malley (Atascadero); Jamie Irons (Morro Bay); and Mayor Pro Tem Barbara Harmon (Arroyo Grande) – commented in a joint statement:

“In reaching this agreement, PG&E has recognized the need to help our region navigate an uncertain economic future. We are pleased with this phase of the process. The transition to a post-Diablo era will be challenging, but the Economic Development Fund will help facilitate the planning and action required to support the future economic vitality of our communities,” the mayors said in the joint statement.

“In addition to the economic impacts, the Coalition of Cities had expressed other concerns, such as public health, land use and emergency preparedness related to Diablo’s ongoing operations and decommissioning process,” the mayors said. “The County of San Luis Obispo addressed these issues in its independent

negotiations with PG&E. The Coalition of Cities is grateful for the County’s efforts to address these important regional issues.”

The mayors added, “The collaboration among the cities in the Coalition along with the County has been important during this process. We look forward to this spirit of cooperation continuing in the years to come since the hard work of achieving a post-Diablo economy is still in front of us.”

PG&E will contribute an initial \$400,000 within 30 days of the initial approval by the California Public Utilities Commission (CPUC) so that regional economic impact planning can begin quickly. The rest of the \$10 million will be disbursed once the CPUC has made all final approvals, with 60 percent going to the Coalition of Cities (\$5.76 million) and 40 percent to the County (\$3.84 million).

The tentative agreement also permits the Coalition of Cities to participate in the CPUC’s review of any additional economic mitigation that might result from the economic impact report required by SB 968, authored by Senator Bill Monning. This means the Coalition of Cities may advocate for more funding beyond the Economic Development Fund to address additional economic impacts uncovered by the Monning Study. This is an important additional opportunity to ensure that our communities have the best possibilities for economic vitality once additional data is known.

Speaking on behalf of the staff from the Coalition of Cities, Katie Lichtig, San Luis Obispo City Manager, said: “This agreement demonstrates the collective commitment of all the parties to help our communities re-craft the economy in the face of Diablo’s closure. Economic development is both a local and regional challenge. In order for our communities to thrive after Diablo, it is vital that the Cities and the County – together with our residents, the broader business community and other key institutions – collaborate closely for years to come. With this financial support, members of the Coalition believe we can begin to create a path toward a stable economic future.”

Lichtig added, “The working relationship between the County and Coalition of Cities during these negotiations was essential to obtaining this tentative agreement, and we appreciate the County’s leadership in this endeavor.”

The Coalition’s \$5.76 million share of the \$10 million Economic Development Fund will be distributed to the six member cities proportionate to their current share of property tax revenue:

- Arroyo Grande \$747,422
- Atascadero \$783,106
- Morro Bay \$497,472
- Paso Robles \$1.15 million
- Pismo Beach \$767,028
- San Luis Obispo \$1.82 million

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