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AUTHOR:	Larry Agran (City of Irvine)		
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August 14, 2012

President Michael Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: CPUC Order Instituting Investigation

Dear Mr. Peevey:

The purpose of this letter is to convey my concerns regarding the future operation of the San Onofre nuclear power plant.

First, I am concerned that hundreds of millions of ratepayer dollars will be spent on defective steam generators for a shuttered nuclear facility that is not supplying any electricity. Following the failure of one of these newly replaced components and the release of radioactive steam into the environment, inspections revealed unprecedented tube wear in the steam generators of both Units 2 and 3. As a result of this pervasive problem, the plant was shut down and has been kept offline for more than six with no restart in sight.

The Public Utilities Commission (PUC) approved the imposition of the $671 million cost on ratepayers – including my own constituents – for these steam generators based upon the premise that these were "like-for-like" replacements. However, the replacement generators contained significant design modifications which resulted in the excessive tube vibration that led to the accelerated wear and the premature failure of these new steam generators. At its June 28, 2012 meeting in Orange County, the Nuclear Regulatory Commission (NRC) announced that faulty computer modelling by manufacturer Mitsubishi Heavy Industries failed to accurately predict the speed of the steam and water running through the tubes by almost a factor of four. The combination of major design changes and a flawed computer simulation used to test these changes eventually led to the abnormal tube wear. This, in turn, resulted in the radioactive leak and subsequent plant shutdown. Given these contributing factors, it is clear that unless the PUC intervenes, ratepayers will be saddled with a massive and unjustified expense for the damaged equipment.

Second, I am concerned that the operator of the plant, Southern California Edison (SCE), has not provided the public with adequate information about the actual cost and duration of the outage and has not revealed its plans for covering the damages. I have learned that SCE may request the Public Utilities Commission (PUC) to approve additional rate increases to fund the cost of replacement power despite the fact that SCE – not the ratepayers – is primarily responsible for the equipment failures.

Third, I am concerned that the escalating costs of future improvements – most notably, steam generator repairs and/or replacements and safety upgrades – will prove to be a poor financial investment while also failing to provide electricity to consumers in a safe and reliable manner. Instead of spending billions on aging reactors that are showing alarming signs of wear and tear, consumers would be better served if the PUC directed those investments toward developing renewable energy sources. As the San Onofre nuclear reactors approach the end of their design lifetime, I believe the PUC needs to seriously consider the viability of alternative energy sources and conservation measures in order to permanently replace the energy generated by the aging San Onofre plant.

I urgently request that the PUC move forward with the proposed Order of Investigation (OII) regarding the San Onofre reactors to determine: 1) the economic impact of the equipment failures; 2) the cost of repairs and/or replacements; and 3) the potential effect on ratepayers of any decision to restart and operate the failed reactors. On a broader level, I believe the PUC should hold a public hearing to assess the wisdom of making additional investments in the deteriorating nuclear reactors at San Onofre. A transparent, public evaluation is critical to protect consumers and to ensure that clean, safe, reliable energy alternatives are pursued and developed in a timely manner.

Sincerely,

Larry Agran

Larry Agran
Irvine City Councilmember

CC: Governor Edmund G. Brown
U.S. Senator Dianne Feinstein
U.S. Senator Barbara Boxer
U.S. Congressman John Campbell
California Senator Tom Harman
California Assembly Member Donald Wagner
Irvine City Council