



April 14, 2009

Assemblymember Chuck DeVore
State Capitol
Sacramento, CA 95814

**Re: Opposition to AB 1035 (DeVore)
April 20 hearing by the Assembly Natural Resources Committee**

Dear Assemblymember DeVore,

I regret to inform you that TURN opposes passage of AB 1035. This bill would modify provisions of the Public Resources Code that currently prohibit the construction of new nuclear power plants until the California Energy Commission finds that there is a demonstrated means for the disposal of high-level nuclear waste. Instead, AB 1035 would allow the construction of any new nuclear plants obtaining an early site permit from the US Nuclear Regulatory Commission.

TURN opposes this bill due to our abundant experience with the significant uneconomic costs for existing nuclear power facilities and concerns about the likely economic impact of new plants. The original wave of nuclear power construction in California was marked by promises of cheap generating capacity followed by massive cost overruns. The cost of PG&E's Diablo Canyon plant was roughly 10 times higher than original estimates. The hugely inflated costs of California nuclear plants drove significant rate increases and contributed to the momentum for the state's disastrous experiment with electricity deregulation.

Recent experience at California's nuclear facilities demonstrates that this pattern of cost overruns is not an historical artifact. TURN is again witnessing significant cost escalation at existing facilities as utilities submit artificially low cost estimates in order to gain regulatory approvals only to provide markedly higher forecasts once such approvals have been granted. For example, in the space of merely two years (2004-2006) PG&E almost doubled its estimate of ongoing capital expenditures needed to continue operations at Diablo Canyon. Operations and Maintenance costs similarly continue to trend upward every time PG&E files a new forecast.

TURN is not optimistic about the likely costs of electricity from new nuclear facilities and is deeply concerned that ratepayers would be forced to pick up the entire tab for cost escalation. Any new nuclear plant developed in California will require a long-term contract with a utility (or utility ownership)



backed by the guarantee that its customers will cover the costs. This arrangement exposes ratepayers to enormous risks if the overly rosy forecasts of the nuclear industry once again fail to pan out and could precipitate another wave of unjustified rate increases. In light of these risks, TURN cannot endorse another potentially costly economic experiment with nuclear power.

Furthermore, President Obama recently released a 2010 budget proposal which directs the US Department of Energy to “devise a new strategy towards nuclear waste disposal” and calls for abandoning the development of Yucca Mountain as a repository for high-level commercial radioactive waste. This shift in federal policy means that there is unlikely to be any permanent storage option available in the foreseeable future. Given the absence of any acceptable method for handling this waste, TURN is concerned that the construction of new nuclear units would create open-ended obligations to manage radioactive waste onsite with unknown consequences for consumers and the environment.

While TURN does support the state’s commitment to reducing greenhouse gas emissions, there are other less risky and cheaper strategies for meeting these goals. There is no evidence to suggest that nuclear power offers a least-cost solution to achieving a low carbon electricity portfolio.

Please feel free to contact us with any questions about our position.

Sincerely,

Matthew Freedman
Staff Attorney
TURN

cc: Assemblymember Nancy Skinner
Lawrence Lingbloom, Assembly Natural Resources Committee Consultant