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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

FRIENDS OF THE EARTH,

Plaintiff,

v.

PACIFIC GAS AND ELECTRIC COMPANY;
INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS LOCAL 1245;
COALITION OF CALIFORNIA UTILITY
EMPLOYEES; and DOES 1-20,

Defendants.

Case No.

COMPLAINT
FOR DECLARATORY RELIEF

INTRODUCTION

1. In 2016, after decades of work toward achieving safe closure of the Diablo Canyon nuclear power facility, Friends of the Earth reached an agreement with Pacific Gas & Electric – formalized in a written contract and ratified by California officials – to retire Diablo Canyon upon the expiration of current operating licenses (in 2024 and 2025). In exchange, Friends of the Earth dropped its legal challenges over environmental and public safety concerns surrounding Diablo’s operation. Now, convicted killer PG&E is seeking the keys to continue operating its outdated nuclear power plant, situated near three dangerous seismic faults, for an indefinite period of time

beyond the agreed-upon closure dates. PG&E acts as if it has no remaining contractual obligations, including to prepare in good faith to retire the nuclear power plant by the agreed deadlines. Friends of the Earth seeks declaratory relief as to the continuing validity of the contract.

PARTIES

2. Plaintiff Friends Of The Earth (“Friends”) is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code of 1986 and a not-for-profit corporation existing under the laws of the District of Columbia and in good standing in California. Its national headquarters is located at 1101 15th Street NW, 11th Floor, Washington, DC 20005. Its regional California office is located at 2150 Allston Way, Suite 360, Berkeley, CA 94704. Friends is a membership organization consisting of more than 264,000 members, with more than 37,000 members in California, and more than 6.3 million activists nationwide. Friends is also a member of Friends of the Earth-International, which is a network of grassroots groups in 74 countries worldwide. Its mission is to protect our natural environment, including air, water, and land, and to create a more healthy and just world for all. To that end, Friends utilizes public education, advocacy, legislative processes, and when necessary litigation to achieve its organizational goals. Its Climate & Energy Justice program directly engages in administrative, political, and legal advocacy to protect the environment and society from climate change, pollution, and industrialization associated with nuclear power and other forms of dirty energy. For years, Friends has worked toward the retirement and just transition away from harmful nuclear power plants, including the Diablo Canyon Nuclear Power Plant. Friends is a party to the contract at issue.

3. Defendant Pacific Gas and Electric Company (“PG&E”) is a California corporation whose principal address is in San Francisco, California. PG&E is a party to the contract at issue.

4. Defendant International Brotherhood Of Electrical Workers Local 1245 (“Local 1245”) is a California nonprofit mutual benefit corporation. Local 1245 is a party to the contract at issue.

5. Defendant Coalition Of California Utility Employees (“CCUE”) is an entity of unknown form. CCUE is a party to the contract at issue.

6. The true names of DOES 1-20 are unknown to Plaintiff, who therefore sues them

1 under these fictitious names. Plaintiff is informed and believes that each of the Does is responsible
2 in some manner for the events that give rise to this suit, and are liable in some manner for those
3 events.

4 **JURISDICTION AND VENUE**

5 7. A superior court has jurisdiction over claims brought for declaratory relief.

6 8. Venue is proper in the County of San Francisco under Code of Civil Procedure
7 (“CCP”) § 395(a) because one of the defendants, PG&E, resides in San Francisco and the contract at
8 issue was in fact entered into in San Francisco, and under CCP § 395.5 because the contract at issue
9 was made in San Francisco and the principal place of business of defendant PG&E is situated in San
10 Francisco.

11 **ADDITIONAL FACTS**

12 9. Natural Resources Defense Council, Inc. (“NRDC”) is a New York nonprofit
13 corporation. Although NRDC is a party to the contract at issue, it sent a letter to Friends (attached as
14 Exhibit 2), disclaiming any interest or rights it may have in the contract at issue. It asserts that it is
15 not an indispensable party to any lawsuit to enforce or adjudicate the obligations of any other party
16 to that contract, that it does not wish to be joined in this action, and that it will resist involuntary
17 joinder.

18 10. Environment California, Inc. (“Environment California”) is a California nonprofit
19 public benefit corporation. Environment California is a party to the contract at issue.

20 11. Alliance For Nuclear Responsibility (“A4NR”) is a California nonprofit public
21 benefit corporation. A4NR is a party to the contract at issue.

22 12. Environment California and A4NR are parties to the contract at issue and normally
23 would be considered necessary parties. They are not being joined as parties, however, because they
24 are not indispensable. Prior to filing suit, Friends consulted with Environment California and A4NR
25 about whether they wished to participate as parties in this litigation, and they declined. Friends
26 confirmed with both Environment California and A4NR that there is a strong unity of interest under
27 the contract at issue between and among Friends, A4NR, and Environment California, which Friends
28 will adequately represent in this litigation. In addition, neither A4NR nor Environment California

1 have a distinct economic interest in the litigation.

2 13. For these reasons, NRDC, Environment California, and A4NR are not named as
3 parties.

4 14. In June 2016, PG&E, Friends, NRDC, Environment California, Local 1245, CCUE,
5 and A4NR entered into a contract “governing the closure” of Diablo Canyon Nuclear Power Plant
6 (“Diablo Canyon”). An accurate copy of the contract (“Contract”) is attached as Exhibit 1.

7 15. Paragraph 7.4 of the Contract specifies that it “shall be governed by the laws of the
8 State of California as to all matters, including but not limited to, matters of validity, construction,
9 effect, performance, and remedies.”

10 16. The parties entered into various amendments to the Contract concerning matters
11 about which declaratory relief is not currently being sought.

12 17. In paragraph 1.1 of the Contract, PG&E committed to “retire Diablo Canyon at the
13 expiration of its current ... licenses” from the Nuclear Regulatory Commission (“NRC”).

14 18. PG&E’s current NRC licenses are set to expire on November 2, 2024 and August 26,
15 2025.

16 19. Diablo Canyon is situated near three seismic faults in San Luis Obispo County,
17 California. In light of Diablo Canyon’s planned retirement, in the years since the Contract was
18 entered in to PG&E did not undertake the maintenance and safety upgrades it otherwise would have.

19 20. Friends, NRDC, Environment California, and A4NR performed their obligations
20 under the contract, in particular their obligations under paragraph 6.1 to jointly support the granting
21 of a new California State Lands Commission lease to run coterminous with those Nuclear
22 Regulatory Commission licenses and to waive any argument that continuing operations at the plant
23 through August 26, 2025 requires review under the California Environmental Quality Act. Friends
24 also performed its obligation under paragraph 6.3 to withdraw with prejudice its petition at the D.C.
25 Circuit Court of Appeals challenging PG&E’s NRC license renewals.

26 21. The California Public Utilities Commission (“CPUC”) approved those portions of the
27 Contract alleged in this complaint, in Decision 18-01-022. No party timely sought to meet and
28 confer or take any of the other actions specified in paragraph 7.2 of the Contract.

22. The Contract has an implied covenant of good faith and fair dealing.

23. Friends' position is that obligations under the Contract are still operative, including PG&E's obligation in paragraph 1.1 to "retire" Diablo Canyon at the expiration of the current NRC licenses. The safe and timely retirement of Diablo Canyon would require PG&E to undertake good faith preparations well in advance of the retirement date, starting no later than now or in the very near future.

24. In September 2022, California Governor Newsom signed state legislation to provide financial incentives for extending Diablo Canyon's tenure beyond the agreed dates of retirement. On information and belief, PG&E disputes that any obligations under the Contract, including paragraph 1.1, are still operative, and PG&E is not currently undertaking, and is not planning to undertake in the very near future, good faith preparations for the safe retirement of Diablo Canyon at the expiration of the current NRC licenses.

25. If Friends prevails in this action, a significant benefit will have been conferred on the general public or on a large class of persons, and the necessity and burden of private enforcement is such as to make an award of fees under CCP § 1021.5 appropriate.

FIRST CAUSE OF ACTION (Declaratory Relief)

26. Friends incorporates by reference paragraphs 1 through 25 above.

27. Code of Civil Procedure § 1060 specifies that:

Any person interested under a written instrument, excluding a will or a trust, or under a contract, or who desires a declaration of his or her rights or duties with respect to another, or in respect to, in, over or upon property...may, in cases of actual controversy relating to the legal rights and duties of the respective parties, bring an original action or cross-complaint in the superior court for a declaration of his or her rights and duties in the premises....

28. Friends is a person interested under a written instrument, the Contract.

29. Friends desires a declaration of its rights and duties with respect to PG&E's obligations under paragraph 1.1 of the Contract.

30. An actual controversy has arisen between Friends and PG&E about their respective rights and duties under paragraph 1.1 of the Contract and under the implied covenant of good faith

1 and fair dealing.

2 31. Friends is entitled to declaratory relief.

3 **PRAYER FOR RELIEF**

4 Friends respectfully requests the following relief:

- 5 1. A declaration setting out the rights and duties of the parties related to the Contract,
- 6 2. Preliminary and permanent injunctive relief prohibiting PG&E from violating the
- 7 Contract and requiring PG&E to comply with the Contract,
- 8 3. Reasonable attorney fees and costs, including expert costs, under CCP § 1021.5, and
- 9 4. Such other relief as the Court deems just and proper.

10
11 DATED: April 11, 2023

BRISCOE IVESTER & BAZEL LLP


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13 By: 
14 Peter Prows
15 Attorneys for Plaintiff
16 FRIENDS OF THE EARTH
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EXHIBIT 1

**JOINT PROPOSAL OF
PACIFIC GAS AND ELECTRIC COMPANY, FRIENDS OF THE EARTH,
NATURAL RESOURCES DEFENSE COUNCIL, ENVIRONMENT CALIFORNIA,
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1245,
COALITION OF CALIFORNIA UTILITY EMPLOYEES AND ALLIANCE FOR
NUCLEAR RESPONSIBILITY TO RETIRE DIABLO CANYON NUCLEAR POWER
PLANT AT EXPIRATION OF THE CURRENT OPERATING LICENSES AND
REPLACE IT WITH A PORTFOLIO OF GHG FREE RESOURCES**

Pacific Gas and Electric Company (“PG&E”) Friends of the Earth (“FOE”), Natural Resources Defense Council (“NRDC”), Environment California, International Brotherhood of Electrical Workers Local 1245 (“IBEW Local 1245”), Coalition of California Utility Employees (“CUE”) and Alliance for Nuclear Responsibility (“A4NR”) (collectively, the “Parties”) enter into this Joint Proposal governing the closure of Diablo Canyon Nuclear Power Plant (“Diablo Canyon”) at the expiration of its existing Nuclear Regulatory Commission (“NRC”) operating licenses and orderly replacement of Diablo Canyon with a greenhouse gas (“GHG”) free portfolio of energy efficiency, renewables and energy storage that includes a 55 percent Renewable Portfolio Standard commitment by 2031.

PREAMBLE

A. Diablo Canyon Units 1 and 2 began commercial operation in May 1985 and March 1986, respectively, and are licensed by the NRC for operation until November 2, 2024 and August 26, 2025. Each year Diablo Canyon generates about 20 percent of the annual electricity production in PG&E’s service territory and nine percent of California’s annual production. Diablo Canyon has been operated by a committed and dedicated group of employees throughout its 31 years of operations. In 2009, PG&E filed at the NRC to continue Diablo Canyon’s operations for an additional twenty years.

B. In 2015, Senate Bill (SB) 350 (2015) enacted California Public Utilities Code § 454.51 which requires the California Public Utilities Commission (“CPUC”) to “identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable power in a cost-effective manner. SB 350 also enacted Public Utilities Code § 454.52 which requires the CPUC to establish an integrated resource planning (“IRP”) process for regulated load-serving entities that helps to achieve the State’s green house gas emission reduction target of 40 percent below 1990 levels by 2030 while continuing to deliver safe, reliable, least-cost service to customers.

C. After considering factors including, but not limited to, (i) the increase of the Renewable Portfolio Standard (“RPS”) to 50% by 2030; (ii) doubling of energy efficiency goals under SB 350; (iii) the challenge of managing overgeneration and intermittency conditions under a resource portfolio increasingly influenced by solar and wind production; (iv) the growth rate of distributed energy resources; and (v) the potential increases in the departure of PG&E’s retail load customers to Community Choice Aggregation (“CCA”), PG&E in consultation with the Parties has concluded that the most effective and efficient path forward for achieving California’s SB 350 policy goal for deep reductions of GHG emissions is to retire Diablo Canyon at the close of its current operating license period and replace it with a portfolio of GHG free resources. The Parties agree that the orderly replacement of Diablo Canyon with GHG free resources will be the reliable, flexible, and cost-effective solution for PG&E’s customers.

D. The Parties recognize that the three tranches of resource procurement proposed in this Joint Proposal are not intended to specify everything that will be needed to ensure the orderly replacement of Diablo Canyon with GHG free resources, which is the Parties’ shared commitment. The full solution will emerge over the 2024-2045 period, in consultation with

many parties and with the oversight of the CPUC, the California Independent System Operator (“CAISO”), the California Energy Commission (“CEC”), the California Air Resources Board, the Governor, and the Legislature. Additional procurement beyond that specified in the three tranches will be needed on a system wide basis to replace the output of Diablo Canyon and the Parties envision that this issue will primarily be addressed through the CPUC’s IRP process. Some of the factors influencing resource replacement in PG&E’s Northern and Central California service territory will occur outside the CPUC’s resource planning proceedings, including but not limited to Statewide adoption of enhanced energy efficiency goals, customers’ additions of distributed energy resources, potential expansion of customer loads by current and future CCAs, Energy Service Providers (“ESPs”) and other load-serving entities (“LSEs”), and reduced need for periodic curtailment of California’s increasingly abundant solar and wind resources. Given these and other uncertainties, the Parties cannot, and it would be a mistake to try to, specify all the necessary replacement procurement now; what the Parties have proposed in the Joint Proposal are significant and appropriate steps in the journey. The Parties are fully committed to supporting policies that result in replacing the output of Diablo Canyon with GHG-free resources.

AGREEMENT

The Parties agree to the following terms and conditions:

1. Diablo Canyon License Renewal

1.1. Under the terms of this Joint Proposal, PG&E will retire Diablo Canyon at the expiration of its current NRC operating licenses. The Parties will jointly propose and support the orderly replacement of Diablo Canyon with GHG free resources.

1.2. Recognizing that the procurement, construction and implementation of a GHG-

free portfolio of energy efficiency, renewables and energy storage replacement resources will take years, the Parties recognize that PG&E intends to operate Diablo Canyon to the end of its current NRC operating licenses which expire on November 2, 2024 (Unit 1) and August 26, 2025 (Unit 2), subject to the Unit 2 timing issue discussed in Section 6.2. This eight to nine year transition period will provide the time to begin the process to plan and replace Diablo Canyon's energy with new GHG-free replacement resources.

1.3. PG&E will immediately cease any efforts on its part to renew the Diablo Canyon operating licenses and will ask the NRC to suspend consideration of the pending Diablo Canyon license renewal application pending withdrawal with prejudice of the NRC application upon CPUC approval of the Joint Proposal Application.

1.4. Nothing in this Joint Proposal constrains or limits in any way the right of Parties to raise safety or compliance issues related to Diablo Canyon with the NRC or any other government agency, going forward.

2. Greenhouse Gas Free Replacement Resources

2.1. The Parties jointly propose that Diablo Canyon be replaced with a GHG-free portfolio of energy efficiency, renewables and energy storage, as specified below. The portfolio will include a mix of investments that facilitates the achievement of broader statewide goals for deep reductions in GHG emissions, reliability, resource integration, and other long-term, cost-effective system wide benefits. The Parties propose that PG&E be authorized to procure GHG-free replacement resources in three competitive procurement tranches. The procurement provisions in section 2 of the Joint Proposal are beyond A4NR's charter and interests. A4NR takes no position on these provisions (as well as the related provisions in the second and third

sentences of Section 7.3) but agrees not to oppose Section 2 of the Joint Proposal or the implementation actions undertaken by PG&E consistent with these provisions.

In the first tranche (Section 2.2), PG&E will be authorized to obtain 2,000 gross gigawatt-hours (“GWH”) of energy efficiency savings to be implemented over the 2018 to 2024 time period. In the second tranche (Section 2.3), PG&E will be authorized to procure 2,000 GWH of GHG-free energy resources through an all-source solicitation that will commence energy deliveries or add energy efficiency programs or projects to the system in the 2025 to 2030 time period. In the third tranche (Section 2.4), with energy delivery starting in 2031, PG&E will purchase incremental RPS eligible resources through competitive solicitations to voluntarily achieve a 55% RPS and PG&E will maintain this voluntary commitment through 2045 or until superseded by action of the legislature or the CPUC.

2.2. Tranche 1: Energy Efficiency

2.2.1. PG&E will obtain 2,000 gross GWH from Energy Efficiency (“EE”) installed by January 1, 2025 (measured as the sum of the first year gross GWH from EE installed in 2018 – 2024). The objective of this Tranche 1 component of the Joint Proposal is to achieve “early action” GHG savings prior to the retirement of Diablo Canyon in order to support flexibility in the timing of resource commitments in Tranche 2 and 3. PG&E may seek CPUC approval of cost-effective EE programs in excess of the 2,000 gross GWH target.

2.2.2. PG&E will issue a Request for Offers (“RFO”) for EE projects and programs on or before June 1, 2018. The RFO will request bids for new EE projects and programs to be installed in the 2018-2024 timeframe. The Tranche 1 RFO will procure EE only. The goal of the RFO is to encourage new EE offerings, not duplicate existing

programs. In order to assure cost-effectiveness, eligible bids must be below a “RPS equivalent” cost cap that will be specified in the RFO. The RFO will compare offers using the Program Administrator Cost Test. The RFO will encourage proposals that estimate savings using an existing conditions baseline and normalized meter-based savings estimates where feasible and appropriate.

2.2.3. In addition, PG&E may propose new utility EE programs for the purpose of meeting the 2,000 gross GWH savings target. New utility EE will be evaluated for cost-effectiveness using the Program Administrator Cost Test. Where feasible and appropriate, PG&E will estimate savings using an existing conditions baseline and normalized meter-based savings estimates.

2.2.4. In its CPUC Application seeking approval of the Joint Proposal (“Joint Proposal Application”), PG&E will request approval of the funding needed to meet the Tranche 1 2,000 gross GWH EE target for the years 2018-2024. The incremental revenue requirement will be recovered in PG&E’s electric public purpose program (“PPP”) rates as non-bypassable charges. PG&E will also seek authorization to issue the RFO, including a description of the RFO process, PG&E will report its progress towards meeting the 2,000 gross GWH target in its annual energy efficiency report, separate from its reports on its other programs. PG&E will hold successive RFOs and/or propose new utility programs until the 2,000 gross GWH target has been achieved.

2.3. Tranche 2: All Source GHG Free Energy Request For Offers

2.3.1. No later than June 1, 2020, PG&E will issue an all-source RFO for 2,000 GWH per year of GHG-free energy resources or EE. The RFO eligibility requirements will include: i) the resource must be a source of GHG-free energy or result in energy

savings (for example, renewables, EE; energy storage, by itself, is not a source of energy and therefore is not eligible); ii) EE proposals must be for projects installed in PG&E's service territory; iii) energy deliveries must be for a minimum term of 5 years; iv) energy deliveries must commence during the period 2025-2030 and achieve the 2,000 GWH per year target during this period; v) at PG&E's discretion, EE proposals may commence prior to 2025; and vi) utility-owned generation will be eligible to compete in the RFO. In the Joint Proposal Application, PG&E will specify the RFO framework, including the least-cost, best fit evaluation criteria, RFO process and the CPUC approval process.

2.3.2. If PG&E does not obtain CPUC approval of GHG-free energy resource contracts or EE for 2,000 GWH per year as a result of the first RFO, it will hold successive RFOs until the 2,000 GWH per year target has been achieved.

2.3.3. PG&E will submit the winning bids from the RFO to the CPUC for its review and approval. At that time, PG&E may seek CPUC approval of cost-effective contracts from GHG-free resources in excess of the 2,000 GWH target.

2.3.4. The effectiveness of all GHG-free energy resource procurement contracts resulting from the RFOs will be conditioned upon CPUC approval, assurance of cost recovery and, as specified in Section 2.6, pre-approval of a cost allocation method. The incremental revenue requirement for EE programs selected in the all source RFO will be recovered in PG&E's electric PPP rates as non-bypassable charges.

2.4. Tranche 3: Voluntary 55 Percent RPS Commitment

2.4.1. In each of the years beginning in 2031 and ending in 2045, PG&E commits to providing 55 percent of its total retail sales from eligible renewable energy resources, as defined in the CEC Renewables Portfolio Standard Guidebook. In

determining whether PG&E has met this commitment, all RPS requirements and limits set forth in the RPS Statute (California Public Utilities Code Section 399.11 et. seq.) will apply, as interpreted by the CEC and the CPUC (including, but not limited to, the portfolio balance requirements adopted in D.11-12-052, the banking and other compliance rules adopted in D.12-06-038, and the RPS enforcement rules adopted in D.14-12-023), except that the voluntary procurement quantity requirement in each year will be based upon the 55 percent RPS commitment. To facilitate determining whether it met this commitment, PG&E will use the RPS Compliance Report spreadsheet most recently adopted by the CPUC and the volumes reported in final, verified compliance reports for each applicable year.

2.4.2. PG&E's voluntary 55 percent RPS commitment will terminate on the earlier of 2045 or when superseded through implementation of an RPS requirement (or equivalent GHG reduction regulation) that exceeds 55 percent.

2.5. Resource Integration and Storage: The Parties recognize that the retirement of Diablo Canyon in 2025, a large baseload source of energy, will impact the efficient and reliable balancing of load and resources in PG&E's service territory. On the one hand, removing a large baseload resource during periods of peak solar production will reduce the need for periodic curtailment of RPS resources and enhance RPS resource integration during these periods. On the other hand, the retirement of Diablo Canyon may have impacts on system ramping and the need for additional energy storage. The challenges associated with resource integration, and system and local reliability, must be reviewed and resolved by the CPUC through its IRP process, in collaboration with the CAISO. The Parties will strongly support at the CPUC and before the CAISO the use of cost-effective GHG-free resource solutions, some of which may include

additional large pumped storage and utility-owned storage projects. Given the reliability and resource integration challenges described above, the Parties support a change in existing policies to allow allocation of resource costs for integration and storage through the CAISO's Transmission Access Charge ("TAC") or alternatively, through a Cost Allocation Mechanism ("CAM"), such as the CAM specified in Public Utilities Code Section 365.1(c), Section 454.51(c), or other similar CAM mechanisms approved by the CPUC.

2.6. Cost Recovery: Under the Joint Proposal, PG&E makes a commitment to procure GHG-free energy resources through 2030 and beyond for the benefit of all customers in its service territory. PG&E's commitment to replace Diablo Canyon energy with GHG-free energy resources under tranche 2 (Section 2.3) and tranche 3 (Section 2.4) is therefore conditioned upon CPUC pre-approval that any procurement PG&E makes associated with the Joint Proposal will be subject to a non-bypassable cost allocation mechanism that : 1) equitably allocates costs and benefits, such as RPS or Resource Adequacy credits, associated with the procurement among responsible load serving entities; and 2) determines the net capacity costs of such procurement consistent with the methodology for the allocation of net capacity costs described in California Public Utilities Code section 365.1(c)(2)(C). In the Joint Proposal Application, PG&E will ask the CPUC to pre-approve the non-bypassable cost allocation mechanism and the Parties will support approval of this proposal. Costs associated with EE in Tranche 1 or Tranche 2 will be recovered through the PPP on a non-bypassable basis, consistent with existing recovery mechanisms for EE costs.

3. Employee Retention and Severance Program

3.1. PG&E and all of California has benefited from a well-trained, highly skilled and dedicated workforce at Diablo Canyon for its 31 years of operations. It is critical to retain these

highly qualified personnel at Diablo Canyon during the remaining years of operations. Pursuant to California Public Utilities Code Section 8330, these costs of these retention and severance programs will be recovered through the rates for Diablo Canyon decommissioning. PG&E will propose a fair and equitable employee package as part of its Joint Proposal Application.

3.2. PG&E's Employee Program contains the following elements: (i) an employee severance program; (ii) a retention program to ensure adequate staffing levels (iii) a retraining and development program to facilitate redeployment of a portion of plant personnel to the decommissioning project and elsewhere with PG&E. The severance program was previously approved by the CPUC in prior nuclear decommissioning ratemaking proceedings. PG&E estimates that the additional cost of the Employee Retention, Retraining and Development Programs is approximately \$350 million. PG&E will provide a detailed description and cost estimate of the Employee Program for CPUC approval in the Joint Proposal CPUC Application and PG&E's commitment to implement the program is conditioned upon CPUC approval. The Retention, Retraining and Development Programs are subject to bargaining with PG&E's labor unions.

4. Community Impacts Mitigation Program

4.1. Diablo Canyon is one of the largest employers, taxpayers, and charitable contributors in the San Luis Obispo County area. Diablo Canyon currently contributes approximately \$22 million in property taxes to the local community. With the retirement of Diablo Canyon, this could decline to zero by 2025. The Parties will support funding of continuing revenue streams to address community needs and concerns. PG&E will propose to compensate San Luis Obispo County for the loss of property taxes associated with the declining rate base in Diablo Canyon through a transition period ending in 2025. The payment in lieu of

taxes will be recovered through nuclear decommissioning funding. PG&E estimates that the total cost of the Community Impacts Mitigation Program is approximately \$49.5 million. As specified in Section 5.4.1, as a condition of the program, PG&E will recover the costs of the Community Impacts Mitigation Program through CPUC-approved rates for nuclear decommissioning.

5. Other Diablo Canyon CPUC Proceedings

5.1. Amortization of Diablo Canyon Book Value: Under the Joint Proposal, PG&E intends to operate Diablo Canyon to the end of its currently authorized NRC license life, subject to the Unit 2 timing issue discussed in Section 6.2. Consistent with the CPUC cost recovery principles for long-life capital assets, the Parties support full cost recovery of PG&E's investment in and return on Diablo Canyon, fully amortized/depreciated to a zero book value by the end of 2024 for Unit 1 and the end of 2025 for Unit 2, subject to the Unit 2 timing issue discussed in Section 6.2. PG&E will request CPUC approval of this ratemaking approach in the Joint Proposal Application. Parties will not oppose amortization and cost recovery of Diablo Canyon costs in PG&E's 2017 General Rate Case A. 15-09-001. If there is an early shut-down of Diablo Canyon, the Parties reserve all rights to contest cost recovery of or related to any then-remaining unamortized Diablo Canyon net book costs, provided, however, if Unit 2 closes at the end of 2024 due to the timing issue described in Section 6.2, the Parties support full amortization/depreciation to a zero book value for Unit 2 by December 31, 2024.

5.2. License Renewal Costs: PG&E has incurred approximately \$50 million related to the federal and state license renewal processes, including technical and environmental assessments and permitting and licensing costs. With the exception of A4NR, the Parties agree that it was reasonable and prudent for PG&E to conduct the evaluations and incur the costs of

state and federal regulatory review in order to preserve all options, including license renewal, during a period of resource planning uncertainty that resulted in the decision reflected in the Joint Proposal. In the Joint Proposal Application, PG&E will request cost recovery of the license renewal costs. The Parties, with the exception of A4NR, support PG&E's request for full recovery of license renewal costs. A4NR reserves the right to contest recovery of the License Renewal Costs in the Joint Proposal Application.

5.3. Seismic Study Process and Costs: PG&E has been continually engaged in the evaluation of seismic conditions at Diablo Canyon since the start of operations. The decision not to proceed with license renewal does not affect this on-going commitment. Nothing in this agreement shall constrain the Parties from advocacy on issues related to seismic studies. PG&E acknowledges the substantial influence and contribution of A4NR's work in reaching the positions reflected in the Joint Proposal. Because of PG&E's decision not to proceed with license renewal, A4NR agrees to withdraw its pending objections and recommendations regarding PG&E's recovery of costs in the Diablo Canyon Seismic Studies Balancing Account in PG&E's 2013 and 2014 ERRA proceedings.

5.4. Nuclear Decommissioning: PG&E submitted a revised Diablo Canyon decommissioning study on March 1, 2016 in the CPUC Nuclear Decommissioning Triennial Proceeding ("NDCTP"). (CPUC Application 16-03-006) In the 2015 NDCTP, PG&E estimated the cost to decommission Diablo Canyon at \$3.779 billion (2014 \$). The 2015 NDCTP estimate is based on a financial model prepared by TLG Services, Inc. and does not reflect the results of an actual site-specific decommissioning study.

5.4.1. PG&E will prepare a Diablo Canyon site-specific decommissioning study and submit it to the CPUC in an application for approval no later than the date when the

2018 NDCTP will be filed. PG&E will seek authorization from the CPUC in the Joint Proposal Application to disburse funds from the Diablo Canyon decommissioning trust to fund the site specific decommissioning study. The site-specific decommissioning study will update the 2015 NDCTP forecast and incorporate the costs of (i) the Employee Program described in Section 5.3, (ii) the Community Impacts Mitigation Program in Section 4.1, (iii) a plan for expedited post-shut-down transfer of spent fuel to Dry Cask Storage as promptly as is technically feasible using the transfer schedules implemented at the San Onofre Nuclear Generating Station as a benchmark for comparison, and provided PG&E will also provide the plan to the CEC, collaborate with the CEC, and evaluate the CEC's comments and input; and (iv) a plan to continue existing emergency planning activities, including maintenance of the public warning sirens and funding of community and state wide emergency planning functions until the termination of Diablo Canyon's 10 CFR Part 50 license, subject to CPUC approval and funding in decommissioning rates. The Parties will support CPUC approval and funding of these elements of PG&E's revised Diablo Canyon decommissioning study.

5.4.2. The Parties support CPUC approval of PG&E's 2015 NDCTP decommissioning forecast and establishment of the proposed revenue requirement until such time as the CPUC reviews, approves and authorizes cost recovery for the Diablo Canyon site specific decommissioning study. A4NR reserves the right to contest PG&E's forecast and assumptions regarding spent fuel transfer to dry cask storage in the 2015 NDCTP proceeding.

6. Actions at Other Governmental Agencies

6.1. State Lands Commission ("SLC"): PG&E requested that SLC issue new

submerged lands leases for the intake and discharge structures at Diablo Canyon effective from the date of issuance until Diablo Canyon ceases operations under Diablo Canyon's existing NRC operating licenses in August, 2025. Given PG&E's decision to retire Diablo Canyon in 2025, the Parties agree to jointly support the granting of the new lease to run coterminous with the existing NRC operating licenses and will submit a joint letter to the SLC to that effect. Given the particular circumstances of this matter, and subject to PG&E's commitment under the Joint Proposal that PG&E will not seek license renewal and agrees to cease operations at Unit 1 by November 2, 2024 and Unit 2 by August 26, 2025, FOE, NRDC, Environment California, IBEW Local 1245, CUE and A4NR waive any argument that the continuing operations of the plant through August 26, 2025, without any material increase or change in those operations, requires review under the California Environmental Quality Act ("CEQA"). However, A4NR reserves the right to ask the SLC to conduct a discretionary Environmental Impact Report ("EIR") under CEQA prior to making a decision on the lease extension request. In the event the SLC decides not to perform a discretionary EIR, A4NR waives all rights to appeal the SLC's decisions in connection with its approval of the short term lease extension.

6.1.1. After PG&E has completed its Diablo Canyon site-specific decommissioning study as specified in Section 5.4.1, PG&E will submit a new and separate lease application to the SLC to allow use of the intake and discharge for the period of time necessary to accommodate decommissioning activities. It is PG&E's expectation that the SLC's review of the decommissioning project, in collaboration with the Coastal Commission's review of any development under the project, will be subject to environmental review under CEQA. Nothing in the Joint Proposal affects the Parties positions regarding CEQA and/or the National Environmental Policy Act ("NEPA")

compliance regarding the decommissioning process for Diablo Canyon or any other SLC lease extension after August 26, 2025.

6.1.2. If the CPUC rejects the Joint Proposal Application and it or any other entity with the requisite legal authority directs PG&E to pursue Diablo Canyon license renewal at the NRC, PG&E will within 120 days of such final and non-appealable action submit a new lease request to the SLC premised on the change in circumstances which will be fully subject to CEQA and the Parties reserve all rights to contest such application.

6.2. State Water Resources Control Board (“State Water Board”): Given PG&E’s decision to retire Diablo Canyon, the Parties agree that compliance issues under Track 1 and Track 2 of the State Water Board’s Once Through Cooling (“OTC”) policy will have been resolved once the plants cease power generation, on the condition that the resulting water flows associated with decommissioning meet the applicable requirements of the OTC policy. PG&E will continue to pay “interim mitigation” fees through the end of PG&E’s existing NRC operating licenses in 2024 and 2025 as specified under State Water Board Resolution No. 2015-0057. These fees shall be in addition to any other fees PG&E is currently paying or will be required to pay in the future. PG&E will disclose actual intake volume data and any other data requested by the State Water Board to support the agency’s calculation of the appropriate interim mitigation fees. In order to clarify the authority of Diablo Canyon Unit 2 to operate beyond December 31, 2024 under the OTC policy, PG&E will ask the State Water Board for an amendment to the OTC policy to conform the compliance timeline table to the date of actual expiration of the Unit 1 and Unit 2 NRC operating licenses. The amendment, if approved, would confirm that Unit 2 is authorized to operate through August 26, 2025, subject to continued

payment of the interim mitigation during Diablo Canyon Unit 2's 2025 operations. PG&E will implement the Joint Proposal regardless of the State Water Board's decision on the amendment request. The Parties will review the amendment request and reserve the right to oppose it or seek additional conditions. The Parties shall be unconstrained in their ability to comment on the adequacy of the interim mitigation fee amount.

6.3. NRC License Renewal: Following final and non-appealable CPUC approval of the Joint Proposal Application, 1) PG&E will withdraw the Diablo Canyon NRC license renewal application and request that the proceeding be terminated with prejudice; 2) the Parties will support the withdrawal and termination of the Diablo Canyon NRC license renewal application; and 3) FOE will withdraw with prejudice the petition at the DC Circuit Court of Appeals and related pending hearing requests and motions in the Diablo Canyon license renewal case (*Friends of the Earth v. U.S. Nuclear Regulatory Commission*, Case No. 16-1004 (D.C. Cir. filed Jan. 8, 2016)).

6.4. NRC Dry Cask Fuel Storage: PG&E's current NRC license for its Independent Spent Fuel Storage Installation ("ISFSI") expires in 2024. PG&E expects to file a license renewal application with the NRC for the ISFSI no later than five years prior to expiration of the current license. Parties will not oppose PG&E's NRC application to renew the license for the ISFSI at Diablo Canyon, including any associated state approvals. While A4NR will not oppose continuing use of the ISFSI, A4NR reserves the right to petition and present recommendations to those state agencies whose approval is necessary to the ISFSI license renewal. This section does not restrict in any way the rights of the Parties to take a position on interim storage of spent nuclear fuel as part of the broader national discourse.

GENERAL PROVISIONS

7. Scope and Approval

7.1. The Parties agree that the Joint Proposal is subject to approval by the CPUC and shall be submitted for approval pursuant to Article 12 (Settlements) of the CPUC's Rules of Practice and Procedure. Within thirty days after PG&E's public announcement of the Joint Proposal, PG&E will convene a conference with notice and an opportunity to be heard to all parties as specified under CPUC Rule 12.1(b) for the purpose of discussing the Joint Proposal and inviting parties to comment on and join in a settlement agreement. No later than 30 days after the SLC has approved the new leases for Diablo Canyon as specified in Section 6.1, or as mutually agreed, PG&E shall file the Joint Proposal Application with the CPUC for approval, adoption and implementation of the Joint Proposal and thereafter will complete the process for execution and submission of an associated settlement agreement as specified in CPUC Rule 12. The Parties agree to: (i) support the Joint Proposal Application and the associated settlement agreement and use their best efforts to secure CPUC approval of the Joint Proposal and the associated settlement agreement in its entirety without modification; (ii) recommend that the CPUC approve and adopt this Joint Proposal and the associated settlement agreement in its entirety without change; and (iii) actively and mutually defend the Joint Proposal and the associated settlement agreement and the Joint Proposal Application if opposed by any other party. Unless the CPUC expressly provides otherwise, and except as otherwise expressly provided herein, such adoption does not constitute approval or precedent for any principle or issue in this or any future proceeding, consistent with CPUC Rule 12.5.

7.2. The Parties intend that CPUC adoption of this Joint Proposal will be binding on the Parties. The Parties agree that, if the CPUC fails to adopt this Joint Proposal and the

associated settlement agreement in its entirety and without modification, the Parties shall meet and confer as specified in CPUC Rule 12.4 within fifteen (15) days thereof to discuss whether the Joint Proposal and associated settlement agreement should be renegotiated with alternative terms and resubmitted to the Commission for approval. The Parties agree under such circumstances to bargain in good faith to restore the balance of benefits and burdens under the Joint Proposal. If the Parties cannot mutually agree to resolve the issues raised by the CPUC's actions, the Joint Proposal and the associated settlement agreement may be rescinded by any Party and the Parties shall be released from their obligations under the Joint Proposal.

Thereafter, the Parties may pursue any action they deem appropriate.

7.3. In the Joint Proposal Application, PG&E will request that the CPUC issue a final decision approving the Joint Proposal Application no later than December 31, 2017. If the CPUC decision is not issued by December 31, 2017, PG&E, in consultation with the Parties, may delay implementation of the actions related to the procurement of GHG-free energy resources as specified in Section 2, until such CPUC approval becomes final and non-appealable. For any procurement voluntarily undertaken by PG&E prior to the time that the CPUC's approval of the Joint Proposal Application has become final and non-appealable, PG&E may condition the procurement contracts on the approval becoming final and non-appealable. PG&E's obligation to withdraw its license renewal application under Section 1.3 shall not become effective or binding until the CPUC's approval of the Joint Proposal Application has become final and non-appealable.

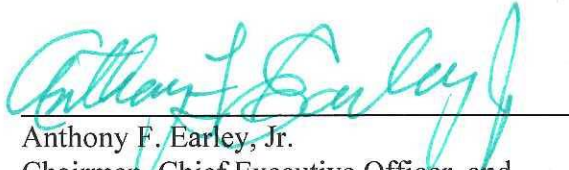
7.4. This Joint Proposal shall be governed by the laws of the State of California as to all matters, including but not limited to, matters of validity, construction, effect, performance, and remedies.

7.5. This Joint Proposal may be executed in separate counterparts by the different Parties hereto with the same effect as if all Parties had signed one and the same document.

The Parties mutually believe that, based on the terms and conditions and reservations of rights stated above, this Joint Proposal is reasonable, consistent with the law, and in the public interest.

The Parties' authorized representatives have duly executed this Joint Proposal on behalf of the Parties they represent.

PG&E CORPORATION



Anthony F. Earley, Jr.
Chairman, Chief Executive Officer, and
President

Date: June 20, 2016

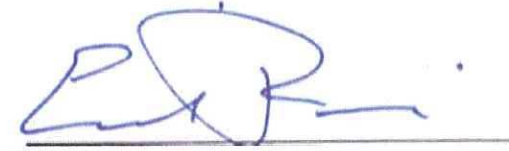
NATURAL RESOURCES DEFENSE
COUNCIL



Rhea Suh
President

Date: June 20, 2016

FRIENDS OF THE EARTH



Erich Pica
President

Date: June 20, 2016

ENVIRONMENT CALIFORNIA



Dan Jacobson
Legislative Director

Date: June 20, 2016


INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS LOCAL 1245



Tom Dalzell
Business Manager

Date: June 20, 2016

COALITION OF CALIFORNIA UTILITY
EMPLOYEES



Marc D. Joseph
Attorney on behalf of Coalition Of California
Utility Employees

Date: June 20, 2016

ALLIANCE FOR NUCLEAR
RESPONSIBILITY

Rochelle Becker
Rochelle Becker (Jun 20, 2016)

Rochelle Becker
Executive Director

Date: June 20, 2016

EXHIBIT 2

March 14, 2023

By First Class Mail to
Mr. Erich Pica
c/o Hallie Templeton
Legal Director
Friends of the Earth
1101 15th Street NW, 11th Floor
Washington, D.C. 20005

Dear Mr. Pica:

I write to clarify Natural Resources Defense Council's (NRDC's) interest with respect to certain matters.

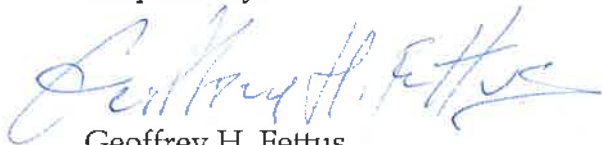
NRDC disclaims any interest or rights it may have to enforce any of the following documents against any other party to the document:

1. JOINT PROPOSAL OF PACIFIC GAS AND ELECTRIC COMPANY, FRIENDS OF THE EARTH, NATURAL RESOURCES DEFENSE COUNCIL, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1245, COALITION OF CALIFORNIA UTILITY EMPLOYEES AND ALLIANCE FOR NUCLEAR RESPONSIBILITY TO RETIRE DIABLO CANYON NUCLEAR POWER PLANT AT EXPIRATION OF THE CURRENT OPERATING LICENSES AND REPLACE IT WITH A PORTFOLIO OF GHG-FREE RESOURCES (executed June 20, 2016)
2. FIRST AMENDMENT TO JOINT PROPOSAL OF PACIFIC GAS AND ELECTRIC COMPANY, FRIENDS OF THE EARTH, NATURAL RESOURCES DEFENSE COUNCIL, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1245, COALITION OF CALIFORNIA UTILITY EMPLOYEES, ALLIANCE FOR NUCLEAR RESPONSIBILITY AND CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL TO RETIRE DIABLO CANYON NUCLEAR POWER PLANT AT EXPIRATION OF THE CURRENT OPERATING LICENSES AND REPLACE IT WITH A PORTFOLIO OF GHG-FREE RESOURCES (fully executed March 13, 2017);
and
3. SETTLEMENT AGREEMENT REGARDING LICENSE RENEWAL PROJECT AND FUTURE CANCELLED PROJECT COST RECOVERY BETWEEN PACIFIC GAS AND ELECTRIC COMPANY (U 39 E), ALLIANCE FOR NUCLEAR RESPONSIBILITY, THE UTILITY REFORM NETWORK, THE OFFICE OF RATEPAYER ADVOCATES, THE SAN LUIS OBISPO

MOTHERS FOR PEACE, FRIENDS OF THE EARTH, NATURAL RESOURCES DEFENSE COUNCIL, ENVIRONMENT CALIFORNIA, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1245, AND COALITION OF CALIFORNIA UTILITY EMPLOYEES (executed May 2017 and filed with the California Public Utilities Commission on May 23, 2017).

NRDC is not an indispensable party to any lawsuit to enforce or adjudicate the obligations of any other party to the enumerated documents. NRDC does not wish to be joined in any such action, and will resist involuntary joinder.

Respectfully,



Geoffrey H. Fettus

Director, Nuclear

Climate and Clean Energy Program

Natural Resources Defense Council

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