



Date: January 8, 2026
To: LOCSD Board of Directors
From: Ron Munds, General Manager
Subject: **Agenda Item 8F – 01/08/2026 Board Meeting**
Authorization for the District to Participate with the County of San Luis Obispo Request to the California State Legislature Support to Restore of the Unitary Tax Related to the Continued Operations of Diablo Canyon Nuclear Power Plant (DCNPP).

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STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move the Board authorize the District to Participate with the County of San Luis Obispo's request to the California State Legislature to restore the unitary tax or alternate equivalent financial mitigations as related to the Continued Operation of Diablo Canyon Nuclear Power Plant.

DISCUSSION

Per direction from the San Luis Obispo County Board of Supervisors on December 16, 2025, County staff began circulating a draft legislative letter (attached) to agencies that have received DCNPP unitary tax revenues. Upon researching the District's annual unitary distributions, the District will receive approximately \$20,500 of unitary tax attributable to PG&E for fiscal year 2025-26. This amount has decreased by 50-60% since 2017.

With the recent decision to extend the DCNPP operating permit for up to twenty years, the County is coordinating a coalition request to the California State Legislature related to continued operations of the Diablo Canyon Power Plant and the restoration of unitary tax treatment or alternate equivalent financial mitigations. They are inviting cities, community service districts, and school districts to join in demonstrating broad regional support for this effort.

Participation would include:

- Inclusion of the agency's name and/or logo on the letter, and
- Identification of a leadership point of contact.

A unified coalition strengthens the message that this issue is critical to the long-term fiscal stability and public benefit to the agency that have received unitary tax funds. No additional advocacy actions are required at this time. The deadline to confirm participation in this joint effort is January 10, 2026.

FINANCIAL IMPACT

There is no direct financial impact associated with joining the coalition. Long term, if the State Legislature does not act to restore the unitary tax to pre-decommissioning levels, the District will eventually lose this revenue source.

Attachments

December 16, 2025 County agenda item
Draft Letter to State Legislature



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Executive Office	(2) MEETING DATE 12/16/2025	(3) CONTACT/PHONE Kate Ballantyne - 805-781-5011	
(4) SUBJECT Added consent Item #41 – Request to authorize the Chair to send a letter to the California State Legislature supporting extended operations of Diablo Canyon Power Plant, restoration of unitary tax treatment, and coastal land conservation (Executive Office).			
(5) RECOMMENDED ACTION It is recommended that the Board authorize the Chair to send a letter to the California State Legislature supporting legislative action to: <ol style="list-style-type: none"> 1. Support DCPD operating for up to 20 additional years; 2. Restore historic pre-decommissioning unitary tax treatment for Diablo Canyon Power Plant (DCPD) during its extended operations by allowing eligible operating costs to be included in PG&E's rate base. 3. If restoring the pre-decommissioning unitary tax treatment proves infeasible, provide alternate financial mitigations to the County and local jurisdictions impacted by exemptions of taxable value on the Diablo Canyon Power Plant (DCPD) during the period of extended operations established by the statutory prohibition against including operating costs in PG&E's rate base; and 4. Support Coastal Commission land-conservation and public-access plans near the plant. Additionally, direct staff to circulate the letter to local cities, school districts, and special districts for support.			
(6) FUNDING SOURCE(S)	(7) CURRENT YEAR FINANCIAL IMPACT 0.0000	(8) ANNUAL FINANCIAL IMPACT 0.0000	(9) BUDGETED?
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? N/A	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 12/9/2025_____	
(17) EXECUTIVE OFFICE REVIEW This item was prepared by the Executive Office and reviewed by County Counsel			



COUNTY OF SAN LUIS OBISPO

TO: Additions, subtractions and corrections to the Board of Supervisors Agenda

FROM: Executive Office / Kate Ballantyne - 805-781-5011

DATE: 12/16/2025

SUBJECT: Added consent Item #41 - Request to authorize the Chair to send a letter to the California State Legislature supporting extended operations of Diablo Canyon Power Plant, restoration of unitary tax treatment, and coastal land conservation (Executive Office).

RECOMMENDATION

It is recommended that the Board authorize the Chair to send a letter to the California State Legislature supporting legislative action to:

1. Support DCPD operating for up to 20 additional years;
2. Restore historic pre-decommissioning unitary tax treatment for Diablo Canyon Power Plant (DCPD) during its extended operations by allowing eligible operating costs to be included in PG&E's rate base.
3. If restoring the pre-decommissioning unitary tax treatment proves infeasible, provide alternate financial mitigations to the County and local jurisdictions impacted by exemptions of taxable value on the Diablo Canyon Power Plant (DCPD) during the period of extended operations established by the statutory prohibition against including operating costs in PG&E's rate base; and
4. Support Coastal Commission land-conservation and public-access plans near the plant.

Additionally, direct staff to circulate the letter to local cities, school districts, and special districts for support.

DISCUSSION

At the December 9, 2025, Board of Supervisors meeting, direction was given to staff to prepare a letter to the Legislature advocating for the continuation of DCPD operations, restoration of unitary tax treatment, and protection of coastal lands surrounding the plant.

This legislative advocacy aligns with the County's 2025 Legislative Platform, which identifies priorities related to energy policy, fiscal stability, and environmental stewardship ([link to platform](#)).

DCPD is a critical component of California's clean-energy infrastructure. Extending its operational life would help provide stable, carbon-free baseload power, support grid reliability, reduce emissions, and advance statewide

clean-energy goals. Restoration of unitary taxation ensures continued fiscal support for the County, cities, school districts, and special districts, safeguarding essential public services. Concurrently, supporting coastal land-conservation measures ensures preservation of natural resources while providing potential public access.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel reviewed the letter. Local agencies that have historically benefited from the Unitary Tax will be invited to review and endorse the letter, providing coordinated regional support and reinforcing the County's position with the Legislature.

FINANCIAL CONSIDERATIONS

Prior to the 2016/17 decommissioning efforts, the County, local cities, schools and special districts received approximately \$21 million annually in unitary taxes attributable to DCP. Unitary tax receipts have since been reduced to \$8M as the assessed value of the plant has declined pending its planned closure.

The renewed extension of operations of the DCP will require significant new investment, which under unmodified unitary tax regulations, would increase the taxable plant value and return essential unitary taxes to the region. However, legislation enacted to extend the operations includes provisions to exempt the new investment in DCP from taxable value, preventing the restoration of unitary tax revenues to the region.

Responsibility of DCP operations to provide unitary taxes relied upon to fund critical services to residents of the region the plant occupies should continue during the period of extended operations. If not feasible to restore standard unitary tax treatment for the new investment, alternate financial mitigations should be provided to the region.

In addition, future DCP assessments related to any changes in assessed values for portions of real property that may transition from highest and best use acres of land, towards lower assessed value acres of land due to new conservation restrictions, should not financially penalize the affected region with any reduction in tax revenues.

RESULTS

Approval of this transmittal and letter would formally convey the Board's position to the Legislature, reflecting support for extended DCP operations, fiscal stability, and environmental stewardship.

ATTACHMENTS

- 1 Unitary Tax Letter - Draft



COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS

John Peschong *District One Supervisor*

Bruce Gibson *District Two Supervisor*

Dawn Ortiz-Legg *Chairperson, District Three Supervisor*

Jimmy Paulding *Vice-Chairperson, District Four Supervisor*

Heather Moreno *District Five Supervisor*

12/16/2025

To: Members of the California State Legislature

Cc: Relevant Legislative Committees

Subject: Request for Legislation Supporting Extended Operations of Diablo Canyon Power Plant, Coastal Land Conservation, and Restoration of Unitary Tax Treatment

Dear Members of the Legislature:

On behalf of the County San Luis Obispo Board of Supervisors, we write to express our firm support for legislative action to enact measures authorizing Diablo Canyon Power Plant (DCPP) to operate for up to twenty (20) additional years, restore unitary tax treatment for DCPP, and support coastal land conservation and public access near the facility.

As the host county for California's only operating commercial nuclear power plant which provides approximately 9% of the State's total generation of power, San Luis Obispo County recognizes Diablo Canyon as a critical component of the State's clean energy infrastructure. Extending the plant's operational life for up to 20 years would provide stable, carbon free baseload power that strengthens grid reliability, reduces greenhouse gas emissions, and advances California's clean energy and climate goals.

Continuation of operations, however, must be accompanied by fiscal fairness for the communities that host and support the facility. We therefore urge the Legislature to restore pre-decommissioning unitary taxation for DCPP during any extended period of operation. Historically, unitary tax revenues have been distributed to the County, cities, school districts, and special districts, supporting essential public services, educational programs, infrastructure maintenance, and public safety. Restoration of this tax structure is critical to maintaining the fiscal stability of local governments and public agencies.

If restoring the pre-decommissioning unitary tax treatment proves infeasible, we request alternate financial mitigations to the County and local jurisdictions impacted by exemptions of taxable value on the DCPP during the period of extended operations established by the statutory prohibition against including operating costs in PG&E's rate base.

In tandem with extended operations, we support further conservation and public access frameworks for lands surrounding Diablo Canyon. Protecting these coastal and natural resources ensures long term environmental stewardship while providing opportunities for responsible public

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access and public benefit. This balanced approach of clean energy, fiscal stability, and environmental conservation serves both local communities and the broader interests of the State.

In addition, future DCPD allocations related to changes in the values being assessed for portions of the property that may legislatively transition from highest and best use assessed acres of land towards lower value assessed acres of land due to new conservation restrictions should not financially penalize the affected region with lower assessed revenue figures.

Accordingly, we respectfully request that the Legislature:

1. Support the Nuclear Regulatory Commission's regulatory approval process and establish a state licensing pathway to authorize DCPD to operate for up to 20 additional years.
2. Enact legislation restoring historic pre-decommissioning unitary tax treatment for Diablo Canyon Power Plant including land valuation for the duration of its extended operations or provide alternate equivalent financial mitigations.
3. Support the California Coastal Commission's land conservation and public access plan for lands surrounding Diablo Canyon, in coordination with appropriate regulatory and conservation agencies.

Taken together, these actions represent a prudent and forward-looking policy framework that balances California's clean energy needs with local fiscal health, environmental protection, and community interests.

Thank you for your attention to this important matter. We stand ready to work collaboratively with the Legislature to enact legislation that reflects these priorities and supports a sustainable and equitable future for San Luis Obispo County and the State of California.

Sincerely,

Chair

County San Luis Obispo Board of Supervisors

San Luis Obispo County