EXTENDING SERVICE FOR THE

DIABLO CANYON

NUCLEAR POWER PLANT

Economic Impact Assessment

Summary

Prepared for the Pacific Gas and Electric Company

Prepared by

Berkeley Economic Advising and Research, LLC

David Wells Roland-Holst | Drew Behnke | Samuel Neal | Johnathan Chang

www.bearecon.com

July 2026 | San Luis Obispo, California

DCPP AT A GLANCE

The Diablo Canyon Nuclear Power Plant (DCPP) is a cornerstone of community prosperity and clean energy security for California. As the state’s largest single source of carbon-free electricity, DCPP powers the homes and businesses of more than four million Californians while serving as the economic anchor of San Luis Obispo County — providing over 1,300 well-paying local jobs, generating $420 million in annual economic activity, and contributing more than $185 million in taxes and public revenues since 2018. Two pressurized water reactors — Unit 1 (licensed through October 2029) and Unit 2 (licensed through October 2030) — generate more than 18,000 gigawatt-hours of power every year, representing approximately 8.5% of the state’s total in-state electricity generation.

2,200 MW	~18,000 GWh	~8.5%
Total generation capacity (2 units)	Annual electricity output	Share of California's in-state generation

Meanwhile DCPP delivers value for California’s environment. Its operation avoids an estimated 6–7 million metric tons of greenhouse gas emissions every year — the equivalent of taking 1.6 million cars off the road, making Diablo Canyon one of California's most powerful tools for delivering clean energy to communities across the state.

6–7 Mt CO_2
Greenhouse gas emissions avoided annually

An Essential Asset for Communities and the State

The decision to extend DCPP operations through 2030 reflects the plant's irreplaceable value to California's communities and its clean energy future. Extending DCPP preserves thousands of local jobs, maintains billions of dollars in regional economic activity, and keeps some of California's most affordable and reliable clean power flowing to homes and businesses across the state. Three key considerations affirmed the wisdom of the extension:

- **Protecting communities through reliable power:** DCPP provides the firm, always-available generation that keeps the lights on for millions of Californians — a role made all the more vital after grid stress events in 2020 and 2022 underscored the importance of reliable baseload power alongside intermittent renewables.
- **Bridging to California's clean energy future:** DCPP provides a vital bridge while California's renewable energy infrastructure continues to expand. Its continued operation gives the state time to deploy offshore wind, storage, and grid upgrades at scale — ensuring that the transition to a clean energy future is managed responsibly and without disruption to communities.
- **Delivering affordable clean power as demand grows:** As data centers, electric vehicles, and building electrification drive California's electricity demand higher — projected to grow 2.7% annually through 2030, and potentially much faster — DCPP delivers the clean, affordable power communities need. At about two-thirds the current cost of RPS resources ($64MWh vs $100/MWh), DCPP helps keep clean energy affordable for households and businesses across California.

Governor Newsom signed Senate Bill 846 in September 2022, authorizing the extension — a decision that preserves jobs, protects ratepayers, and strengthens California's clean energy foundation. The California Public Utilities Commission formally directed PG&E to pursue the extension in December 2022, and the Nuclear Regulatory Commission approved renewed operating licenses in August 2025, providing long-term certainty for host communities and energy customers alike.

DCPP OPERATIONS OVERVIEW

DCPP is operated by Pacific Gas & Electric and is the largest private employer in San Luis Obispo County. Its economic footprint stems from three primary channels: a highly compensated workforce, direct purchases of goods and services, and substantial tax and fee contributions to public agencies.

Workforce

DCPP employs more than 1,300 permanent workers and hires approximately 1,100 additional temporary contractors during each scheduled refueling outage (which occurs roughly every 18 months). The workforce is highly specialized — spanning nuclear engineers, reactor operators, security personnel, and skilled tradespeople — and is compensated well above regional and national norms.

1,300+	~1,100	$153,589
Permanent employees	Additional workers per refueling outage	Average annual salary (local employees, 2023)

The median annual household income for local DCPP employees is approximately $147,000 — more than 50% higher than the San Luis Obispo County median. Employees reside throughout the region, with concentrations in San Luis Obispo ($33.5M total payroll), Arroyo Grande ($28.5M), Atascadero ($24.9M), Paso Robles ($15.4M), and Nipomo ($15.7M). Total annual payroll for all local employees reached approximately $190M in 2023.

Expenditures on Goods and Services

Beyond payroll, DCPP is a major purchaser of goods and services from local, regional, and national suppliers. In 2024, direct expenditures in San Luis Obispo County totaled more than $20 million across categories including repair and maintenance, construction, professional services, and metal manufacturing — the highest level since 2015, reflecting the renewed investment associated with the extension. California-wide (other counties) purchases reached $77M and national purchases $463M.

Tax and Fiscal Contributions

DCPP has been a major source of public funding since its opening. Property tax payments to San Luis Obispo County agencies have totaled more than $185 million since 2018, including contributions to school districts and general county funds. Looking ahead, PG&E projects a net financial benefit of $3.2 billion (approximately $540 million per year) to California energy customers over the extension period, through lower-cost clean energy relative to alternative supply sources.

$185M+	$3.2B
Paid to SLO County since 2018 (taxes & mitigation)	Projected net customer benefit through 2030

STUDY APPROACH AND METHODOLOGY

This assessment was prepared by Berkeley Economic Advising and Research (BEAR) at the request of Pacific Gas and Electric Company to provide a rigorous, comprehensive evaluation of DCPP's economic contributions. The study makes two primary contributions: a broad informational overview of the economic and energy context surrounding DCPP's extended operations, and a technical analysis across three distinct domains.

Analysis	Description
1. General Economic Impact	Input-output modeling (IMPLAN) estimating direct, indirect, and induced effects of DCPP operations on income, employment, and tax revenue across San Luis Obispo County, Santa Barbara County, and the State of California.
2. Real Estate Market Assessment	Trend analysis and event study econometrics using Zillow Home Value Index (ZHVI) data, examining how the September 2022 extension announcement

	(SB 846) affected residential property values in the affected region versus comparison counties.
3. Bond Market Assessment	Difference-in-differences econometric analysis of municipal bond yield spreads, testing whether the 2016 DCPP closure announcement caused a statistically measurable increase in the cost of public capital for San Luis Obispo County issuers relative to comparable counties.

The IMPLAN Input-Output Model

The core tool for the general economic impact assessment is IMPLAN (IMpact analysis for PLANning), one of the most widely used regional input-output modeling platforms in applied economics. IMPLAN captures data for 528 industries and 21 economic variables, providing detailed structural matrices that trace how spending in one sector ripples through the rest of the economy.

Three categories of economic effect are distinguished:

- **Direct:** Direct effects — income, employment, and output generated by DCPP itself (payroll, on-site expenditures, etc.)
- **Indirect:** Indirect effects — activity in supplier industries that provide goods and services to DCPP (e.g. maintenance contractors, materials vendors)
- **Induced:** Induced effects — spending by DCPP employees and their supply-chain counterparts on local goods and services (restaurants, healthcare, housing, retail)

Data inputs were drawn from PG&E's detailed operational records, the California Energy Commission, Bureau of Economic Analysis input-output tables, and Zillow and municipal bond market databases. All economic estimates are expressed in 2023 dollars.

Econometric Validation

The real estate and bond market analyses apply rigorous causal inference methods — event studies and difference-in-differences models — to separate DCPP-specific effects from concurrent regional and national trends. Comparison groups (Monterey and Ventura counties for real estate; comparable California counties for bond markets) are used to construct the counterfactual absent DCPP's announcements. ZIP-code fixed effects are used throughout to control for time-invariant local characteristics. All standard errors are heteroskedasticity-robust.

ECONOMIC IMPACT: SAN LUIS OBISPO COUNTY

San Luis Obispo County is the primary beneficiary of DCPP operations, as virtually all of the plant's direct expenditure flows into this region. Using the IMPLAN model calibrated with detailed 2023 cost data, the analysis quantifies DCPP's annual contribution to the SLO economy across income, employment, and public finances.

Income and Output

DCPP's annual operating cost base within SLO County — encompassing payroll, non-wage benefits, retention programs, retirement spending, local goods-and-services purchases, and taxes — amounts to approximately $321 million. This direct expenditure, processed through the IMPLAN multiplier framework, generates the following total economic impacts:

Metric	Direct	Indirect + Induced	Total
Gross State Product (GSP)	$317M	$103M	**$420M/yr**
Full-time Equivalent Jobs	1,015	551	**1,566 FTE**
State & Local Tax Revenue	—	—	**$59M/yr**
Federal Tax Revenue	—	—	**$80M/yr**

The multiplier effects in SLO are dominated by induced impacts ($100M) rather than indirect linkages (~$3M), reflecting the highly specialized nature of the facility. DCPP's primary economic channel into the local community is through payrolls: as highly paid workers spend on local goods and services, benefits flow broadly across the region's retail, real estate, restaurant, healthcare, and personal services sectors.

Employment

In total, DCPP directly supports at least 1,015 FTE jobs on-site, while its payrolls and procurement activity sustain a further 551 FTE positions in the wider SLO economy. This means DCPP's local presence accounts for more than 1,566 full-time equivalent jobs — and in some communities such as Atascadero, over 1% of the total workforce is employed directly by DCPP. Service sectors (healthcare, food services, personal services, retail) dominate the induced job creation, reflecting the consumer-spending patterns of a high-income workforce.

Fiscal Contributions

DCPP generates more than $59 million annually in additional state and local tax revenues attributable to its SLO operations — encompassing sales taxes, property taxes, income taxes, and social insurance contributions. A further $80 million flows to Federal coffers through social insurance taxes, personal income taxes, and corporate profits taxes originating in SLO's DCPP-linked economic activity.

ECONOMIC IMPACT: SANTA BARBARA COUNTY AND CALIFORNIA

Santa Barbara County

While San Luis Obispo County captures the largest share of DCPP's economic benefits, Santa Barbara County also experiences meaningful gains. Approximately 141 DCPP employees reside in Santa Barbara County, with an annual payroll of approximately $19.5 million flowing into that economy. The smaller direct constituency means multiplier effects are also smaller — but still economically significant.

Metric	Santa Barbara County (Annual)
Total GSP (direct + indirect + induced)	**$43.9M**
Full-time Equivalent Jobs	**209 FTE**
State & Local Tax Revenue	**$2.3M**
Federal Tax Revenue	**$8.2M**

For Santa Barbara, induced multiplier effects are proportionally larger than in SLO — 37% of the magnitude of direct effects, compared to 31% for SLO — reflecting the more diverse economic base and stronger service sector spillovers relative to the smaller DCPP direct footprint in that county.

California Statewide

DCPP's economic reach extends well beyond the two host counties through PG&E's statewide transmission and wholesale electricity marketing network. When the full state economy is accounted for, DCPP operations generate substantially larger aggregate benefits than the host counties combined.

$901M	3,800+	3 : 1
Additional annual GSP for California	Additional FTE jobs statewide	CA income generated per dollar of operating cost

Put simply: DCPP operations generate roughly $3 of California income for every dollar of its own operating cost, and support more than two additional FTE jobs statewide for every one of its own production workers. These figures underscore DCPP's status as not merely a provider of clean energy but as a foundational pillar of the California economy.

A Broad-Based Economic Multiplier

An important theme across all study geographies is the diversity and inclusivity of DCPP's economic spillovers. Because the primary mechanism linking DCPP to local economies is its payroll — rather than narrow procurement chains — benefits flow broadly across a wide range of service industries. In California's post-industrial economy, where approximately 70% of Gross State Product originates in household consumption and nearly half of consumer spending flows to service sectors, high-wage employment at DCPP translates into widespread gains for local businesses, from restaurants and medical services to real estate and childcare. This broad distribution of benefits means that DCPP's economic multiplier supports inclusive prosperity across the income spectrum — not just for highly skilled technical workers, but for the many service-sector employees whose livelihoods depend on local consumer spending.

REAL ESTATE MARKET ASSESSMENT

Because DCPP is a major local employer paying wages well above regional averages, its operations have important spillover effects on residential property values — an outcome that matters directly to households and to the capacity of local governments to fund essential services. This section presents a two-part analysis of those effects: a trend analysis and a formal econometric event study.

Methodology

The analysis draws on Zillow Home Value Index (ZHVI) data for residential properties across San Luis Obispo and Northern Santa Barbara, with Monterey and Ventura counties used as the comparison group (control). Two complementary approaches are applied:

- **Trend analysis:** Trend analysis: Visual inspection of home value trajectories from 2012 to 2025, tracking the relationship between DCPP announcements and price movements.
- **Event study:** Event study: Econometric estimation of the month-by-month difference in home values between the treatment region (SLO and Northern Santa Barbara) and the control region (Monterey and Ventura) around the September 2022 SB 846 extension announcement.
- **Difference-in-differences:** Difference-in-differences (DiD): A more rigorous test of whether the extension announcement produced a persistent, statistically significant change in average home values relative to the control group.

Key Findings

The pre-announcement period data confirm that SLO and Northern Santa Barbara home values tracked closely with those in Monterey and Ventura, validating the comparison group. Key results following the SB 846 announcement are as follows:

- **Short-term boost:** Immediately after the September 2022 extension announcement, home values in San Luis Obispo and Northern Santa Barbara increased by approximately 1.5–2.5% relative to the comparison counties. This effect is statistically significant.
- **Reversion to trend:** The price premium tapered off within approximately 18 months, consistent with efficient market absorption of the announcement's information content.
- **Long-run neutrality:** The difference-in-differences model finds no statistically significant long-run persistent gap in home values between the treatment and control groups.

These findings are consistent with the international literature on nuclear facility impacts in high-demand housing markets. In coastal California — one of the most supply-constrained residential markets in the country — housing scarcity and locational desirability dominate price dynamics. The stable, high-wage employment that DCPP provides supports and reinforces the premium associated with living in the region.

Supplementary Econometric Validation (Appendix D)

A further validation exercise using a ZIP-code fixed-effects regression framework confirms a strong, statistically robust positive relationship between DCPP-anchored salary growth and three key real estate outcomes: median home prices (elasticity +1.79), county real estate sector output (elasticity +0.69), and the cost of outstanding public bonds (elasticity –0.68). The last finding implies that as DCPP-linked salary growth raises property values and household incomes, the creditworthiness of local public issuers improves and their borrowing costs decline — a direct fiscal dividend for communities.

Conclusion

DCPP's continued operation has not had a discernible negative impact on local housing values. To the contrary, the plant's stable, high-wage employment base is an anchor for the high living standards that make San Luis Obispo and neighboring coastal communities some of the most desirable real estate markets in the United States.

BOND MARKET ASSESSMENT

Municipal bond markets are a sensitive barometer of investor confidence in local fiscal conditions. When a region's economic anchor faces an adverse event, bond markets typically respond by pricing in higher risk — raising borrowing costs for schools, hospitals, and other public entities. Conversely, the continued operation of a large, economically robust employer can improve investor sentiment and lower public capital costs. This analysis tests whether these dynamics were observable around the 2016 DCPP closure announcement — and, by symmetry, what the extension implies for SLO County's fiscal standing.

Methodology

The study examines bond yield spreads for municipal issuers in San Luis Obispo County relative to a comparison group of comparable California counties not directly affected by the DCPP announcement. A difference-in-differences econometric design is used to isolate the DCPP-specific effect from concurrent changes in national interest rates and broader credit market conditions.

Data span multiple years of bond market transactions. Results are tested for robustness across different combinations of control variables to ensure the findings are not driven by model specification choices.

Key Findings

+ 24–26 basis points

Estimated increase in SLO County bond yield spreads following the 2016 DCPP closure announcement

This result is statistically significant and robust across multiple model specifications. The 24–26 basis-point increase in yield spreads indicates that bond markets registered a specific, county-level risk premium in response to the prospect of losing DCPP's economic and fiscal contributions. Notably:

- **Localized:** The effect was geographically concentrated in SLO County — it did not spread broadly to other California counties — confirming that markets attributed the risk specifically to the local economic impact of the planned closure.
- **Economically significant:** The magnitude is economically meaningful. A 25-basis-point increase in borrowing costs, sustained across a typical local government bond portfolio, translates to millions of dollars in additional debt service costs annually — funds that could otherwise support schools, infrastructure, and public services.
- **Measured response:** The effect does not indicate a catastrophic deterioration in SLO County's creditworthiness; markets priced in a modest, specific risk premium rather than anticipating broad fiscal distress.

Implication of the Extension

By the same reasoning, the decision to extend DCPP operations — and the associated restoration of economic and fiscal certainty — implies a reduction in that risk premium. Our results suggest that continued DCPP operation supports a favorable local investment climate, maintaining competitive public capital costs and reinforcing the strong balance sheets of San Luis Obispo County's public institutions.

This bond market finding complements the real estate and general economic impact results: DCPP is not merely an energy facility, but a systemic economic asset whose presence stabilizes the fiscal infrastructure of its host community. Its extension removes a source of fiscal uncertainty that was already being priced into markets.

CONCLUSIONS

Taken together, the three analytical components of this assessment paint a consistent and compelling picture: DCPP is an extraordinary economic asset for San Luis Obispo County, Santa Barbara County, and the State of California. Its operations are a potent, broad-based, and inclusive catalyst for regional prosperity — generating hundreds of millions of dollars in annual income, supporting thousands of jobs across a diverse range of industries, and making substantial contributions to public finances at every level of government.

General Economic Impact

DCPP's annual operations generate approximately $420 million in additional Gross State Product for San Luis Obispo County alone, sustaining 1,566 full-time equivalent jobs and contributing more than $59 million in state and local tax revenues and over $80 million in federal revenues. The facility's economic reach extends statewide, where total impacts exceed $901 million in annual GSP and support more than 3,800 additional jobs. DCPP generates roughly $3 of California income for every dollar of its own operating cost.

Real Estate Market

DCPP's continued operation has not had a discernible negative impact on local residential property values. The extension announcement in September 2022 was followed by a short-lived but statistically significant increase in home values (approximately 1.5–2.5%) in SLO and Northern Santa Barbara relative to comparison markets. In the longer run, no persistent adverse effect is detected. High housing demand, coastal supply constraints, and the stabilizing influence of DCPP's high-wage workforce reinforce property values and sustain the quality of life that makes this region one of the most desirable places to live in the United States.

Bond Market

The 2016 closure announcement raised municipal bond yield spreads in SLO County by an estimated 24–26 basis points, reflecting the bond market's recognition of DCPP's fiscal importance. By extension, the decision to continue operations removes this risk premium and supports a favorable borrowing environment for local public institutions — an often-overlooked but significant benefit of the extension.

DCPP at a Glance: Economic Impact Summary

- $420M additional annual GSP — San Luis Obispo County
- 1,566 FTE jobs sustained — SLO County
- $139M+ annual tax revenue — state, local, and federal (SLO)
- $901M additional annual GSP — California statewide
- 3,800+ additional FTE jobs — California statewide
- $3.2B projected net benefit for California customers through 2030
- 6–7 million metric tons of greenhouse gas emissions avoided annually

RECOMMENDATIONS

DCPP operations present more opportunities than challenges for the communities they serve. The study's findings consistently demonstrate that overall economic impacts are positive and broadly shared. Capturing these benefits more fully — and building an even more dynamic regional economy — will require coordinated action by civil society, local governments, the State of California, and PG&E.

For Civil Society

The economic benefits of DCPP extend to all segments of the community, but realizing their full potential requires active engagement. SLO's diversity is an asset for inclusive growth — but only if social barriers and demographic segmentation are addressed. Communities should invest in workforce development, broaden economic opportunity through educational partnerships, and foster the civic dialogue needed to align on a shared vision for a high-skill, high-wage regional economy.

For Local Governments

Local governments should pursue complementary investments and policies to amplify the gains from DCPP's extended operations. Key priorities include:

- **Affordable housing:** Reducing impact fees and permitting delays that constrain housing supply — a critical constraint on workforce attraction and community affordability.
- **Innovation ecosystem:** Leveraging Cal Poly San Luis Obispo as an innovation hub, expanding support for startup accelerators, incubators, and technology commercialization programs that can diversify and strengthen the local economy.

- **Strategic partnerships:** Prioritizing Public-Private Partnerships with educational and technology institutions to support workforce development and attract knowledge-intensive employers.
- **Childcare investment:** Advancing childcare access and affordability — an often-overlooked barrier to workforce participation and a critical factor in attracting younger workers and families.

For the State of California

California should work with local governments and PG&E to integrate DCPP into a forward-looking energy and economic strategy that accounts for rapidly growing electricity demand and emerging uncertainties around renewable deployment timelines. The state should facilitate complementary investments — in offshore wind, energy storage, and grid resilience — that build on DCPP's role as a reliable clean-energy backstop. As federal offshore wind initiatives face delays, DCPP's importance as a foundational zero-carbon resource will only grow in the near term.

For PG&E

PG&E can strengthen the beneficial economic impact of DCPP by expanding its communication strategy to help communities better understand the full scope of the plant's economic contributions and the opportunities its continued operation creates. Greater public awareness of DCPP's role as a cornerstone of regional prosperity — not just an energy facility — can build broader community support and reduce the economic uncertainty that the study finds is associated with periods of ambiguity about the plant's future.

About This Study

This brochure summarizes the full report Extending Service for the Diablo Canyon Nuclear Power Plant: Economic Impact Assessment (September 2025), prepared by Berkeley Economic Advising and Research, LLC (BEAR) for Pacific Gas and Electric Company. The full report, including detailed econometric results, data tables, and methodological appendices, is available from PG&E. All findings and views expressed are those of the authors and do not necessarily reflect the views of PG&E, California State agencies, or San Luis Obispo County public agencies.