

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
I.D.# 7468  
ENERGY DIVISION  
RESOLUTION E-4149  
April 10, 2008

**R E S O L U T I O N**

**Resolution E-4149. San Diego Gas & Electric Company [SDG&E] requests confirmation of the *re*appointment of Mr. H. Wesley Pratt to serve on its Nuclear Decommissioning Master Trust Committee [Committee]. Request approved.**

**By Advice Letter [AL] 1948-E, filed on November 27, 2007.**

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**SUMMARY**

This Resolution confirms the reappointment of H. Wesley Pratt to serve on SDG&E's Nuclear Facilities Decommissioning Master Trust Committee for an additional five year term starting on July 1, 2008.

**BACKGROUND**

In Order Instituting Investigation 86, the Commission conducted an extensive investigation into alternative methods of financing the ultimate cost of decommissioning the nuclear power plants owned by California's investor-owned utilities. In Decision [D.] 87-05-062, the Commission adopted externally managed trusts as the vehicle for accruing decommissioning funds. In that Decision the Commission also established guidelines for the trust agreements.

In response to D.87-05-062, SDG&E established two trusts for its nuclear decommissioning funds. One trust was established as the medium to hold the decommissioning funds from contributions that qualify for an income tax deduction under Section 468A of the Internal Revenue Code [the Qualified Trust], and the other was designed to hold the remaining funds [the Non-qualified Trust].

By Resolution E-3060 dated November 25, 1987, the Commission approved SDG&E's master trust agreements. The trusts were initially funded in December

of 1987. Under the trust agreements, the five-member Committee is responsible for directing and managing the trusts, including the appointment of trustees and investment managers and the execution of whatever contract, agreement, or other documents that are deemed necessary to manage and invest the trusts' assets. The Committee members are nominated by SDG&E's management and confirmed by its Board of Directors. Three of the five members are not to be affiliated with the company. The trust agreements provide that the three non-affiliate members be confirmed by the Commission and serve terms of five years.

### **NOTICE**

SDG&E mailed copies of AL 1948-E to parties listed in the advice letter in accordance with the General Order 96A. Notice of the advice letter appeared in the Commission's Daily Calendar.

### **PROTESTS**

AL 1948-E was not protested.

### **DISCUSSION**

Mr. Pratt was nominated thrice by SDG&E and each time confirmed by the Commission in D.93-09-050, and Resolutions E-3570 and E-3808, to serve five-year terms. By AL 1948-E, SDG&E is re-nominating Mr. Pratt, for the fourth time, to continue serving as a non-affiliated Committee member for an additional five-year term, beginning on July 1, 2008 through June 30, 2013. Mr. Pratt has indicated his willingness to serve on the Committee if confirmed by the Commission as shown in his Declaration dated November 16, 2007, attached to the advice letter. As required by the trust agreements, the SDG&E Board of Directors, on September 25, 2007, confirmed Mr. Pratt's nomination.

The statement of Mr. Pratt's qualifications attached to the advice letter shows that he is the principal partner in Pratt Consultants firm. For the two years leading to 2007 he served as Deputy Director for the Woodstock Job Corps Center and Woodland Job Corps Center where he was responsible for program management, operation, and staff supervision of the education, vocational training and job placement programs. Prior to that, for five years, 2000 - 2004, he was appointed by Governor Gray Davis as Director of the California Conservation Corps. The Corps is a statewide youth development, career

training and education program using environment preservation, conservation, and emergency response activities conducted by young adults 18 – 24 years of age. In the past Mr. Pratt has also served as the Chief Executive Officer of the Urban Corps of San Diego, on the California Coastal Commission, and other city and state governmental offices.

Mr. Pratt is an attorney. He received his Juris Doctorate from the University of San Diego School Of Law in 1979.

In his Declaration, Mr. Pratt states that he has no SDG&E or Sempra Energy stocks or securities, is not a residential utility customer, employee, officer, or agent of SDG&E, and has no current or past relationships with SDG&E that could reasonably be perceived as creating a conflict of interest with his acting independently in the Trust's best interests.

We believe that Mr. Pratt has demonstrated independence, competence, and integrity during his service on the Committee. As a non-affiliated Committee member he will represent the ratepayers and the public, who are intended to be the ultimate beneficiaries of the trusts, for an additional five-year term.

We note that the trust agreements in Article 3.06 state:

Each committee member who is not an employee, officer, director, or otherwise an agent of the company shall be entitled to reasonable fees and/or compensation for their services hereunder. At the time a nominee's name is furnished to the CPUC, the company shall furnish to the CPUC a statement in writing setting forth all proposed fee and/or compensation agreements with such nominee. The fee and/or compensation arrangements shall be subject to approval of the CPUC.

SDG&E, in AL 1948-E, proposes to continue the current fee arrangements for the present outside members of the Committee as approved in D. 07-01-003, dated January 11, 2007, which is \$12,000 per annum retainer, plus \$500 for each meeting attended, and reimbursement of reasonable expenses. Having determined the remunerations to be reasonable previously, we do not object to them at this time and will allow them to continue.

## **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code Section 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

## **FINDINGS**

1. SDG&E filed AL 1948-E on November 27, 2007 requesting confirmation of H. Wesley Pratt to its committees of nuclear decommissioning trust funds.
2. In D. 87-05-062 the Commission required externally managed trust funds to finance the decommissioning of nuclear power plants.
3. The Trust Agreements authorized in Resolution E-3060 provide that a Committee shall direct and manage the trusts and perform all duties, including the appointment of trustees and investment managers and the execution of whatever contracts, agreements, or other documents it deems necessary to manage and invest such assets.
4. The Trust Agreements require that SDG&E nominate the outside members of the Committee and submit their names to the Commission for confirmation.
5. Mr. Pratt is well qualified and willing to continue to serve on the Committee for another five-year term ending on July 1, 2013.
6. The fee and compensation arrangements currently applicable to non-company Committee members were established in D. 07-01-003, dated January 11, 2007, and should continue to apply to the reappointment of Mr. Pratt.
7. There is no opposition to AL 1948-E.
8. Mr. Pratt's nomination should be confirmed.

**THEREFORE IT IS ORDERED THAT:**

1. The nomination of H. Wesley Pratt to serve as a non-company member of San Diego Gas and Electric Company's [SDG&E] Nuclear Facilities Decommissioning Master Trust Committee [Committee] for a five-year term, starting on July 1, 2008 is approved.
2. The current fee and compensation arrangements for non-company members of SDG&E's Committee as approved in D. 07-01-003, dated January 11, 2007, shall continue until revised through the process set forth in the Trust Agreements.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 10, 2008; the following Commissioners voting favorably thereon:

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Paul Clanon  
Executive Director