

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4042
December 14, 2006

R E S O L U T I O N

Resolution E-4042. Southern California Edison Company [Edison] requests confirmation of the appointment of G. Timothy Haight to the Committee of its Nuclear Decommissioning Trust Funds [Committee].

Request approved with modifications.

By Advice Letter 2042-E filed on September 14, 2006.

SUMMARY

Edison's nomination of Haight is approved, with a modification.

This Resolution confirms the immediate appointment of G. Timothy Haight to the Committee of Edison's Nuclear Decommissioning Trust Funds for a period ending on May 23, 2008.

BACKGROUND

The Commission opted for externally managed trust funds to accrue nuclear decommissioning trust funds.

In Order Instituting Investigation 86, the Commission conducted an investigation into methods of financing the cost of decommissioning California's investor owned nuclear power plants. 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.

The Committee's non-affiliated members must be confirmed by the Commission.

On November 25, 1987, Edison's trust agreements [Trusts] were approved by the Commission in Resolution E-3057. Two trust agreements were required; one for the decommissioning funds which qualify for an income tax deduction under

Section 468A of the Internal Revenue Code [Qualified Trust] and another for the remaining funds [Non-qualified Trust].

The Committee managing the Trusts consists of five members nominated by Edison's management and confirmed by the board. Only two members of the Committee may be affiliated with Edison. The three outside members are to be confirmed by the Commission and serve terms of *five* years. The Committee is responsible for investing the Trusts' assets, directing and managing the Trusts, including the appointment of trustees and investment managers and the execution of whatever contract, agreements, or other documents it deems necessary in the course of its duties.

Haight to serve for the remaining term of Siart.

There is a vacancy on the Committee due to the resignation of William E. B. Siart on March 10, 2006. To fill this vacancy, Edison is nominating Mr. Haight as a non-company affiliated member of the Committee, but for a full five-year term.

Edison's Board of Directors, on September 7, 2006, approved the nomination of Mr. Haight to the Trusts' Committee.

NOTICE

Edison mailed copies of AL 2042-E to parties listed in that advice letter in accordance with General Order 96A. Notice of the advice letter appeared on Commission's Daily Calendar.

PROTESTS

Advice Letter 2042-E was not protested.

DISCUSSION

Haight has no conflict of interest

G. Timothy Haight has indicated his willingness to serve on the Committee if confirmed by the Commission as shown in his declaration dated September 14, 2006 attached to AL 2042-E as Appendix A. He also states that he has reviewed the requirements and restrictions on the Committee members not affiliated with

Edison, as contained in the trust agreement for each of the funds. He indicates that he owns no Edison stock or securities, is not an agent of Edison, and has no financial or other interests that will conflict with the discharge of his duties as a Committee member.

Haight has outstanding financial management background

The statement of Mr. Haight's qualifications, also attached to the advice letter, states that since 1998 he has been the Dean of College of Business and Economics at California State University, Los Angeles. In this capacity, he is responsible for the management of some 100 faculty and staff and oversight of \$12 million budget for the college. Prior to that Haight was the Chairman, Department of Finance, Towson University, Baltimore, Maryland for six years in the 1990s. Outside academics, Mr. Haight has been on Board of Directors of several companies and has held editorial positions with business publications.

Mr. Haight earned a Doctorate in Business Administration from George Washington University in 1980 with concentration in Finance.

The Energy Division has reviewed Mr. Haight's qualifications and professional background and finds his capabilities and accomplishments impressive.

Haight is suitable for the nominated position

The Energy Division believes that Mr. Haight could be counted on to demonstrate independence, competence, and integrity while serving on the Committee. As a non-affiliate Committee member, he should be able to represent the ratepayers and the public who are intended to be the ultimate beneficiaries of the Trusts.

Mr. Haight's tenure on the Committee

Mr. Haight's nomination is for the vacancy created on March 10, 2006 by the resignation of Mr. William E. B. Siart, a non-affiliate Committee member. Mr. Siart was confirmed by Decision 03-05-046 dated May 22, 2003 for a five year term ending on May 23, 2008. Edison, however, requests a full five-year term for Mr. Haight.

In the past, the Commission has filled vacancies created by resignation or death of a Committee member, for the remainder of their terms. To be consistent with our past practice, we will consider Mr. Haight's nomination only for the

remaining term of Mr. Siart which ends on May 23, 2008, and not for the full five year period as requested in AL 2042-E.

The Energy Commission recommends approval of Mr. Haight to serve the remaining term of Mr. Siart.

Current compensation arrangements are adequate

The Energy Division notes that the Trust Agreements, in Article 3.06, state

Each Committee member who is not an employee, officer, 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 arrangements with such nominee. The fee and/or compensation arrangements shall be subject to approval by the CPUC.

Edison's proposed fee for the nominee is the arrangement approved in D.88-03-077, dated March 23, 1988, which is \$8,000 per annum, plus \$500 per meeting, and reimbursement of reasonable expenses. As the Commission has explicitly determined the compensation arrangement reasonable, the Energy Division sees no reason to object to them at this time and will allow them to continue.

The Trusts require a minimum of four members to constitute a quorum. To avoid possible inability to take effective action without fourth member, it is important that Mr. Haight be confirmed without undue delay.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested with a slight modification. Edison has stated that it will not contest the modification.

FINDINGS

1. Edison filed AL 2042-E on September 14, 2006 requesting confirmation of G. Timothy Haight to its Committee of nuclear decommissioning trust funds, replacing William E. B. Siart who resigned on March 10, 2006.

2. In D.87-05-062 the Commission required externally managed trust funds to finance the decommissioning of nuclear power plants.
3. Edison's Trust agreements, approved by Resolution E-3057 dated November 25, 1987, 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 the Trusts' assets.
4. The Trust agreements require that Edison nominate the outside [non-company] members of the Committee and submit their names to the Commission for confirmation.
5. Mr. Haight is well qualified and willing to serve on the Committee.
6. The fee and compensation arrangements currently applicable to non-company Committee members were established in D. 88-03-077, dated March 23, 1988, and should continue to apply to the appointment of Mr. Haight.
7. There is no opposition to AL 2042-E.
8. Haight's nomination should be confirmed for the remaining term of Mr. Siart which ends on May 23, 2008.

THEREFORE IT IS ORDERED THAT:

1. The nomination of G. Timothy Haight to serve as a non-company member of Southern California Edison Company's Nuclear Facilities Decommissioning Master Trust Committee for a term starting immediately and ending on May 23, 2008 is hereby approved.
2. The current fee and compensation arrangements for non-company members of Edison's Committee members as approved in Decision 88-03-077, dated March 23, 1988 shall continue until revised through the process set forth in the Trust Agreement.

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 December 14, 2006; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners