

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

I.D.# 7768

RESOLUTION E-4172

July 31, 2008

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

**Resolution E-4172. Pacific Gas and Electric Company [PG&E] requests confirmation of the appointment of Susan S. Muranishi to serve on its Committee of Nuclear Decommissioning Trust Funds. Request approved with modification.**

**By Advice Letter [AL] 3252-E, filed on April 18, 2008.**

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**SUMMARY**

**PG&E's nomination of Ms. Muranishi is approved.**

This Resolution confirms the appointment of Susan S. Muranishi [Ms. Muranishi] to serve a five year term on PG&E's Nuclear Facilities Decommissioning Master Trust Committee [the Committee] starting July 31, 2008.

**BACKGROUND**

**The California Public Utilities Commission [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 non-affiliated members of the Committee managing the trusts must be confirmed by the Commission.**

On November 25, 1987, PG&E's two Nuclear Facilities Decommissioning Master Trust Agreements [Trusts] were approved by the Commission in Resolution E-3048. 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 one for the remaining funds [Non-Qualified Trust].

The Committee managing the Trusts consists of **five** members nominated by PG&E's management and confirmed by its board. No more than two members of the Committee may be affiliated with PG&E. The three members from outside of the company 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 contracts, agreements, or other documents it deems necessary in the course of its duties.

By this filing, PG&E is requesting the Commission confirmation of Ms. Muranishi as a Committee member not affiliated with PG&E, in accordance with the provisions of the Trusts. The nomination of Ms. Muranishi to serve for five years has been confirmed by PG&E's Board of Directors on April 16, 2008.

### **NOTICE**

PG&E mailed copies of AL 3252-E to parties listed in the advice letter in accordance with General Order 96A. Notice of AL 3252-E appeared on the Commission's Daily Calendar.

### **PROTESTS**

AL 3252-E was not protested.

### **DISCUSSION**

#### **Ms. Muranishi has no conflict of interest.**

If Ms. Muranishi is confirmed by the Commission, she will fill a vacancy created by the departure of Gail P. Seneca who elected not to be reappointed at the expiration of her term on November 17, 2007.

Ms. Muranishi has indicated her willingness to serve on the Committee if confirmed by the Commission as shown in her declaration dated April 18, 2008 attached to the advice letter. She has stated that she has reviewed, and is in

compliance with, the requirements and restrictions on the Committee members not affiliated with PG&E, as contained in the trust agreements for each of the funds. She indicates that she owns no PG&E stocks or securities, except possibly indirectly through a mutual fund, is not an employee, officer, director, or otherwise an agent of PG&E, and has no financial interests that will conflict with the discharge of her duties as a Committee member. She also indicates that her son is employed by PG&E as a regulatory analyst which, in her opinion, will cause no conflict of interest for her.

**Ms. Muranishi's work experience and educational background.**

Ms. Muranishi's qualifications, as set forth in the Attachment to AL 3252-E, indicate that she is at present the Alameda County Administrator, appointed by the Alameda County Board of Supervisors in December 1995. In this position she is responsible for the management of a large urban county with a population of 1.5 million with over 9,000 county employees and \$2.3 billion budget. Included among her diversified duties are budget planning and implementation, risk management, and debt financing. She has been working with the Alameda County in various capacities since 1975. Ms. Muranishi is a Member of the Board of Directors and Advisory Boards of numerous organizations and recipient of distinguished awards and honors. Her BA degree in Social Sciences is from the University of California, Berkeley.

**Ms. Muranishi is suitable for the nominated position.**

The Energy Division has reviewed Ms. Muranishi's qualifications and professional background and the Commission finds her capabilities and accomplishments impressive and relevant to the intended position.

The Commission further concludes that Ms. Muranishi could be counted on to demonstrate independence, competence, and integrity while serving on the Committee. As a non-affiliated Committee member she should be able to represent the ratepayers and the public, who are intended to be the ultimate beneficiaries of the Trusts.

**Ms. Muranishi's starting date.**

PG&E has requested May 19, 2008 for the start of Ms. Muranishi's term. We will consider Ms. Muranishi's nomination for a full five year term to start on July 31, 2008, the effective date of this resolution. The Energy Division recommends approval of Ms. Muranishi to serve on the Committee for the five year term July 31, 2008 through July 31, 2008.

**Current compensation arrangements are adequate.**

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.

PG&E's proposed fee for the nominee is the arrangement 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. As the Commission has explicitly determined the compensation arrangement reasonable, the Commission sees no reason to object to them at this time and will allow them to continue.

**PG&E should make timely nominations to the Committee.**

We are concerned about the long term vacancies created at the Committee lately. In Resolution E-3931, dated May 26, 2005, Finding of Fact 6, the Commission found that PG&E should establish an effective tracking system for timely submission of nominations for the Committee's vacancies to avoid future oversights. This finding was made then because PG&E was *a year late* in filling a vacancy at the time; it had left the position open for a whole year leaving the Committee without the benefit of a plenum.

In the present case, PG&E did not submit its request to fill a vacancy until *five* months after the vacancy developed on November 18, 2007.

PG&E's tracking system needs to improve so that Committee vacancy time is reduced or eliminated. PG&E should be approaching Committee members months before their terms are about to expire to ascertain their intention to continue. By engaging the Committee members earlier, PG&E will have more time to find and select a replacement candidate and prepare an advice letter filing before the time the vacancy occurs.

We are concerned that PG&E's Decommissioning Trusts Committee is not having the benefit of full membership consultation over lengthy periods of time because of the delays in filling Committee vacancies. Therefore we will *require* that PG&E discuss with Committee members whose terms are about to expire their intentions to be re-nominated or not at least **six** months prior to the vacancy date and to secure an answer from the Committee member within one month of the initial discussion to insure adequate time for search and selection of a replacement candidate if a vacancy is expected. In any event, PG&E should submit an advice letter to the Commission in sufficient time so that there need not be any vacancy on the Committee. This process will allow for full membership of the Committee all year round.

### **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested, albeit with modifications. PG&E, the only party to this proceeding, has agreed to the starting date of Ms. Muranishi's term of July 31, 2008 and stipulated to a shortened comment period. Accordingly, pursuant to PU Code Section 311(g) (2), the otherwise applicable 30-day period for public review and comment is being reduced.

### **FINDINGS**

1. PG&E filed AL 3252-E on April 18, 2008 requesting confirmation of Susan S. Muranishi to its committee 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-3048 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 PG&E nominate the outside members of the Committee and submit their names to the Commission for confirmation.

5. Ms. Muranishi is well qualified and willing to serve on the Committee.
6. Ms. Muranishi has no conflict of interest that would prevent her from serving as an independent member of the Committee.
7. PG&E should be required to start the process for filling upcoming vacancies on the Committee at least six months beforehand to ensure a full plenum.
8. The fee and compensation arrangements currently applicable to non-company Committee members were established in D.07-01-003 and should continue to apply to the appointment of Ms. Muranishi.
9. There is no opposition to AL 3252-E.
10. The nomination of Ms. Muranishi should be approved for a five year term starting July 31, 2008 through July 31, 2013.

**THEREFORE IT IS ORDERED THAT:**

1. The nomination of Susan S. Muranishi to serve as non-company member of Pacific Gas and Electric Company's [PG&E] Nuclear Facilities Decommissioning Master Trusts Committee for a term of five years starting July 31, 2008 and ending July 31, 2013 is hereby approved.
2. The current fee and compensation arrangements for non-company members of PG&E's Nuclear Facilities Decommissioning Master Trusts Committee as approved in D. 07-01-003 shall continue until revised through the process set forth in the Trust Agreement.
3. PG&E shall start discussing with potential outgoing Committee members, whose terms are about to expire, their intention to be re-nominated or not at least six months prior to the vacancy date and to secure an answer from the Committee member within one month of the initial discussion. PG&E shall use the remaining time to search for and select a replacement candidate if a vacancy is expected and, in any event, to submit an advice letter to the

Commission in sufficient time so that there need not be any vacancy on the Committee.

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 July 31, 2008; the following Commissioners voting favorably thereon:

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Paul Clanon  
Executive Director

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 15, 2008

I.D. # 7768  
RESOLUTION E-4172  
July 31, 2008

TO: PARTIES TO PG&E ADVICE LETTER **3252-E**

Enclosed is draft Resolution **E-4172** of Energy Division. It is in response to PG&E AL 3252-E and will appear on the agenda at the next Commission meeting held 15 days after the date of this letter. The Commission may vote on this Resolution at that time or it may postpone a vote until a later meeting. When the Commission votes on a draft resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

All comments on the draft Resolution are due by **July 22, 2008**. Comments shall be served on parties as outlined below.

1. An original and two copies, along with a certificate of service to:  
Honesto Gatchalian  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102
2. Parties described above [attached]
3. Massis Galestan  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [mgm@cpuc.ca.gov](mailto:mgm@cpuc.ca.gov)

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the proposed draft Resolution.

Replies to comments on the draft resolution may be filed [i.e., received by the Energy Division] on **July 28, 2008**, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed five pages in length and shall be filed and served as set forth above for comments.

Late submitted comments or replies will not be considered.

An accompanying declaration under penalty of perjury shall be submitted setting forth all the reasons for the late submission.

Please contact me at 415-703-1760 if you have questions or need assistance.  
Sincerely,

Massis Galestan  
Energy Division  
California Public Utilities Commission

Enclosure: Service List  
Certificate of Service

Service List to PG&E Advice Letter 3252-E  
July 15, 2008

Brian K. Cherry  
Pacific Gas and Electric Company  
Mail Code B10C  
P.O.Box 770000  
San Francisco, CA 94177  
[BKC7@pge.com](mailto:BKC7@pge.com)

**CERTIFICATE OF SERVICE**

I certify that I have by electronic mail this day served a true copy of Draft Resolution E-4172 on all parties on the service list for PG&E AL 3252-E or their attorneys as shown on the attached list.

Dated July 15, 2008 at San Francisco, California.

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Massis Galestan

**NOTICE**

Parties should notify the

Energy Division,  
Public Utilities Commission,  
505 Van Ness Avenue, Room 4002  
San Francisco, CA 94102

of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.