PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-4288**
February 25, 2010

R E S O L U T I O N

Resolution E-4288. Southern California Edison Company [SCE]. PROPOSED OUTCOME: This Resolution grants SCE's request to confirm its nominee, Aulana L. Peters, to the Committees of its Nuclear Decommissioning Trust Funds for a five year term starting on February 11, 2010.

ESTIMATED COST: None

By Advice Letter 2382-E, filed on September 16, 2009.

SUMMARY

By this Resolution we authorize SCE's re-appointment of Aulana L. Peters as a member of its two nuclear decommissioning trust fund Committees (Committees), for a five year term starting on February 11, 2010.

BACKGROUND

Externally managed trusts act as the medium for accruing nuclear decommissioning funds.
In its Order Instituting Investigation No. 86, dated January 21, 1981, the Commission conducted an extensive investigation into the alternative methods of financing the cost of decommissioning nuclear power plants owned by the California utilities. In Decision [D.] 87-05-062, the Commission adopted externally managed *trust funds* as the investment vehicles for accruing funds for the ultimate decommissioning of the nuclear power plants owned by the California utilities. In that decision, the Commission also established guidelines for preparing these *trust agreements*. The trust agreements have been amended and restated from time to time thereafter with the Commission's approval.

There are two Nuclear Trust Committees at SCE.
In response to D.87-05-062, SCE established two trust funds; one to hold contributions that *qualify* for an income tax deduction under Section 468A of the

Internal Revenue Code [qualified trust], and another to hold the remaining funds [non-qualified trust]. On November 25, 1987, in Resolution E-3057, the Commission approved SCE's two nuclear decommissioning master trust agreements [trust agreements]. There is one Committee for each of the two trust agreements. One Committee is for the qualified trust agreement and the other for the non-qualified trust agreement. The same individuals are members of both Committees. The Committees consist of five members nominated by SCE, no more than two of whom may be affiliated with SCE. The three members from outside of the company [non-company members] are to be confirmed by the Commission. In the instant AL 2382-E, SCE is nominating and seeking the required Commission confirmation for Ms. Peters as a non-SCE member of the Committees.

Peters' Tenure at the Committees.
The trust agreements provide that the Committees members be nominated by company management and approved by the Board of Directors. SCE's Board approved Ms. Peters' nomination in its September 3, 2009 meeting. Her five year term is to start on February 11, 2010 and run through February 10, 2015.

NOTICE

Notice of AL 2382-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

SCE's AL 2382-E was not protested.

DISCUSSION

This is Ms. Peters' third nomination to serve on the Committees.
Ms. Peters will have served two 5-year terms on the Committees by February 10, 2010, when her current term ends. She has indicated her willingness to serve on the Committees if confirmed by the Commission, as shown in her declaration dated September 6, 2009 attached to the advice letter. In that declaration she states that she has reviewed the requirements and restrictions on the Committees members not affiliated with SCE, as contained in the trust agreement for each of the funds.

Ms. Peters has no conflict of interest.
Ms. Peters indicates in her declaration that she owns no SCE stocks or securities, is not an employee, officer, director, or otherwise an agent of SCE, and has no financial interests that will conflict with the discharge of her duties as a Committees member.

Ms. Peters is suitable for the nominated position.
Aulana Peters is presently one of the three non-company members. Her qualifications, as set forth in AL 2382-E, indicate that she joined the securities litigation law firm of Gibson, Dunn & Crutcher [GD&C] as an associate in 1973 and was named a partner in the firm in 1980. She continued in the practice of law until 198**4**, when she accepted an appointment as Commissioner of the United States Securities and Exchange Commission. In 198**8** she returned to the private practice of law from which she retired in December 2000.

From January 1, 2001 to March 31, 2002, Ms. Peters was a member of the Public Oversight Board Panel of the American Institute of Certified Public Accountants.

Ms. Peters is retired from GD&C, and is listed as an 'Advisory Partner' in its publication materials. She is also a director of Deere & Company, Northrop Grumman Corporation, and 3M Company. She has an undergraduate degree in Philosophy from the College of New Rochelle, New York, and in 1973 earned a Juris Doctorate, cum laude, from the University of Southern California.

Energy Division recommends Ms. Peters for another 5 year term.
The Energy Division has reviewed Ms. Peters' qualifications and finds them more than sufficient. Given her qualifications and past service on the Committees, Energy Division recommends Commission approval of her appointment.

SCE states that their dealings with the law firm GD&C, in fees for services performed, have been less than $5,000 in 2009. Since Ms. Peters was listed as an advisory council for GD&C in 2009 and is a director of Deere & Company, Northrop Grumman Corporation, and 3M Company, we require that she not participate in the Committees' decisions that in any way involve those four companies.

Fee and compensation arrangements are adequate.
The latest fee and compensation arrangements were approved in D.07-01-003 dated January 11, 2007. They are: a retainer of $12,000 per annum, $500 for attending each Committee meeting, and reimbursement of reasonable expenses. SCE proposes that the current fee and compensation arrangements be continued for Ms. Peters. Having determined previously that the fee and compensation arrangements were reasonable, we see no reason to change 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 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. SCE filed AL 2382-E on September 16, 2009 requesting confirmation of Aulana L. Peters to its Committees of nuclear decommissioning trust funds.

2. In D.87-05-052 the Commission required externally managed trust funds to finance the decommissioning of nuclear power plants.

3. Resolution E-3057 approved SCE's two nuclear decommissioning master trust agreements. The trust agreements require that SCE nominate the outside members of the Committees and submit their names to the Commission for confirmation.

4. Aulana Peters is well qualified for the intended position and willing to serve on the Committees.

5. Ms. Peters is presently on Board of Directors of Deere & Company, Northrop Grumman Corporation, and 3M Company. She's also a retired partner of the law firm Gibson, Dunn, and Crutcher.

6. Ms. Peters has no conflict of interest that would prevent her from serving as an independent member of the Committees.

7. While serving on the Committees, Peters should not participate in the Committees' decisions involving Gibson, Dunn & Crutcher LLP, or companies in which she serves as a board member or in any other capacity.

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. Peters.

9. There is no opposition to AL 2382-E.

10. The nomination of Ms. Peters should be approved for a five year term starting February 11, 2010.

THEREFORE IT IS ORDERED THAT:

1. Southern California Edison Company's request, in AL 2382-E, for confirmation of its nominee Aulana L. Peters to the Committees of its Nuclear Decommissioning Trust Funds for a term of five years starting on February 11, 2009 is hereby approved.

2. The current fee and compensation arrangements for non-company Committee members shall continue until revised through the process set forth in the nuclear decommissioning master trust agreements.

3. While serving on the Committees, Peters shall not participate in the Committees' decisions involving Gibson, Dunn & Crutcher LLP, or companies in which she serves as a board member or in any other capacity.

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 February 25, 2010; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners