

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4337
June 24, 2010

R E S O L U T I O N

Resolution E-4337. San Diego Gas & Electric Company [SDG&E] requests confirmation of Donna J. Weston to serve on the Nuclear Decommissioning Master Trust Funds Committee.

ESTIMATED COST: None

By Advice Letter 2158-E filed on March 30, 2010.

SUMMARY

SDG&E's nomination of Donna J. Weston is approved.

This Resolution confirms the *re*appointment of Donna J. Weston to serve on SDG&E's Nuclear Facilities Decommissioning Master Trust Committee [Committee] for an additional five-year term, starting on July 6, 2010.

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 the 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 to hold the decommissioning funds from contributions which 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].

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

By Resolution E-3060 dated November 25, 1987, the Commission approved SDG&E's Master Trust Agreements. The Trusts were initially funded in December 1987. Under the Trust Agreements, the Committee, consisting of five members nominated by SDG&E's management and confirmed by its Board of Directors, is responsible for 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 to manage and invest the Trusts' assets. Three of the five Committee members must be from outside and non-affiliated with SDG&E. The Trust Agreements further provide that the three members not affiliated with SDG&E be confirmed by the Commission and shall serve terms of five years.

The nomination of Ms. Weston to serve for another five-year term starting on July 6, 2010 has been confirmed by SDG&E's Board of Directors on March 29, 2010.

NOTICE

SDG&E mailed copies of AL 2158-E to parties listed in the Advice Letter in accordance with General Order 96A. Notice of the Advice Letter appeared on the Commission's Daily Calendar.

PROTESTS

AL 2158-E was not protested.

DISCUSSION

This will be Ms. Weston's fourth nomination.

This is the fourth time Ms. Weston is being nominated by SDG&E. She was nominated three times before, and confirmed by the Commission in D.94-09-049, and Resolutions E-3679 and E-3916 to serve three five-year terms. By this advice letter, SDG&E is re-nominating Ms. Weston to continue serving as a non-affiliated Committee member for its Trusts for an additional term of five years. Ms. Weston has indicated her willingness to serve on the Committee if confirmed

by the Commission as shown in her Declaration dated March 23, 2010, attached to the advice letter.

Weston has outstanding financial management background.

The statement of Ms. Weston's qualifications attached to AL 2158-E shows that she is currently Senior Vice President and Chief Financial Officer of the Scripps Research Institute, a non-profit biomedical research entity. She joined the Institute in 1992 and is responsible for internal and external financial reporting, budgeting, and controls. From 1984 to 1992, Weston was with Scripps Clinic serving as Vice President [1988] and Chief Financial Officer [1991], responsible for its investment portfolio and financial reporting and controls.

Weston was an Audit manager for Deloitte, Haskins and Sells from 1977 to 1984, managing audit services for clients in the construction and real estate industries, financial and mortgage banking institutions, and health care providers.

Ms. Weston earned an M.B.A degree from San Diego State University in 1977. She is a Certified Public Accountant.

Weston has no conflict of interest.

The attachment to AL 2158-E notes that Ms. Weston has no current or past relationship with SDG&E that could reasonably be perceived as creating a conflict with her acting independently in the Trusts' best interest.

Weston is suitable for the nominated position.

The Energy Division believes that Ms. Weston has demonstrated independence, competence, and integrity during her service on the Committee. As a non-affiliated Committee member, she will be able to represent the ratepayers and the public who are intended to be the ultimate beneficiaries of the Trusts. Consequently, the Energy Division recommends approval of Ms. Weston's appointment for an additional five year term starting on July 6, 2010.

Current compensation arrangements are adequate.

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 arrangements with such nominees. The fee and/or compensation arrangements shall be subject to approval of the CPUC.

SDG&E, in its AL 2158-E proposes to continue the current fee arrangement for its outside Committee member, i.e., a retainer of \$12,000 a year, \$500 for attending each Committee meeting, and reimbursement of reasonable expenses, as approved in D.07-01-003 dated January 11, 2007. Having determined 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 Section 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. SDG&E filed AL 2158-E on March 30, 2010 requesting confirmation of Donna J. Weston 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. Ms. Weston is well qualified and willing to continue to serve on the Committee.

6. The latest fee and compensation arrangements applicable to non-company Committee members were established in D.07-01-003 and should continue to apply to the appointment of Ms. Weston.
7. There is no opposition to AL 2158-E
8. Ms. Weston's nomination should be confirmed.

THEREFORE IT IS ORDERED THAT:

1. The nomination of Donna J. Weston to serve as a non-company member of San Diego Gas & Electric Company's Nuclear Facilities Decommissioning Master Trusts Committee for a term of five years starting on July 6, 2010 is hereby approved.
2. The current fee and compensation arrangements, as approved in D.07-01-003, 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 June 24, 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

