

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4148

February 14, 2008

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

**Resolution E-4148. Southern California Edison Company [SCE] requests confirmation of the *reappointment* of G. Timothy Haight to the Committee of its Decommissioning Trust Funds [Committee].**

**Request approved.**

**By Advice Letter 2178-E filed on November 5, 2007.**

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**SUMMARY**

**SCE's renomination of Haight is approved.**

This Resolution confirms the renomination of G. Timothy Haight to the Committee of SCE's Nuclear Decommissioning Trust Funds for a period of five years ending on May 23, 2013.

**BACKGROUND**

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

**Non-affiliated Committee members must be confirmed by the Commission.**

On November 25, 1987, SCE'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 468 of 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 SCE's management and confirmed by its board of directors. Only two members of the Committee may be affiliated with SCE. 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 contracts, agreements, or other documents it deems necessary in the course of its duties.

### **Haight is being re-nominated by SCE's Board**

Haight is currently filling a vacancy on the Committee due to the resignation of William E. B. Siart on March 10, 2006. Haight's current term, approved by Resolution E-4042, will expire on May 23, 2008.

SCE's Board of Directors, on October 25, 2007, approved the renomination of Mr. Haight to the Trusts' Committee.

### **NOTICE**

SCE mailed copies of AL 2178-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 2178-E was not protested.

### **DISCUSSION**

#### **Haight has no conflict of interest**

G. Timothy Haight has already served on the Committee for a year replacing another member who resigned before his term was over. He has indicated his willingness to continue to serve on the Committee if confirmed by the Commission as shown in his declaration dated November 1, 2007 attached to AL 2178-E as Appendix A. He also states in the declaration that he has reviewed the requirements and restrictions on the Committee member not affiliated with SCE, as contained in the trust agreement, for each of the funds. He indicates that he owns no SCE stock or securities, is not an agent of SCE, 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 Haight's qualifications, also attached to AL 2178-E states that since December of 2006 he has been the President of Menlo College, Atherton, California. Prior to that [1998 – 2006] he was the Dean of College of Business and Economics at California State University, Los Angeles, where he was responsible for the management of some 100 faculty and staff and oversight of \$12 million budget for the college. For a period of six years in the 1990s he was the Chairman, Department of Finance, Towson University, Baltimore, Maryland. Outside of academics, Mr. Haight has been on the board of directors of several companies and has held editorial positions with business publications.

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

**Haight is suitable for the nominated position**

The Energy Division has reviewed Haight's qualifications and professional background and finds his capabilities and accomplishments impressive and relevant to the intended position.

The Energy Division believes that 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.

The Energy Division recommends approval of Mr. Haight to serve on the Committee for the five year term May 23, 2008 through May 22, 2013.

**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.

SCE'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 Energy Division sees no reason to 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 311(g) (2), the otherwise 30-day period for public review and comment is waived.

### **FINDINGS**

1. SCE filed AL 2178-E on November 5, 2007 requesting confirmation of G. Timothy Haight to its Committee of nuclear decommissioning trust funds for a second time.
2. In D.87-05-062 the Commission required externally managed trust funds to finance the decommissioning of nuclear power plants.
3. SCE'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 SCE nominate the outside [non-company] members of the Committee and submit their names to the Commission for confirmation.

5. Mr. Haight has already served a year on the Committee, replacing another member who resigned. He is well qualified and willing to continue serving on the Committee.
6. The fee and compensation arrangements currently applicable to non-company Committee members were last established in D.07-01-003 dated January 11, 2007, and should continue to apply to the appointment of Mr. Haight.
7. There is no opposition to AL 2178-E.
8. Haight's nomination should be confirmed for a five year term starting on May 23, 2008 through May 22, 2013.

**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 five year term, May 23, 2008 through May 22, 2013, is hereby approved.
2. The current fee and compensation arrangements for non-company members of the Committee members as approved in D.07-01-003, dated January 11, 2007, 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 February 14, 2008; the following Commissioners voting favorably thereon:

/s/ Paul Clanon  
Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
PRESIDENT  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners