

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
EDISON COMPANY for an Order Confirm-)
ing Edison's appointments of three) Application 88-02-043
Noncompany Nominees to their Nuclear) Filed February 23, 1988
Decommissioning Trust Fund Committee)
for Qualified and NonQualified Trust)
Funds.)
(U 338-E))
)

O P I N I O N

Summary of Decision

This decision grants Southern California Edison Company (Edison) the authority requested in its application that the Commission confirm the appointment of three noncompany members to its nuclear decommissioning trust fund management committee (Committee). Edison has two Master Trust Agreements (Trusts) for its ownership interests in six nuclear units, three at the San Onofre Nuclear Generating Station (SONGS) and three at the Palo Verde Nuclear Generating Station (Palo Verde). Further information on these units and their decommissioning costs included in rates are in Decisions 87-11-023 and 87-12-066.

On November 25, 1987 Edison's Trusts were approved by this Commission in Resolution E-3057. As a part of that approval, Edison was required to appoint three members from outside of the company to membership on the Trusts' Committees. By this application Edison seeks the required Commission confirmation of three persons who will serve on a joint committee for both Trusts. These appointments have been reviewed by the Commission

Advisory & Compliance Division (CACD) and it concurs in Edison's appointments. Notice of the filing of the application appeared on the Commission's Daily Calendar of February 26, 1988. No protests have been received.

Edison, a California corporation, operates as a public utility under the jurisdiction of this Commission. Edison generates, purchases, transmits, distributes and sells electric energy in portions of Central and Southern California.

Description of the Authority

The application indicates the purpose of the application is to confirm the noncompany members to a combined trust Committee. The three are Robert A. dePalma, Stafford R. Grady and E. Eric Johnson. In addition, as provided in the Trusts, Edison is appointing as Company members of the Committee Howard P. Allen, Chairman and Chief Executive Officer and John E. Bryson, Executive Vice President and Chief Financial Officer. All appointments are for the maximum term of five years although the Commission has the authority to remove any member, including company members, at any time.

The CACD has reviewed the information provided by Edison with this application and has also conducted personal interviews with the three noncompany nominees and recommends to the Commission that all three nominees merit confirmation noting that they are all well qualified and willing to serve. Edison has made a serious effort to obtain very competent and reliable

individuals who are willing to devote the time and effort necessary to help assure the success of the Trusts.

Edison proposes to compensate only the noncompany members of the Committee with annual fees of \$8,000 and \$500 per meeting. The CACD has reviewed this compensation and believes that it should be approved by the Commission. The CACD notes that these fees are consistent with those of Pacific Gas and Electric Company (PG&E) who will have similar sized trust funds and a little higher than San Diego Gas and Electric Company's (SDG&E), who will have far smaller trust funds.

Edison will also provide liability insurance for the noncompany members, most probably by an addition to its existing Directors and Officers liability insurance coverage. There is a risk of a disqualifying "self-dealing" between Edison and the Trusts if Edison were to bill the Trusts for the costs of insurance. Further, the Trusts could not deduct the costs. Therefore Edison proposes to pay the costs of insurance itself and to seek prospective recovery in its subsequent general rate proceedings. CACD recommends that Edison be placed on notice by this decision that the actual costs of insurance will be subject to review in a general rate proceeding and that this decision does not imply the acceptance of any specific cost of insurance. The CACD does recognize that some form of insurance or indemnification by Edison or the Trust would probably be necessary in order to obtain members from the public to serve on

the Committee.

The use of a joint Committee for the two Master Trusts has been considered by the CACD and it has no objections, noting that the fees and expenses will be allocated between the two trusts.

Findings of Fact

1. Edison, a California corporation, operates as a public utility subject to the jurisdiction of this Commission.

2. There is no known opposition and there is no reason to delay granting the authority ex parte, as requested.

3. Edison nominates Robert A. dePalma, Stafford R. Grady and E. Eric Johnson as the noncompany Committee members of the Nuclear Decommissioning Trust Committees for both the Qualified and Nonqualified Trusts.

4. The CACD has found dePalma, Grady and Johnson to be well qualified and willing to serve on the Committees.

5. Edison proposes fees of \$8,000 per year and \$500 per meeting for the noncompany Committee members with no compensation by the Trust of the two Edison officers on the Committees. These are consistent with PG&E and SDG&E fees.

6. Edison will provide insurance for the noncompany members of the Committee not associated with the company. Edison will provide the insurance without billing the trust to avoid self-dealing and will seek recovery in its subsequent general rate proceedings.

ORDER

IT IS ORDERED that:

1. Southern California Edison Company is authorized to appoint to its Nuclear Decommissioning Committees noncompany members as follows:

a. Robert A. dePalma, Stafford R. Grady, and E. Eric Johnson are confirmed to each serve a five year term as a noncompany member of Edison's Qualified and Nonqualified Nuclear Decommissioning Trust Committees.

b. The fees to noncompany members are reasonable as defined in this decision and require Commission authority to be altered. These fees are to be allocated between all of Edison's Nuclear Decommissioning Trusts.

2. This application is granted as set forth above.

This order becomes effective twenty days from today.

Dated March 23, 1988, at San Francisco, California.

Commissioner G. Mitchell Wilk being necessarily absent, did not participate.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

Victor Weiser
Victor Weiser, Executive Director

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Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The following order should be effective thirty (30) days after the date signed.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company is authorized to appoint to its Nuclear Decommissioning Committees noncompany members as follows:

- a. Robert A. DePalma, Stafford R. Grady, and E. Eric Johnson are confirmed to each serve a five year term as a noncompany member of Edison's Qualified and Nonqualified Nuclear Decommissioning Trust Committees.

- b. The fees to noncompany members are reasonable as defined in this decision and require Commission authority to be altered. These fees are to be allocated between all of Edison's Nuclear Decommissioning Trusts.

2. This application is granted as set forth above.

This order becomes effective thirty days from today.

Dated _____, at San Francisco, California.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The following order should be effective ~~thirty~~ (pp) twenty (20) days after the date signed.

ORDER

IT IS ORDERED that:

1. Southern California Edison Company is authorized to appoint to its Nuclear Decommissioning Committees noncompany members as follows:

a. Robert A. dePalma, Stafford R. Grady, and E. Eric Johnson are confirmed to each serve a five year term as a noncompany member of Edison's Qualified and Nonqualified Nuclear Decommissioning Trust Committees.

b. The fees to noncompany members are reasonable as defined in this decision and require Commission authority to be altered. These fees are to be allocated between all of Edison's Nuclear Decommissioning Trusts.

2. This application is granted as set forth above.

This order becomes effective ~~thirty~~ twenty days from today.

Dated MAR 23 1988 , at San Francisco, California.

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