

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Advisory Branch and
Accounting & Finance Branch

RESOLUTION E-3152
May 10, 1989

R E S O L U T I O N

RESOLUTION E-3152. Diablo Canyon Independent Safety Committee. Standards for compensation and accounting guidelines. (Compliance with Decision 88-12-083, Ordering Paragraph 1, dated December 19, 1988.)

SUMMARY

1. Pursuant to Appendix C, Attachment A, page 8 of Decision (D.) 88-12-083 dated December 19, 1988, this resolution establishes permissible compensation levels for members of the Diablo Canyon Independent Safety Committee, commensurate with fees Pacific Gas and Electric Company (PG&E) pays for similar services.
2. The Independent Safety Committee and its contractors shall keep accurate books, records, and accounts which shall be open to inspection and audit by the Commission Advisory and Compliance Division (CACD) and by PG&E.

BACKGROUND

1. In D.88-12-083, the Commission adopted a settlement agreement between PG&E, the Division of Ratepayer Advocates, and the Attorney General of the State of California. The settlement agreement included the establishment of an Independent Safety Committee, made up of persons with knowledge, background, and experience in the field of nuclear power facilities. The function, operation, and budget of the

committee, as approved in D.88-12-083, are summarized in Background paragraphs 2 through 7 below.

2. The committee is to review Diablo Canyon operations for the purpose of assessing the safety of operation and suggesting any recommendations for safe operation. Neither the committee nor its members has any responsibility or authority for plant operations, nor do they have authority to direct PG&E personnel.

3. The committee has the right to receive on a regular basis such of the following operating reports and records of Diablo Canyon as the committee may request. Such reports and records are to be provided quarterly as available:

- a. Automatic scrams while critical
- b. Significant events
- c. Safety system actuations
- d. Forced outage rate
- e. Collective radiation exposure
- f. Industrial safety loss time accident rate
- g. NRC public reports and evaluations of Diablo Canyon
- h. Such other reports pertinent to safety as may be produced in the course of operations and may be requested by the committee.

4. The committee also has the right to conduct an annual examination of the Diablo Canyon site. If the Committee requires additional information regarding a specific issue raised by the quarterly reports, the committee may request such information, and, upon proper notice to PG&E, conduct a site visit to investigate that issue.

5. The committee is to prepare an annual report, and such interim reports as it deems appropriate. These reports are to include any recommendations of the committee. The report is to be submitted first to PG&E, and PG&E is to respond in writing

within 45 days. PG&E's response is to be made part of the report, which is then submitted to the CPUC, the Governor and the Attorney General of the State of California, and the California Energy Commission. Any of these recipients may file a request pursuant to 10 CFR section 2.206 for the Director of Nuclear Reactor Regulation of the NRC to institute a proceeding to require PG&E to adopt any safety recommendation made by the committee.

6. The committee may contract for services, including the services of consultants and experts, to assist the committee in its safety review.

7. The fees (including compensation of committee members) and expenses of the committee and its contractors are not to exceed its annual budget. Members of the committee are to be compensated in an amount established by the CPUC, commensurate with fees PG&E pays for similar services. The fees (including compensation of committee members) and expenses of the committee and its contractors are to be paid by PG&E and included in PG&E's ordinary operating expenses established in PG&E general rate cases and recovered through base rates. The annual budget for the committee shall not exceed \$500,000 in the first year (through June 30, 1990); thereafter, the \$500,000 is to escalate at the same rate as the total price set for Diablo Canyon generation.

DISCUSSION

1. The committee's functions are similar in part to those performed by the persons who oversee PG&E's Nuclear Decommissioning Trust Funds, and in part to those performed by skilled technical consultants. These functions make it appropriate for the compensation of committee members to have three components: an annual retainer and payment for each committee meeting attended; an hourly fee for the member's time

spent in performance of committee duties; and reimbursement of expenses incurred in such performance.

2. PG&E pays persons overseeing its Nuclear Decommissioning Trust Funds an \$8,000 annual retainer and \$500 per meeting, plus expenses.

3. PG&E, after reviewing the consulting services it has received in connection with Diablo Canyon, indicates that such services command from \$75 to \$300 per hour for principals, executive and senior consultants, project managers, and senior engineers. According to PG&E, the upper part of this range includes individuals with the highest professional reputations and the most extensive technical qualifications in the field of nuclear power facilities.

4. We believe that a level of compensation for committee members, commensurate with fees PG&E pays for similar services, should include the retainer and per meeting payments described in Discussion paragraph 2 above. In the event that a committee member performs more than 40 hours of work on committee business (excluding the meetings, to which the flat fee applies) between July 1 and the following June 30, such additional hours should be compensated at \$200 per hour. Finally, each committee member's expenses incurred on committee business should be reimbursed, consistent with procedures to be adopted by the committee.

5. In setting the allowable compensation levels, we need to distinguish member compensation from the committee budget. The budget includes all costs such as member compensation, travel expenses, contracting fees, staff salaries, and audit expenses. The budget, established by the settlement agreement, is \$500,000 for the first year of the committee, escalating at the same rate as the total price set for Diablo Canyon generation. The compensation of committee members, which is

included in the budget, is tied to the fees paid by PG&E for similar services. Therefore, the rate of change in the budget could differ from the rate of change in the compensation paid to committee members.

6. The compensation levels should be carefully monitored to ensure that they remain reasonable in relation to the committee's annual budget. Therefore, we order PG&E to file annually a report updating "commensurate fees...for comparable services," as described above. Concurrent with this report, PG&E shall file, for our review and approval, an advice letter with proposed revisions to the compensation levels.

7. The settlement agreement gives the committee considerable discretion regarding its internal organization and operations. This is appropriate, given the committee's independent status and high qualifications. However, this also requires that the committee keep accurate books, records, and accounts, which are to be open to inspection and audit by CACD and by PG&E. Such review should include review of the reasonableness of fees and expenses, and review for conflicts of interest. To prevent confusion and inconsistency, CACD should consult with PG&E in responding to any questions by the committee regarding accounting or inspection arrangements.

FINDINGS

1. Under D.88-12-083, the Commission has the responsibility of establishing levels of compensation payable to members of the Diablo Canyon Independent Safety Committee.

2. Compensation is to be set at levels commensurate with fees paid by PG&E for comparable services.

3. Comparable services are those received by PG&E from the persons overseeing its Nuclear Decommissioning Trust Funds and from expert consultants used by PG&E in connection with the Diablo Canyon nuclear power plant.
4. Under the above findings, appropriate levels of compensation for members of the committee are as follows. Each member should receive an annual retainer of \$8,000. Each member should receive an hourly fee of \$200 for hours of committee work in excess of 40 hours per year, except that each member should receive a flat fee of \$500 for each committee meeting that he or she attends. Each member should receive reimbursement, consistent with procedures for such reimbursement as established by the committee, of his or her expenses incurred in the performance of duties as committee member.
5. The committee's expenditures are subject to inspection and audit by PG&E and by CACD.
6. The committee should keep accurate books, records, and accounts of its expenditures and of expenses incurred by its members. Such books, records, and accounts should be made available for inspection at the request of PG&E or CACD. CACD consult with PG&E in responding to any questions by the committee regarding (1) the manner or form of the requisite accounting, or (2) arrangements for inspection.
7. PG&E should annually, on April 1, file a report and advice letter with CACD to update the compensation levels set forth in findings 3 and 4.

THEREFORE, IT IS ORDERED that:

1. The permissible levels of compensation for the Diablo Canyon Independent Safety Committee through June 30, 1990, are set forth in findings 3 and 4.
2. The compensation levels for subsequent years shall be reviewed and approved in accordance with finding 7.
3. The committee shall institute an accurate system of accounting, and inspection and audit of the committee's books, records, and accounts shall be implemented, as set forth in findings 5 and 6.
4. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 10, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



Executive Director