

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 25, 2005

Advice Letter 2645-E

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Annual report for establishing the compensation levels for the members of the Diablo Canyon Independent Safety Committee

Dear Ms de la Torre:

Advice Letter 2645-E is effective May 11, 2005. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



**Pacific Gas and
Electric Company®**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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April 1, 2005

ADVICE 2645-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: **Diablo Canyon Independent Safety Committee (DCISC)
In compliance with Decision 88-12-083, dated
December 19, 1988, and Resolution E-3152, dated May
1989.**

Pacific Gas and Electric Company (PG&E) hereby submits an annual report (Attachment I) for establishing the compensation levels for the members of the Diablo Canyon Independent Safety Committee (DCISC) in compliance with Decision 88-12-083, dated December 19, 1988, and Resolution E-3152, dated May 19, 1989.

Purpose

The purpose of this advice filing is to comply with Commission Decision 88-12-083. In this Decision, the Commission adopted the Diablo Canyon Settlement Agreement, which included the establishment of the DCISC, to be made up of persons with knowledge, background, and experience in the field of nuclear power facilities. The DCISC is to review Diablo Canyon operations for the purpose of assessing the safety of operations and suggesting any recommendations for safe operation.

In response to Advice Letter 1857-E, filed by PG&E on April 1, 1999, the CPUC issued Resolution E-3608 which revised the DCISC member compensation. Resolution E-3608, approved by the CPUC on September 2, 1999, established the current DCISC member compensation as follows:

- an annual retainer of \$8,000;
- a fee of \$200 per hour for attendance at committee meetings;
- for committee work performed outside of committee meetings, \$200 per hour for each hour in excess of 40 hours per year; and
- Reimbursement of expenses incurred in performance of committee work.

U39E

The annual report examines the current fees paid to members of the DCISC, in comparison to fees paid to members of the Nuclear Facilities Decommissioning Master Trust Committee and the Nuclear Safety Oversight Committee. PG&E has determined that the current fees are reasonable.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Description of Attachment

Attachment 1, "DCISC Compensation Levels", is a report that provides an evaluation of the compensation paid to persons who provide comparable services to those on the DCISC as delineated in Finding #3 of the CPUC Resolution E-3152, and to make a recommendation regarding adjustments to be made, if any, to the compensation paid to DCISC members.

Protests

Anyone wishing to protest this filing may do so by sending a letter by April 21, 2005 which is within 20 days of the date of this filing. A protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4th Floor
San Francisco, CA 94102
Facsimile: (415) 703-2200
E-Mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. Mail to Mr. Royer at the above address.

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The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address below.

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-Mail: RxDd@pge.com

Effective Date

PG&E requests that this filing become effective on May 11, 2005, which is 40 days after the date of filing.

Notice

In accordance with of General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. Mail to parties shown on the attached list. Address change requests should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tarriffs>



Brian K. Cherry
Director – Regulatory Relations

Attachments

DCISC Compensation Levels

I. Purpose

The purpose of this report is to provide an evaluation of the compensation paid to persons who provide comparable services to those of the DCISC as delineated in Finding #3 of CPUC Resolution E-3152 and to make a recommendation regarding adjustments to be made, if any, to the compensation paid to DCISC members.

II. Background

Finding #7 of CPUC Resolution E-3152 "Diablo Canyon Independent Safety Committee - Standards for compensation and accounting guidelines" states the following:

7. PG&E should annually, on April 1, file a report and advice letter with CACD [Commission Advisory and Compliance Division of the CPUC] to update the compensation levels set forth in findings 3 and 4.

Findings 3 and 4 read as follows:

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.

In response to Advice Letter 1857-E, filed by PG&E on April 1, 1999, the CPUC issued Resolution E-3608 which revised the DCISC member compensation. Resolution E-3608, approved by the CPUC on September 2, 1999, established the current DCISC member compensation as follows:

- an annual retainer of \$8,000;
- a fee of \$200 per hour for attendance at committee meetings;
- for committee work performed outside of committee meetings, \$200 per hour for each hour in excess of 40 hours per year; and
- reimbursement of expenses incurred in performance of committee work.

III. Compensation Evaluation

A. Nuclear Facilities Decommissioning Master Trust Committee Member Compensation

The Nuclear Facilities Decommissioning Master Trust Committee is composed of two PG&E employee members and three non-PG&E affiliated members. The outside members are senior representatives from the financial community, including a retired chief investment officer and a retired chief financial officer.

DCISC Compensation Levels

The outside member compensation level is \$8,000 annual retainer plus \$500 per meeting. This is the rate established for the committee at its inception and has not changed. Over the last several years, three meetings have been held per year on average with each meeting being approximately two hours in duration. It is estimated that about four hours is required by the committee members to prepare for each meeting.

B. Expert Consultant Compensation

Nuclear Safety Oversight Committee

There are currently three paid outside consultants to the Nuclear Safety Oversight Committee (NSOC). Outside consultants for the NSOC are selected on the basis of their nuclear industry experience and their ability to provide valuable insight to the committee relative to the safe operation of Diablo Canyon. The current consultants bring significant nuclear industry experience to the committee as exemplified by their former positions in the industry:

- Former NRC Regional Administrator
- Retired INPO President
- Retired Utility Vice President

The current NSOC consultants receive compensation of \$200 an hour for work performed on NSOC business. There are typically four NSOC meetings per year of 1-1/2 day duration each. In addition to attendance at the meetings, the consultants are expected to review numerous plant documents in support of committee business.

C. Current DCISC Member Compensation

The DCISC is made up of three members. These members are selected on the basis of their nuclear experience and their ability to provide valuable insight to the committee relative to the safe operation of Diablo Canyon. The current membership consists of individuals with extensive nuclear experience from both the power industry and the academic community as follows:

- Retired Utility Executive Vice President
- Utility Industry Consultant
- Major University Professor & Nuclear Engineering Department Chair

The compensation paid to the DCISC members was originally established by the CPUC in Resolution E-3152 and subsequently revised in Resolution E-3608. Each member receives an annual retainer of \$8,000. In addition, the members receive an hourly fee of \$200 for hours of committee work in excess of 40 hours per year. The members are also compensated for attendance at public meetings at an hourly rate of \$200. Typically, three 1-1/2 day public meetings are held each year with a plant tour accompanying the first meeting of the year.

IV. Recommendation

DCISC Compensation Levels

The compensation paid to the DCISC members for time spent on committee business, as delineated in CPUC Resolution E-3608, appears to be reasonable when compared to the compensation paid for comparable services as defined in Finding #3 of the Resolution E-3152. No change is recommended.

**PG&E Electric Advice Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Duke Energy North America	RMC Lonestar
Aglet Consumer Alliance	Duncan, Virgil E.	Sacramento Municipal Utility District
Agnews Developmental Center	Dutcher, John	SCD Energy Solutions
Ahmed, Ali	Dynegy Inc.	Seattle City Light
Alcantar & Elsesser	Ellison Schneider	Sempra
Anderson Donovan & Poole P.C.	Energy Law Group LLP	Sempra Energy
Applied Power Technologies	Energy Management Services, LLC	Sequoia Union HS Dist
APS Energy Services Co Inc	Enron Energy Services	SESCO
Arter & Hadden LLP	Exeter Associates	Sierra Pacific Power Company
Avista Corp	Foster, Wheeler, Martinez	Silicon Valley Power
Barkovich & Yap, Inc.	Franciscan Mobilehome	Simpson Paper Company
BART	Future Resources Associates, Inc	Smurfit Stone Container Corp
Bartle Wells Associates	G. A. Krause & Assoc	Southern California Edison
Blue Ridge Gas	Gas Transmission Northwest Corporation	SPURR
Bohannon Development Co	GLJ Energy Publications	St. Paul Assoc
BP Energy Company	Goodin, MacBride, Squeri, Schlotz &	Stanford University
Braun & Associates	Hanna & Morton	Sutherland, Asbill & Brennan
C & H Sugar Co.	Heeg, Peggy A.	Tabors Caramanis & Associates
CA Bldg Industry Association	Hitachi Global Storage Technologies	Tansev and Associates
CA Cotton Ginners & Growers Assoc.	Hogan Manufacturing, Inc	Tecogen, Inc
CA League of Food Processors	House, Lon	TFS Energy
CA Water Service Group	Imperial Irrigation District	Transwestern Pipeline Co
California Energy Commission	Integrated Utility Consulting Group	Turlock Irrigation District
California Farm Bureau Federation	International Power Technology	U S Borax, Inc
California ISO	J. R. Wood, Inc	United Cogen Inc.
Calpine	JTM, Inc	URM Groups
Calpine Corp	Kaiser Cement Corp	Utility Cost Management LLC
Calpine Gilroy Cogen	Korea Elec Power Corp	Utility Resource Network
Cambridge Energy Research Assoc	Marcus, David	Wellhead Electric Company
Cameron McKenna	Masonite Corporation	Western Hub Properties, LLC
Cardinal Cogen	Matthew V. Brady & Associates	White & Case
Cellnet Data Systems	Maynor, Donald H.	WMA
Childress, David A.	McKenzie & Assoc	
City of Glendale	McKenzie & Associates	
City of Healdsburg	Meek, Daniel W.	
City of Palo Alto	Mirant California, LLC	
City of Redding	Modesto Irrigation Dist	
CLECA Law Office	Morrison & Foerster	
Constellation New Energy	Morse Richard Weisenmiller & Assoc.	
Cooperative Community Energy	New United Motor Mfg, Inc	
CPUC	Norris & Wong Associates	
Creative Technology	North Coast Solar Resources	
Crossborder Inc	Northern California Power Agency	
CSC Energy Services	PG&E National Energy Group	
Davis, Wright Tremaine LLP	Pinnacle CNG Company	
Davis, Wright, Tremaine, LLP	PITCO	
Defense Fuel Support Center	PPL EnergyPlus, LLC	
Department of the Army	Praxair, Inc.	
Department of Water & Power City	Price, Roy	
DGS Natural Gas Services	Product Development Dept	
DMM Customer Services	R. M. Hairston & Company	
Douglass & Liddell	R. W. Beck & Associates	
Downey, Brand, Seymour & Rohwer	Recon Research	
Duke Energy	Regional Cogeneration Service	