August 9, 2010

Advice Letter 3677-E-A

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA  94177

Subject: Supplement – Diablo Canyon Independent Safety Committee (DCISC) Yearly Compensation Letter

Dear Ms. Yura:

Advice Letter 3677-E-A is effective July 19, 2010.

Sincerely,

Julie A. Fitch, Director  
Energy Division
June 18, 2010

Advice 3677-E-A
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplement - Diablo Canyon Independent Safety Committee (DCISC) Yearly Compensation Letter

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 (D.)88-12-083, dated December 19, 1988, and Resolution E-3152, dated May 19, 1989.

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

This filing supersedes Advice 3677-E in its entirety.

Background

In D.88-12-083, the California Public Utilities Commission (Commission or CPUC) 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 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.

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. As compared to the compensation paid for comparable services (as defined in Finding #3B of the Resolution E-3152), PG&E recommends that the current fees should be increased to $250 per hour, with the annual retainer increased to $10,000.

Effective Date

PG&E requests that this filing become effective on July 19, 2010. PG&E submits this as a Tier 2 filing.

Protests

Anyone wishing to protest this filing may do so by sending a letter by July 8, 2010, which is 20 days from the date of this filing. The 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:

CPUC Energy Division  
Attention: Tariff Unit, 4th Floor  
505 Van Ness Avenue, 4th Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

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

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 shown below.

Jane K. Yura  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
P.O. Box 770000 Mail Code B10B  
San Francisco, California 94177  
Facsimile: (415) 973-6520  
E-mail: PGETariffs@pge.com
The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Copies of this advice letter are also being sent to members of the DCISC. Address changes to the General Order 96-B list should be directed to PG&E at email address: PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs

Vice President- Regulation and Rates

**Attachments:**
Attachment 1: DCISC Compensation Levels

cc: DCISC Legal Counsel
Company name/CPUC Utility No. **Pacific Gas and Electric Company** (ID U39 M)

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<tr>
<th>Utility type:</th>
<th>Contact Person: Olivia Brown</th>
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<tr>
<td>☑ ELC ☑ GAS</td>
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<tr>
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<td>E-mail: <a href="mailto:oxb4@pge.com">oxb4@pge.com</a></td>
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**EXPLANATION OF UTILITY TYPE**

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Advice Letter (AL) #: 3677-E-A  
Subject of AL: Supplement - Diablo Canyon Independent Safety Committee (DCISC) Yearly Compensation Letter  
Keywords (choose from CPUC listing): Compliance  
AL filing type: ☑ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ____________________________  
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.88-12-083 and Resolution E-3152**  
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No  
Summarize differences between the AL and the prior withdrawn or rejected AL: N/A  
Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No  
Confidential information will be made available to those who have executed a nondisclosure agreement: N/A  
Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A  

Resolution Required? ☑ Yes ☐ No  
Requested effective date: **July 19, 2010**  
No. of tariff sheets: N/A  
Estimated system annual revenue effect (%): N/A  
Estimated system average rate effect (%): N/A  
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A  
Tariff schedules affected: N/A  
Service affected and changes proposed: N/A  
Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Ave., San Francisco, CA 94102  
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

**Pacific Gas and Electric Company**
Attn: Jane K. Yura, Vice President, Regulation and Rates  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177  
E-mail: PGETariffs@pge.com
ADVICE 3677-E-A

Attachment 1:
DCISC Compensation Levels
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. The outside member compensation level is $12,000 annual retainer plus $500 per meeting. The annual retainer fee has increased from the original $8,000, as approved in Commission Decision 07-01-003 on January 11, 2007. 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 four 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:

- One former NRC Deputy Director, Nuclear Reactor Regulation
- One retired INPO Senior Executive
- Two Senior Nuclear Industry Consultants

The current NSOC consultants receive compensation of $250 an hour for work performed on NSOC business. There are typically three NSOC meetings per year of 2 days 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 NRC Administrative Judge
- Nuclear Utility Industry Consultant
- Major University Professor of Nuclear Engineering

The current compensation paid to the DCISC members as originally established by the CPUC in Resolution E-3152 and subsequently revised in Resolution E-3608 remains appropriate. 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

The compensation paid to the DCISC members for time spent on committee business, as delineated in CPUC Resolution E-3608, should be increased to $250 per hour, with the annual retainer increased to $10,000, when compared to the compensation paid for comparable services, as defined in Finding #3B of the Resolution E-3152.
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