

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 30, 2014

Advice Letter 4389-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Diablo Canyon Independent Safety Committee Yearly Compensation Letter

Dear Mr. Cherry:

Advice Letter 4389-E is effective March 28, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

March 28, 2014

Advice 4389-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

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

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits its annual report (Attachment I) for establishing the compensation levels for the members of the Diablo Canyon Independent Safety Committee (DCISC or Committee) 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.

Background

In D.88-12-083, the California Public Utilities Commission (CPUC or Commission) adopted the Diablo Canyon Settlement Agreement, which included among other things 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 Resolution E-3152, the CPUC adopted compensation rates for DCISC committee members which included:

- An annual retainer of \$8000;
- An hourly fee of \$200 for committee work in excess of 40 hours per year;
- A flat fee of \$500 for each committee meeting attended; and
- Reimbursement of expenses incurred in performance of committee work.

Resolution E-3152 also established that committee member compensation be set at levels commensurate with fees paid by PG&E for comparable services, such as services received by PG&E from persons overseeing its Nuclear Decommissioning Trust Funds.

Since the Committee's creation, committee member compensation levels have been revised twice. Advice Letter 1857-E, filed by PG&E on April 1, 1999, as approved by Resolution E-3608 revised the DCISC member compensation by replacing the meeting appearance flat fee of \$500 with an hourly fee. Advice Letter 3677-E-A, filed by PG&E on April 1, 2011, as approved by the CPUC Energy Division Director revised the annual retainer, hourly meeting fee and the hourly fee for work performed outside of committee meetings in excess of 40 hours per year.

The 2013 DCISC Compensation Advice Letter (Advice Letter 4196-E) retained the revised compensation levels approved in Advice Letter 3677-E-A, which established the current DCISC member compensation as follows:

- An annual retainer of \$10,000;
- A fee of \$250 per hour for attendance at committee meetings;
- An hourly fee of \$250 for committee work performed outside of committee meetings 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. Based on the report findings, PG&E recommends no change to the existing committee member compensation levels.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than April 17, 2014, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 1 advice filing become effective upon date of filing, which is **March 28, 2014**.

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. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.

Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

Brian Cherry /KHC

Vice President, Regulatory Relations

Attachment 1 – DCISC Compensation Levels

cc: DCISC Legal Counsel

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4389-E**

Tier: 1

Subject of AL: **Diablo Canyon Independent Safety Committee (DCISC) Yearly Compensation Letter**

Keywords (choose from CPUC listing): Compliance, Nuclear

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 Res. 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: _____

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: _____

Resolution Required? Yes No

Requested effective date: **March 28, 2014**

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).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: 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:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

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.

Since the Committee's creation, committee member compensation levels have been revised twice. Advice Letter 1857-E, filed by PG&E on April 1, 1999, as approved by Resolution E-3608 revised the DCISC member compensation by replacing the meeting appearance flat fee of \$500 with an hourly fee. Advice Letter 3677-E-A, filed by PG&E on April 1, 2011, as approved by the CPUC Energy Division Director revised the annual retainer, hourly meeting fee and the hourly fee for work performed outside of committee meetings in excess of 40 hours per year.

The 2013 DCISC Compensation Advice Letter (Advice Letter 4196-E) retained the revised compensation levels approved in Advice Letter 3677-E-A, which established the current DCISC member compensation as follows:

- An annual retainer of \$10,000;
- A fee of \$250 per hour for attendance at committee meetings;
- An hourly fee of \$250 for committee work performed outside of committee meetings 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. Over the last several years, two meetings have been held per year on average with each meeting being approximately one and a half 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 five 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:

- Two Retired Nuclear Industry Vice Presidents
- Three Senior Nuclear Industry Consultants

The current NSOC consultants receive compensation of \$250 - \$300 an hour for work performed on NSOC business. There are typically four NSOC Site Visits per year of four days duration each. In addition to attendance at the Site Visits, 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 and modified in Advice Letter 3677-E-A remains appropriate. Each member receives an annual retainer of \$10,000. In addition, the members receive an hourly fee of \$250 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 \$250. Typically, three one and one-half day public meetings are held each year with a plant tour accompanying each meeting.

IV. Recommendation

The compensation paid to the DCISC members for time spent on committee business as delineated above, is reasonable when compared to the compensation paid for comparable services as defined in the benchmarks above. No change is recommended.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

1st Light Energy	Douglass & Liddell	Occidental Energy Marketing, Inc.
AT&T	Downey & Brand	OnGrid Solar
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
Anderson & Poole	G. A. Krause & Assoc.	Praxair
BART	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCD Energy Solutions
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
Braun Blaising McLaughlin, P.C.	Green Power Institute	SDG&E and SoCalGas
CENERGY POWER	Hanna & Morton	SPURR
California Cotton Ginners & Growers Assn	In House Energy	San Francisco Public Utilities Commission
California Energy Commission	International Power Technology	Seattle City Light
California Public Utilities Commission	Intestate Gas Services, Inc.	Sempra Utilities
California State Association of Counties	K&L Gates LLP	SoCalGas
Calpine	Kelly Group	Southern California Edison Company
Casner, Steve	Linde	Spark Energy
Center for Biological Diversity	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of Palo Alto	Los Angeles Dept of Water & Power	Sunshine Design
City of San Jose	MRW & Associates	Tecogen, Inc.
Clean Power	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Coast Economic Consulting	Marin Energy Authority	TransCanada
Commercial Energy	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	