



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**FILED**  
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In the Matter of the Application of The  
Nevada Hydro Company for a Certificate  
of Public Convenience and Necessity for  
the Talega-Escondido/Valley-Serrano  
500-kV Interconnect

Application No. 10-07-001  
[filed July 6, 2010]

**FRONTLINES COMMENTS ON AN APPROPRIATE AMOUNT FOR A SURETY BOND OR  
EQUIVALENT IN THE TALEGA-ESCONDIDO/VALLEY-SERRANO CPCN PROCEEDING**

FRONTLINES offers these comments in accordance with the direction established by the Administrative Law Judge's Scoping Memo issued January 19, 2011 ("Scoping Memo") in the Talega-Escondido/Valley-Serrano ("TEVS") Proceeding for a Certificate of Public Convenience and Necessity ("CPCN"). The Scoping Memo directs parties to provide:

"Comments on appropriate amounts, if any, required for surety bond or other guarantee of payment related to intervenor compensation and funding of DRA consultant".

FRONTLINES comments provided herein are limited to addressing the appropriate surety bond value necessary to cover intervenor compensation costs; the funds necessary to address DRA consultant costs are not addressed because DRA has not provided such information to parties in this proceeding.

**SURETY BOND VALUE FOR INTERVENOR COMPENSATION COSTS**

As evidenced by the TEVS docket, there is substantial uncertainty regarding intervenors' estimated costs of full and effective participation in the TEVS proceeding. In the space of just a few weeks, intervenors have nearly doubled their estimated participation costs; these increases are attributed to the refined proceeding schedule established by the Scoping Memo as well as extensive supplemental testimony that was submitted by TNHC in November 2010. It is not unusual for intervenors to amend their compensation requests throughout a proceedings in response to changes in scope or schedule, and intervenor

compensation costs exceeding \$ 1 million is not unheard of in other CPUC proceedings (such as SDGE's Sunrise project). Additionally, the surety bond value should be sufficient to cover future litigation costs. These factors add complexity to the establishment of an appropriate surety bond value for the TEVS proceeding.

FRONTLINES recommends that the Commission adopt a conservative approach to determining the surety bond value. Currently, intervenor compensation estimates total approximately \$300,000, thus FRONTLINES recommends that this estimate be increased by 50% (or \$450,000) to accommodate potential future increases. To accommodate future litigation actions, this value should be increased by *at least* an additional 50%. Thus, FRONTLINES recommends a *minimum* surety bond value of \$675,000 plus whatever DRA considers appropriate for their purposes.

In recommending this minimum surety bond value, FRONTLINES implicitly reaffirms our stated position that, regardless of whether TNHC is deemed a public utility by the Commission, eligible intervenors who contribute substantially to Commission decisions made in the TEVS proceeding should be compensated for reasonable costs in accordance with Sections 1801, 1801.3, and 1807 of the Public Utilities Code ("PUC").

### **FINAL ORAL ARGUMENT**

FRONTLINES does not request evidentiary hearings in Phase 1, however we recognize that one or more other parties in this proceeding may file motions requesting such hearings. In the event that Phase 1 hearings are scheduled for this proceeding, FRONTLINES respectfully requests the opportunity to present final oral argument on Phase 1 issues before a quorum of the Commission.

Respectfully Submitted;

/S/ Jacqueline Ayer  
Jacqueline Ayer  
on behalf of FRONTLINES  
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February 11, 2011

**CERTIFICATE OF SERVICE**

I, Jacqueline Ayer, certify that I have on this 11<sup>th</sup> day of February, 2011 caused a copy of the foregoing

**FRONTLINES COMMENTS ON AN APPROPRIATE AMOUNT FOR A SURETY BOND OR EQUIVALENT IN THE TALEGA-ESCONDIDO/VALLEY-SERRANO CPCN PROCEEDING**

to be served on all parties to A.10-07-001 listed on the most recently updated service list (provided below) available on the California Public Utilities Commission website.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11<sup>th</sup> day of February, 2011 PST in Okinawa, Japan.

/S/ Jacqueline Ayer  
Jacqueline Ayer

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SERVICE LIST FOR A.10-07-001 AS OF FEBRUARY 11, 2011 PST

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