

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902M), Southern California Edison Company (U338E), Southern California Gas Company (U904G) and Pacific Gas and Electric Company (U39M) for Authority to Establish a Wildfire Expense Balancing Account to Record for Future Recovery Wildfire-Related Costs.

Application 09-08-020
(Filed August 31, 2009)

DECISION GRANTING INTERVENOR COMPENSATION TO MUSSEY GRADE ROAD ALLIANCE FOR SUBSTANTIAL CONTRIBUTION TO DECISION 12-12-029

Claimant: Mussey Grade Road Alliance (MGRA)	For contribution to Decision (D.) 12-12-029
Claimed: \$73,799¹	Awarded: \$70,829.00 (reduced 4%)
Assigned Commissioner: Mark J. Ferron	Assigned Administrative Law Judge (ALJ): Maribeth A. Bushey

PART I: PROCEDURAL ISSUES

A. Brief Description of Decision:	Decision denying application of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) to establish a Wildfire Expense Balancing Account (WEBA) to recover wildfire-related costs.
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¹ MGRA incorrect totals its request (-\$110 error). We correct the error here and use the corrected figure of \$73,799 in consideration of this award.

B. Claimant must satisfy intervenor compensation requirements set forth in Public Utilities Code §§ 1801-1812:

	Claimant	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference (PHC):	9/14/10 ²	Correct
2. Other Specified Date for Notice of Intent (NOI):		
3. Date NOI Filed:	10/12/10	Correct
4. Was the NOI timely filed?		Yes
Showing of customer or customer-related status (§ 1802(b)):		
5. Based on ALJ ruling issued in proceeding number:	Application (A.) 09-08-020	Correct
6. Date of ALJ ruling:	12/3/12	Correct
7. Based on another CPUC determination (specify):		
8. Has the Claimant demonstrated customer or customer-related status?		Yes
Showing of "significant financial hardship" (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	A.09-08-020	Correct
10. Date of ALJ ruling:	12/3/12	Correct
11. Based on another CPUC determination (specify):		
12. Has the Claimant demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	Decision (D.) 12-12-029	Correct
14. Date of Issuance of Final Order or Decision:	12/28/12	Correct
15. File date of compensation request:	2/25/12	The correct filing date is 02/25/13
16. Was the request for compensation timely?		Yes

² The PHC was initially scheduled for 08/10/10, but the August 6, 2010 Administrative Law Judge's Ruling Setting Procedural Schedule for Amendment to Application, extended the date.

PART II: SUBSTANTIAL CONTRIBUTION

A. Claimant’s claimed contribution to the final decision:

Contribution	Specific References to Claimant’s Presentations and to Decision	Showing Accepted by CPUC
<p>For definition of contribution types, see Comment 1 in Section C. For definition of issue, see Comment 2 in Section C. For reference abbreviations, see Comment 4 in Section C, and Attachment D “MGRA-A0908020-Contributions”³</p>		
<p>1. Utilities argued that power line fires were a “natural disaster,” which would allow them cost recovery in the same fashion that they are allowed to recover costs in the event of actual natural disasters. Alliance argued that power line fire frequencies were under utility control and thus did not constitute a natural disaster.</p> <p>Issue: Fire Risk Primary</p>	<p>FD - at 10 – “The Alliance did not dispute SDG&E’s assertion that a utility has little control over how large a fire becomes once it has started, but emphasized that that the ignition of power line fires is something that is under the utility’s control, and that therefore that their actions have a significant effect on the probability and frequency of fires.”</p> <p>FD – at 15: “Identifying and mitigating wildfire risk requires immediate and serious utility management attention due not only to the potential financial imposition on the utility and ratepayers but also due to the human, economic, and environmental harm caused by wildfires.”</p>	<p>Accepted</p>
<p>2. The Alliance pointed out that insurance mechanisms usually provided an incentive for safety, but that the Commission had already eliminated this incentive for electrical utilities by allowing them to pass on costs to ratepayers. Thus, remaining financial safety incentives were all the more important.</p>	<p>FD - at 11 – “The Alliance next pointed out that the proposed balancing account would remove the only significant financial incentive that utilities have to improve wildfire safety. The Alliance explained that the Commission’s policies insulating utilities from the financial</p>	<p>Accepted</p>

³ Not attached.

<p>Issue: Fire Risk Type: Primary</p>	<p>consequences of increased insurance premiums had already removed any financial incentive to reduce the risk of wildfires created by those increasing costs... The Alliance cited to a recent paper by leading academic insurance experts showing that programs that assure the coverage of losses without risk-based pricing can create moral hazard by raising the frequency of adverse events by lessening incentives for risk.” FD - at 2 – “The presumption of recovery of third-party claims undermines financial incentives for prudent risk management and safety regulation compliance.”</p>	
<p>3. MGRA opposed the proposal for a Phase 2 of this proceeding that would have examined legislative or regulatory mechanisms for eliminating utility civil liability in relation to wildland fires. We opposed this on safety grounds, as well as being fundamentally unfair to those harmed by utility-caused fires.</p> <p>The Commission took no action to start a second phase of the proceeding, and reaffirmed its commitment to strong financial safety incentives in its Final Decision.</p> <p>Issue: Fire Risk Type: Initiator</p>	<p>MGRA-1203-Reply - at 10: “Additionally, the removal of liability would create the very moral hazard described elsewhere in this and the opening brief.”</p>	<p>Accepted</p>
<p>4. MGRA first noted the disincentive for safety inherent in WEBA in its protest, and maintained this argument throughout the proceeding. Furthermore, it was the only party to develop an evidentiary record showing that utility proposed cost-sharing measures would provide minimal financial and behavioral incentives, that insurance incentives had been eliminated by prior</p>	<p>MGRA-0909-Protest - at 1: “The Alliance believes that this application, if approved, would create a <i>disincentive</i> statewide for safe and reliable operation of the power grid by shielding the utility applicants from the consequences of insufficient capital investment in their on-</p>	<p>Accepted</p>

<p>Commission decisions, and that Commission penalties were likely to have minimal effect due to the low frequency of application and the modest historical size of these penalties.</p> <p>Issue: Fire Risk</p> <p>Type: Initiator</p>	<p>the-ground infrastructure, including regular maintenance.”</p> <p>MGRA-1202-Brief - at 21: “WEBA would have a significant public safety impact by removing the only significant financial incentive that utilities currently have to improve wildfire safety. Under the WEBA scheme, the co-payment of damages by the utility is effectively de minimis for the purposes of long term planning, insurance incentives are non-existent, and that Commission penalties should be expected to have minimal financial impact on utilities given the minimal amounts resulting from recent settlement agreements.”</p> <p>FD - at 14: “The duty to furnish and maintain safe equipment and facilities is paramount for all California public utilities.</p> <p>As set forth below, specific issues were identified as requiring additional information:</p> <p>Financial incentives for prudent risk management and safety regulation compliance are substantially undermined by the presumption of recovery from ratepayers. These issues and others raised in the protests must be addressed to provide an adequate information basis on which to set further proceedings in this docket. The applicants’ reply, however, is limited to vague assertions and opposition to evidentiary hearings.”</p>	
<p>5. MGRA’s expert provided evidence and argument that the period between fire</p>	<p>FD - at 12 – “When an executive must make the decision whether</p>	<p>Accepted</p>

<p>catastrophes is likely to be much longer than the tenure of most utility executives.</p> <p>Issue: Fire Risk</p> <p>Type: Primary</p>	<p>to allocate a given set of resources to improving the financial outlook of the company or whether to allocate the same resources to enhance safety measures, the executive does so with the knowledge of near-certain rewards for enhanced profits, and the low probability of consequences for safety problems that might or might not show up some day. The Alliance contended that the Commission must adopt policies that counter this disincentive towards the priority of safety.” at 15 – “Utility management and employees must have demonstrable incentives to reduce the risk of wildfires.”</p>	
<p>6. In 2010, MGRA and Henricks vigorously opposed scheduling a prehearing conference prior to the issuance of an amended application.</p> <p>Issue: Procedural</p> <p>Type: Initiator</p>	<p>MGRA-1006-Report - at 4: “Obviously, there can be no prehearing conference without an amended application because the ruling requires that the application must be substantially amended to move forward.”</p> <p>CPUC-1007-Ruling – at 2: “The amended application is necessary to identify the issues in the proceeding and determine the nature of any hearings. With the filing of amended application imminent, the PHC should be reset to allow the parties to review the amended application and submit protests prior to setting the ensuing procedural schedule.”</p>	Accepted
<p>7. The Alliance doggedly pursued a public participation hearing in San Diego, first raising the issue at the PPH, then in correspondence with the ALJ, at the evidentiary hearings, and finally through a motion and a reply to SDG&E’s opposing</p>	<p>MGRA-1201-Motion - at 3-4 – “The matter of public participation hearings in this proceeding has never been ruled on by the Commission even though public participation</p>	Accepted

<p>response to said motion.</p> <p>Issue: PPH</p> <p>Type: Initiator</p>	<p>hearings have been requested. Because the potential costs to SDG&E ratepayers amount to hundreds of millions of dollars, the issue of the participation of the public in this application is urgent and crucial.”</p> <p>FD - at 5 - “On April 5, 2012, the assigned Commissioner and assigned ALJ convened a Public Participation Hearing in San Diego.” (At 6 – “Approximately 800 persons attended the hearings and over 100 presented comment for the record.”)</p>	
<p>8. MGRA was the only party to oppose allowing PG&E and SCE to keep their WEMA accounts open even after they withdrew from this Application.</p> <p>The assigned Commissioner allowed them to withdraw, but not to keep their WEMA accounts open.</p> <p>Issue: WEBA</p> <p>Type: Primary</p>	<p>FD - at 4-5 – “The Alliance supported granting PG&E and Edison’s motion to withdraw from Application 09-08-020, and denying their request to continue recording costs in a memorandum account. The Alliance contended that the utilities throughout the two-year term of this proceeding had not yet demonstrated or proven that a memorandum account was necessary to recover fire-related costs, or why such an account is necessary to allow for cost recovery at a later date. Moreover, the Alliance concluded, the utilities have not demonstrated that a pre-defined process, either a balancing or memorandum account would be beneficial to ratepayers, would improve electrical utility safety with regard to catastrophic wildfires ignited by electrical utility equipment or that any of the utilities would face an imminent financial crisis due to uninsured wildfire costs that could not be addressed by the</p>	<p>Accepted</p>

	<p>Commission on a case-by-case basis.” FD - at 5: “On January 3, 2012, the assigned Commissioner granted the unopposed motion of PG&E and Edison to withdraw from this application, but denied approval of the memorandum account request.”</p>	
<p>9. Only MGRA presented evidence and argument that WEBA would not be required due to the low frequency at which disastrous power line firestorms could be expected. Thus dealing with any such an occurrence on a case-by-case basis would not place undue burden on either the utilities or the Commission.</p> <p>Issue: WEBA Type: Improvement</p>	<p>FD - at 10 – “The Alliance presented a well-qualified expert witness on fire history data and power line firestorms. In its testimony and briefs, the Alliance explained that power line firestorms – clusters of fires caused by extreme winds downing power lines and the most likely cause of catastrophic human and economic loss - should not be expected to occur very often, and certainly not frequently enough to merit the establishment of a special cost recovery mechanism such as the proposed balancing account.”</p> <p>FD – at 19: “San Diego Gas & Electric Company and Southern California Gas Company may file applications requesting recovery of Wildfire Expense Memorandum Account balances, subject to reasonableness review at a later time.”</p>	<p>Accepted</p>
<p>10. MGRA highlighted SDG&E’s attempt to bring the 2007 fires under the WEBA mechanism and thereby allow these costs to be passed on to ratepayers without a meaningful reasonableness review. Other intervenors also opposed this inclusion.</p> <p>Final Decision was to allow SDG&E to file another application subject to a reasonableness review.</p> <p>Issue: WEBA</p>	<p>MGRA-1202-Brief- at 31: “In fact, SDG&E’s primary purpose for joining with other utilities in this application was not so much protection from future fires, but rather what it knew to be its likely liabilities for current fires. This fact was clearly admitted by Lee Schavrien during his cross-examination.”</p>	<p>Accepted</p>

<p>Type: Contributor</p>	<p>FD – at 19: “SDG&E’s and SoCalGas’ Wildfire Expense Memorandum Accounts should remain open, subject to later reasonableness review.”</p>	
<p>11. The Alliance argued that the applicants’ amended application had made no meaningful effort to remedy the deficiencies of the initial application.</p> <p>Arguments to deny motion to deny stay were rejected, but findings were adopted in the Final Decision.</p> <p>Issue: WEBA</p> <p>Type: Contributor</p>	<p>FD - at 16: “Thus the remaining applicants were instructed that the initial application failed to meet the Commission’s requirements and that substantial revisions were necessary. The issues to be addressed included the potential for limitless costs to be assigned to ratepayers as well as proper incentives for risk management and safety regulation compliance.”</p> <p>FD - at 16: “As set forth above, the remaining applicants have made no meaningful effort to remedy the deficiencies identified in the rulings.”</p>	<p>Accepted</p>
<p>12. Requested Decision be made in San Diego</p>	<p>Not acted upon. No compensation requested.</p>	<p>Acknowledged</p>
<p>13. Alliance proposed risk-reduction schemes in its Testimony and Briefs</p>	<p>Not adopted by the Commission at this time. No compensation requested.</p>	<p>Acknowledged</p>

B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

<p>Claimant</p>		<p>CPUC Verified</p>
<p>a. Was the Division of Ratepayer Advocates (DRA) a party to the proceeding?</p>	<p>Yes</p>	<p>Yes</p>
<p>b. Were there other parties to the proceeding with positions similar to yours?</p>	<p>Yes</p>	<p>Yes</p>
<p>c. If so, provide name of other parties:</p> <p>CPSD, TURN, Ruth Henricks, Disability Rights Advocates/Center for Accessible Technology, AT&T and CCTA, UCAN, and Individual 2007 Power Line Fire Litigation Plaintiffs.</p>		<p>Correct</p>
<p>d. Claimant’s description of how it coordinated with DRA and other parties to avoid duplication or how claimant’s participation supplemented, complemented, or contributed to that of another party:</p>		

<p>MGRA worked diligently to coordinate with other parties in areas of agreement, in fact taking a leadership role early on in coordinating phone meetings to discuss issues and strategies. When our positions aligned closely enough with other parties we would work on joint submissions, otherwise this communication helped to reduce overlap between submissions.</p> <p>On issues of fire risk and safety, opposing intervenors generally noted that the lack of financial incentive towards safety would have negative safety impacts. Only MGRA, however, submitted testimony on this issue and attempted to specifically quantify why mitigations proposed in the joint utility application would have a negligible impact as safety incentives.</p> <p>Likewise, opposing intervenors also supported the MGRA position on Public Participation Hearings, but it was the Alliance that repeatedly brought the issue up in meetings, in email communication with the ALJ, and finally through a Motion and in the defense of said motion.</p> <p>MGRA was generally in close alignment with consumer advocate intervenors on topics regarding the appropriateness of WEBA as a cost recovery mechanism, and limited our comment on topics in which consumer advocates presented strong legal argument. One substantive addition we made in this area was to provide evidence that the incidence of catastrophic weather conditions likely to produce multiple utility fires was rare enough that it would present no substantive burden to the Commission or utilities to handle any such occurrences on a case-by-case basis.</p> <p>MGRA aligned with Ruth Henricks on the issue of the inappropriateness of negotiations once we had come to understand the utilities' positions and how these contrasted with our specific knowledge of the necessity of financial incentives to safeguard public safety. We also aligned with Ruth Henricks in consistently demanding uncategorical denial of the WEBA application. Where our positions conflicted with those of other consumer advocates we produced alternative filings either alone or in coordination with Ruth Henricks. We also collaborated with Ruth Henricks' counsel on issues involving corporate finance.</p>	<p>MGRA's timesheets support its claim of coordination with other parties to avoid unnecessarily duplication of effort.</p>
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C. MGRA's Additional Comments on Part II:

Comment #	Comments	
1	The various types and levels of contribution that Alliance provided are defined and explained below.	
	Primary	A Primary contribution is one in which the Alliance made a unique and definitive difference in supplying information not supplied by any other party. The Alliance can show that "but for" its intervention, the Decision would have likely reached a different

		conclusion.
	Initiator	In instances where the Alliance was an "Initiator," it was the first to bring a particular issue or analysis to the Commission's attention. Other parties subsequently made additions or improvements that were accepted by the Commission.
	Contributor	While not initiating an analysis or study, the Alliance made a significant contribution to it. Also, in decisions or conclusions which take into account many different factors, the Alliance's results contribute one or more of these factors.
	Improvement	The Alliance commented on an existing process or measure and its suggestion were adopted in the final decision.
	Complimentary	The Alliance chose a different method or analysis than that used in the Final Decision, but which is consistent with it and supports the same results.
	Alternative	The Alliance reached a conclusion or presented an analysis at variance with the Decision or with the Final EIR/EIS, but which raised important points.
2	<p>Abbreviations for issues related to MGRA’s participation:</p> <p>PR: Procedural Procedural issues were divided into the most appropriate categorizations given the topics that MGRA was most active in at the time.</p> <p>FR: Fire Risk Increased risk of fires if utilities do not have a financial stake in operating a safe system. Fire risk issues constituted the bulk of MGRA’s interventions in this proceeding, and were a key reason that the Commission did not accept the applicants’ arguments. While we could further sub-categorize fire risk issues that we raised, D.12-12-029 does not provide guidance as to how each of these particular points contributed to its final decision to deny the application, so we have generally categorized all these contribution as “Fire Risk”</p> <p>WB: Necessity and propriety of the WEBA cost recovery scheme. Includes necessity of a WEBA versus case-by-case examination, as well as fairness to ratepayers.</p> <p>PPH: Public Participation Hearing Some procedural effort was involved in getting the Commission to sponsor a PPH in this proceeding. Note that the only effort claimed is that making argument before the Commission – work preparing for and advertising the PPH is not eligible for compensation and has not been claimed.</p>	

3	<p>Abbreviations for citations to the record:</p> <p>FD Final Decision D.12-12-029</p> <p>CPUC-1007-Ruling ADMINISTRATIVE LAW JUDGE’S RULING SETTING PROCEDURAL SCHEDULE FOR AMENDMENT TO APPLICATION</p> <p>MGRA-0909- Protest MUSSEY GRADE ROAD ALLIANCE PROTEST</p> <p>MGRA-1006- Report STATUS REPORT OF THE MUSSEY GRADE ROAD ALLIANCE</p> <p>MGRA-1009- Protest MUSSEY GRADE ROAD ALLIANCE 2010 PROTEST</p> <p>MGRA-1009- Comments MUSSEY GRADE ROAD ALLIANCE STATEMENT OBJECTING TO A PROPOSED SECOND PHASE OF THE PROCEEDING</p> <p>MGRA-1010-Notice MUSSEY GRADE ROAD ALLIANCE NOTICE OF INTENT TO CLAIM INTERVENOR COMPENSATION</p> <p>MGRA-1103- Response JOINT RESPONSE OF THE MUSSEY GRADE ROAD ALLIANCE AND RUTH HENRICKS TO THE JOINT MOTION FOR STAY OF RULING AND ESTABLISHMENT OF PROCEDURAL SCHEDULE</p> <p>MGRA-1107- Response MUSSEY GRADE ROAD ALLIANCE RESPONSE TO MOTION TO COMPEL APPLICANTS TO SET DEPOSITION SCHEDULE</p> <p>MGRA-1107- Report MUSSEY GRADE ROAD ALLIANCE ALTERNATIVE REPORT</p> <p>MGRA-1109- Testimony DIRECT TESTIMONY OF THE MUSSEY GRADE ROAD ALLIANCE - WEBA IMPACTS ON FIRE RISK AND COSTS</p> <p>MGRA-1112- Response MUSSEY GRADE ROAD ALLIANCE RESPONSE TO MOTION FOR WITHDRAWAL</p> <p>MGRA-1201- Motion MOTION TO REQUEST A PUBLIC PARTICPATION HEARING IN SAN DIEGO, CALIFORNIA AND A SCHEDULE REVISION</p> <p>MGRA-1201-Reply MUSSEY GRADE ROAD ALLIANCE REPLY TO RESPONSE OF SAN DIEGO GAS ELECTRIC COMPANY (U902M) AND SOUTHERN CALIFORNIA GAS COMPANY (U904G) TO MOTION REQUESTING A PUBLIC PARTICIPATION HEARING AND A SCHEDULE REVISION</p>
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MGRA-1202-Response	MUSSEY GRADE ROAD ALLIANCE RESPONSE TO JOINT MOTION OF CENTER FOR ACCESSIBLE TECHNOLOGY, CONSUMER PROTECTION AND SAFETY DIVISION, DIVISION OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK TO LIFT STAY, AND TO SAN DIEGO GAS AND ELECTRIC COMPANY’S REQUEST FOR RELIEF
MGRA-1202-Brief	MUSSEY GRADE ROAD ALLIANCE OPENING BRIEF
MGRA-1203-Reply	MUSSEY GRADE ROAD ALLIANCE REPLY BRIEF
MGRA-1211-Comments	COMMENTS OF THE MUSSEY GRADE ROAD ALLIANCE ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION
MGRA-1211-Reply	REPLY COMMENTS OF THE MUSSEY GRADE ROAD ALLIANCE TO COMMENTS ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION
MGRA-1211-Motion	JOINT MOTION TO REQUEST THAT THE COMMISSION’S MEETING FOR THE FINAL DECISION ON WEBA BE HELD IN SAN DIEGO, CALIFORNIA
SDGE-1202-Brief	OPENING BRIEF OF SAN DIEGO GAS & ELECTRIC COMPANY (U902M) AND SOUTHERN CALIFORNIA GAS COMPANY (U904G)

PART III: REASONABLENESS OF REQUESTED COMPENSATION

A. General Claim of Reasonableness (§§ 1801 & 1806):

a. Claimant’s description of how the cost of Claimant’s participation bore a reasonable relationship with benefits realized through claimant’s participation:	CPUC Verified
<p>WEBA The WEBA mechanism would have provided utilities with the opportunity to directly recover liability losses due to wildfires that exceeded their insurance with no meaningful reasonableness review.</p> <p>FD – at 30: “SDG&E’s current projection for costs it will seek from ratepayers for the 2007 fires under WEBA is <i>\$463.9 million.</i>”</p> <p>Note that this number has varied widely in both positive and negative directions since being submitted into evidence. Regardless, the potential for saving ratepayers hundreds of millions of dollars greatly exceeds the size of this claim.</p>	<p>We agree with MGRA that it is difficult here to assign a specific dollar value to its participation, because the application dealt with a cost recovery mechanism rather than specific dollar</p>

While SDG&E is provided the opportunity to request excess losses in another proceeding, the new application will be subject to a much more rigorous reasonableness review, which will help to minimize ratepayer exposure to unreasonable costs.

Fire Risk Reduction

It is difficult to exactly quantify the benefits of fire risk reduction, but regardless the Commission has clearly stated:

FD – at 15: “Identifying and mitigating wildfire risk requires immediate and serious utility management attention due not only to the potential financial imposition on the utility and ratepayers but also due to the human, economic, and environmental harm caused by wildfires.”

Nevertheless, we will attempt some quantification to demonstrate potential cost impacts that might have been occurred had the utilities lost financial incentive for wildfire safety.

SDG&E in its opening brief claimed losses of over \$2 B from the 2007 fires, and also that its insurance costs had increased tenfold to \$47 M/year. [SDGE-Brief-1202, at 34]

We can use this as a basis to estimate future potential losses, but with the caveat that doing so may be highly optimistic, for several reasons:

1. SDG&E was not the only utility incurring losses during the 2007 power line firestorm. Those amounts are not included in this estimate.
2. We have submitted evidence and argument in this and other proceedings that wildfire statistics follow a “power law” distribution, which means that the largest events dominate losses. [MGRA-Brief-1202, at 15-16] A corollary of this observation is that regarding future events, “the worst is yet to come,” and adopting past losses to model future losses is likely to yield a substantial underestimate of future losses.

Regarding frequency of weather events capable of causing damage on the 2007 scale, we presented a rough estimate of recurrence interval of 20 and 200 years [FD – at 11]. For the purposes of our estimate, we will use the most optimistic 200 year value.

Most difficult to quantify is the degree to which lack of financial incentive would have compromised safety. Were a utility to begin to totally disregard safety concerns, risks to residents would likely be increased many-fold. However for the sake of our estimate, we adopt a highly optimistic and speculative value of 10% increase in fire risk.

So taking the extremely optimistic scenario of a 10% increase of a

figures. If the Applicant’s request been approved, ratepayers would have been at risk for unlimited costs stemming from wildfire related claims, which could total billions of dollars. The final decision declined to approve the Application, determining that the utilities had not met their burden of proving the reasonableness of their request. The Decision declined to place the risk on ratepayers through the WEBA mechanism. The cost of MGRA’s participation far outweighs the benefits to ratepayers, when compared to the potential exposure ratepayers would have faced had the WEBA mechanism been authorized.

<p>\$2 billion loss every 200 years, we'd find the avoided costs to be: $10\% \times (\\$2,000 \text{ M}) / (200 \text{ y}) = \\$ 1 \text{ M/year}$</p> <p>Regarding insurance costs, assuming that our insurer actually has knowledge of the utilities' true level of risk, if the insurer were to understand that risks had increased by 10%, they would likely apply a corresponding increase to the premium. In the case of SDG&E, which pays \$47 M/year currently, this would correspond to a cost increase of \$4.7 M/year. (Note that the current pricing indicates that the insurers' estimate of loss is greater than the optimistic scenario presented above.)</p> <p>So total avoided costs, using an optimistic (we believe unrealistically so) scenario, are on the order of \$6 million/year, much larger than the cost of this claim.</p>	
<p>b. Reasonableness of Hours Claimed.</p>	

<p>The MGRA intervenor and advocate Diane Conklin and expert witness Dr. Joseph Mitchell have attempted to avoid duplication of effort with regard to billing.</p> <p>Ms. Conklin was the primary contact for MGRA and was responsible for communications and for advocating on behalf of the organization before the Commission. She was the primary author of some MGRA documents, and applied extensive revisions to those she did not author.</p> <p>Dr. Mitchell created authored the MGRA testimony and was primary author for many of the MGRA documents.</p> <p>Presence of both Dr. Mitchell and Ms. Conklin at meet and confers, all-party meetings, and ex-parties were necessary in order to fully present MGRA positions and technical results.</p> <p>The number of hours spent by Ms. Conklin and Dr. Mitchell on this proceeding greatly exceeded those submitted in this compensation claim:</p> <ul style="list-style-type: none"> - Dr. Mitchell conducted significant analysis and calculation that was not presented before the Commission. - Not all substantive communications with other parties are claimed in our billing record. - No compensation is requested for a number of meetings which Dr. Mitchell attended by phone bridge. - Ms. Conklin spent considerable time raising public awareness of the Commission, WEBA, and the Public Participation Hearing. This included several television interviews and radio interviews, numerous discussions with reporters, and writing columns and op-ed pieces for local newspapers. These efforts are not eligible for intervenor compensation and are not claimed. - Dr. Mitchell and Ms. Conklin conferred daily and extensively on substantive issues during the active portions of this proceeding. None of this time is claimed. 	<p>After some minor disallowances and adjustment to this claim, the remaining hours and costs are reasonable and worthy of compensation.</p>
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c. Allocation of Hours by Issue			
Joseph Mitchell			
FR⁴- B⁵		PPH⁶	
139	64.7	16.4	
Diane Conklin			
FR	WB	PPH	
61.9	60.9	16.7	

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Rate Rationale	Total \$	Hours	Rate \$	Total \$
D. Conklin	2009	3.3	\$105	D.10-04-021	\$347	3.3	\$105	\$347
D. Conklin	2010	34.6	\$110	D.13-02-012	\$3,806	34.6	\$110	\$3,806
D. Conklin	2011	13.9	\$110	D.13-02-012	\$1,529	13.9	\$110	\$1,529
D. Conklin	2012	39.7	\$112	Adopted Here	\$4,446	39.7	\$110 ⁷	\$4,367
J. Mitchell	2009	13.0	\$260	D.10-04-021	\$3,380	13.0	\$260	\$3,380
J. Mitchell	2010	24.4	\$270	D.13-02-012	\$6,588	24.4	\$270	\$6,588
J. Mitchell	2011	66.9	\$270	D.13-02-012	\$18,063	66.9	\$270	\$18,063
J. Mitchell	2012	66.8	\$275	Adopted Here	\$18,370	66.8	\$275	\$18,370
Subtotal: \$56,529						Subtotal: \$56,450.00		

⁴ Fire Risk Issues.

⁵ Necessity and propriety of the WEBA cost recovery scheme.

⁶ MGRA states that its hours in this category relate only to its work (argument before the Commission) to encourage the Commission to sponsor a PPH proceeding. None of MGRA's hours in this category are for work preparing for and advertising the PPH. MGRA acknowledges that work on this nature is not eligible for compensation.

⁷ Although we have applied the 2.2% COLA approved in Resolution ALJ-281 to Conklin's 2012 hours, the resultant figure of \$112.42, when rounded to the nearest \$5.00 increment, fails to change Conklin's 2012 hourly rate.

Travel								
Item	Year	Hours	Rate \$	Rate Rationale ⁸	Total \$	Hours	Rate \$	Total \$
D. Conklin	2010	32.0	\$55.00	D.13-02-012	\$1,760	28.0	\$55.00	\$1,540
D. Conklin	2012	24.0	\$56.00	D.13-02-012	\$1,344	24.0	\$56.00	\$1,344
J. Mitchell	2010	9.3	\$135.00	D.13-02-012	\$1,256	8.0	\$135.00	\$1,080
J. Mitchell	2012	33.0	\$137.50	Adopted Here	\$4,537	24.0	\$137.50	\$3,300
Subtotal: \$8,897						Subtotal: \$7,264		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Rate Rationale	Total \$	Hours	Rate \$	Total \$
J. Mitchell	2012	21.9	\$137.50	½ rate adopted here	\$3,011	12.75	\$137.50	\$1,753
Subtotal: \$3,011						Subtotal: \$1,753		
COSTS ⁹								
Details					Amount \$	Amount \$		
Airfare (San Diego/San Francisco)					\$2,455.38	\$2,455.38		
Lodging					\$1,717.10	\$1,717.10		
Airport Parking					\$362.60	\$362.60		
Taxi/Cab Fares					\$493.03	\$493.03		
Photocopying					\$333.89	\$333.89		
Subtotal: \$5,362						Subtotal: \$5,362		
TOTAL REQUEST: \$73,799						TOTAL AWARD: \$70,829		
<p>*The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Travel and Reasonable Claim preparation time typically compensated at ½ of preparer's normal hourly rate.</p>								

⁸ Compensated at ½ professional hourly rate.

⁹ In this claim, MGRA lumps all of its costs into one sum without breaking down the details of the costs. This placed the responsibility for this task on the Commission rather than MGRA. We remind MGRA that it must separate its costs and list the details for its costs separately (as the Commission has done here) in any future claims it may file. Failure to do so may result in future reductions or disallowances.

C. CPUC Adoptions and Disallowances:

Item	Adoptions
2012 hourly rate for D. Conklin	MGRA requests an hourly rate of \$112 for Conklin's 2012 work. D.13-02-012 approved a 2011 hourly rate of \$110 for Conklin. We apply the 2.2 % cost-of-living (COLA) approved in Resolution ALJ-281 to Conklin's 2011 rate and round the resultant figure (\$112.42) to the nearest \$5.00 increment. This fails however to increase Conklin's hourly rate above what was approved in 2011, so we apply the same hourly rate of \$110 to her 2012 work here.
2012 hourly rate for J. Mitchell	MGRA requests an hourly rate of \$275 for Mitchell's 2012 work. D.13-02-012 approved a 2011 hourly rate of \$270 for Mitchell. We apply the 2.2% COLA approved in Resolution ALJ-281 to Mitchell's 2011 rate and round the resulting figure of \$275.94 to the nearest \$5.00 increment. The resultant figure is \$275. We approve Mitchell's 2012 rate as requested.
Item	Reductions
Discrepancies in travel hours	We reduce the travel hours for Conklin (2010) and Mitchell (2010) to equal the same number of hours MGRA lists in its timesheets for this task. Reductions --Conklin (2010)--4 hrs. Mitchell (2010)--1.3 hrs. Mitchell (2012)--9 hrs.
2012 hours for J. Mitchell	MGRA request 21.9 hrs for Mitchell in 2012 related to Compensation matters. The number of hours is excessive given the scope of the work. We approve 12.75 hours for this task and disallow the remaining hours for excessiveness. The approved hours are equal to the same number of hours requested by other intervenors for the same work.

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (see Rule 14.6(2)(6))?	Yes

FINDINGS OF FACT

1. Mussey Grade Road Alliance has made a substantial contribution to Decision 12-12-029.
2. The requested hourly rates for Mussey Grade Road Alliance's representatives, after adjustment, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The approved hours and costs are reasonable and commensurate with the work performed.
4. The total of reasonable contribution is \$70,829.00.

CONCLUSION OF LAW

1. The Claim, with the adjustment set forth above, satisfies all requirements of Public Utilities Code §§1801-1812.

ORDER

1. Mussey Grade Road Alliance is awarded \$70,829.00.
2. Within 30 days of the effective date of this decision, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company and Pacific Gas and Electric Company shall pay Mussey Grade Road Alliance their respective shares of the award, based on their California-jurisdictional gas and electric revenues for the 2010 calendar year, reflecting the year in which the proceeding was primarily litigated. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15,¹⁰ beginning May 12, 2013, the 75th day after the filing of Mussey Grade Road Alliance's request and continuing until full payment is made.
3. The comment period for today's decision is waived.

This decision is effective today.

Dated _____, at Redding, California.

¹⁰ See Resolution ALJ-294.

APPENDIX

Compensation Decision Summary Information

Compensation Decision:		Modifies Decision? No
Contribution Decision:	D1212029	
Proceeding:	A0908020	
Author:	Maribeth A. Bushey	
Payees:	San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company and Pacific Gas and Electric Company	

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
Mussey Grade Road Alliance	02-25-12	\$73,799	\$70,829.00	No	Miscalculation; adjusted hourly rates; discrepancy in travel related hours; excessive hours for compensation matters

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Diane	Conklin	Advocate	Mussey Grade Road Alliance	\$105	2009	\$105
Diane	Conklin	Advocate	Mussey Grade Road Alliance	\$110	2010-2012 ¹	\$110
Joseph	Mitchell	Expert	Mussey Grade Road Alliance	\$260	2009	\$260
Joseph	Mitchell	Expert	Mussey Grade Road Alliance	\$270	2010-2011	\$270
Joseph	Mitchell	Expert	Mussey Grade Road Alliance	\$275	2012	\$275 ²

(END OF APPENDIX)

¹ Applies the 2.2% COLA increase approved in Resolution ALJ-281 to Conklin's 2012 hours here.

² Applies the 2.2% COLA increase approved in Resolution ALJ-281.