

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIAOrder Instituting Rulemaking to Reform the Commission's
Energy Efficiency Risk/Reward Incentive Mechanism.Rulemaking 12-01-005
(Filed January 12, 2012)**DECISION GRANTING COMPENSATION TO THE NATURAL RESOURCES
DEFENSE COUNCIL FOR SUBSTANTIAL CONTRIBUTION
TO DECISIONS (D.) 13-09-023 AND D.12-12-032**

Claimant: The Natural Resources Defense Council (NRDC)	For contribution to D.13-09-023 and D.12-12-032
Claimed: \$92,641.00	Awarded: \$92,870.00
Assigned Commissioner: Michael Picker	Assigned Administrative Law Judge: ALJ Division ¹

PART I: PROCEDURAL ISSUES

A. Brief Description of Decision:	<p>D.13-09-023: This decision adopted a new Efficiency Savings and Performance Incentive (ESPI) to promote achievement of energy efficiency goals for the 2013-14 program cycle and beyond. The ESPI rewards utilities for their performance on four elements of energy efficiency programs.</p> <p>D.12-12-032: This decision approved a management fee with bonuses as the shareholder incentive mechanism for utility implementation of the 2010-12 Energy Efficiency (EE) portfolios. The 2010-12 incentive mechanism directed annual awards to be earned in the form of a management fee, equal to 5% of actual EE portfolio expenditures and a bonus of up to an additional 1% of actual EE expenditures.</p>
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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 This proceeding was originally assigned to Judge Pulsifer, who has since retired.

1. Date of Prehearing Conference:	March 21, 2012	Correct
2. Other Specified Date for NOI:	The Order Instituting Rulemaking (OIR) issued January 19, 2012 in R.12-01-005 indicated that parties should file amendments to their previous NOIs filed in R.09-01-019 within 30 days of the date the OIR was mailed since no PHC was scheduled. (see pp.16-17)	Correct
3. Date NOI Filed:	February 21, 2012	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:	R.09-08-009	Correct
6. Date of ALJ ruling:	January 28, 2010	Correct
7. Based on another CPUC determination (specify):	n/a	N/A
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.10-07-007 and A.11-09-016	Correct ²
10. Date of ALJ ruling:	February 21, 2013	Correct
11. Based on another CPUC determination (specify):	n/a	N.A
12. Has the Claimant demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.13-09-023	Correct
14. Date of Issuance of Final Order or Decision:	9/11/2013	Correct
15. File date of compensation request:	10/30/2013	Correct
16. Was the request for compensation timely?		Yes

² A.11-09-016 was consolidated with A.10-07-007 per the Joint Revised Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judges on December 12, 2011.

PART II: SUBSTANTIAL CONTRIBUTION**A. Did the Intervenor substantially contribute to the final decision (see § 1802(i), § 1803(a), and D.98-04-059).**

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>1. Decision 13-09-023:</p> <p>Continue EE Incentives</p> <ul style="list-style-type: none"> • NRDC recommended continuation of energy efficiency incentives as a critical component of state energy policy. 	<p>Decision supported continuation of efficiency incentives:</p> <ul style="list-style-type: none"> • D. 13-09-023, p. 8: "NRDC and the IOUs, in particular, advocate continuation of energy efficiency incentives as a critical component of state energy policy." • D. 13-09-023, pp. 13-14: "Given the critical importance of EE resources as first in the loading order, we continue to believe that monetary incentives remain important as a means of elevating the importance of EE programs as a core element of the IOU business model." • D. 13-09-023, Finding of Fact 2: "Consistent with the Energy Action Plan, shareholder incentives for EE continue to be important as a tool to spur utility management to aggressively pursue EE goals as the first priority in the resource." • NRDC July 2012 <i>Comments</i>, p. 2: "NRDC urges the Commission to adopt a new incentive mechanism to better align the utilities' incentives with the CPUC's current energy efficiency policy goals." • NRDC October 2012 <i>Post Workshop Comments</i>, p. 5: "efficiency <i>should be</i> part of the utilities' core business to meet customers' energy service needs, and incentives for efficiency are needed precisely to <i>make</i> it part of the utilities' core business... It is time for the CPUC's financial regulation of the utilities to catch up to those policies, so that both the 	<p>Accepted.</p>

<p>Reform to Focus on Maximizing Long-Lived Savings</p> <ul style="list-style-type: none"> NRDC recommended that the prior incentive mechanism design, which maximized net economic benefits, be replaced with a mechanism that incentivizes maximum energy savings. 	<p>CPUC’s policy goals and financial incentives for the utilities provide the same message about the state’s loading order of resources.”</p> <p>Adopted a new incentive mechanism design to spur long-lived energy savings:</p> <ul style="list-style-type: none"> D. 13-09-023, pp. 8-9: “NRDC argues that an incentive mechanism should clearly define the Commission’s overarching policy objectives and be carefully designed to spur the utilities to excel at meeting these objectives. NRDC agrees that reform in the incentive design is needed and supports an increased focus on maximizing long-term energy savings in a cost-effective manner, consistent with statewide efforts to cut greenhouse gas (GHG) emissions.” D.13-09-023, p. 14: “while we continue to recognize the importance of incentives, we conclude that the PEB shared savings model needs to be replaced with a different methodology.” D. 13-09-023, p. 35: “our adopted ESPI mechanism differs from the prior approach by placing greater emphasis on capturing deeper, more comprehensive, and longer lasting energy savings. This objective reflects a shift from the previous priority to maximize net economic benefits. Maximizing net economic benefits yields higher current economic benefits, but reduces energy savings and lessens support for longer-term policy objectives... The choice is between maximizing energy savings while keeping a positive portfolio benefit-cost ratio, versus maximizing net economic benefits.” D. 13-09-023, Finding of Fact 12: “Consistent with the priorities stated in D.12-05-015, an incentive mechanism 	<p>Accepted.</p>
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<p>Make the Incentive Performance-Based</p> <ul style="list-style-type: none"> NRDC recommended that the bulk of the incentive mechanism be tied to performance at achieving net lifecycle energy savings. 	<p>should give greater weight to programs designed for deeper savings, measures with longer design lives, and market transformation efforts...”</p> <ul style="list-style-type: none"> NRDC October 2012 <i>Post Workshop Comments</i>, p. 6: “The Efficiency Incentive Mechanism Should Spur Utilities to Achieve Maximum Lifecycle Energy Savings Cost-Effectively... There are important differences between the Commission’s current policy objectives to capture all cost-effective energy savings, including deeper, more comprehensive, and longer lasting savings, and its prior objective to maximize net economic benefits. The key difference is between maximizing the <i>energy savings</i> in “cost-effective energy savings,” and maximizing the <i>cost-effectiveness</i> of “cost-effective energy savings,” in other words, maximizing energy savings while keeping the portfolio benefit-cost ratio above 1, versus maximizing the net economic benefits.” <p>ESPI is primarily based on lifecycle energy savings performance</p> <ul style="list-style-type: none"> D. 13-09-023, pp. 14-15: “NRDC’s proposal for 2013-2014 would... incorporate the following general features: (1) A fixed amount for incentive earnings per unit of savings (kW, kWh, Therms)... The NRDC proposed mechanism would award earnings based on net resource savings... Incentive earnings would be scaled based on ‘lifecycle demand’ savings, by multiplying annual demand savings goals by the 2013-2014 portfolio’s average effective useful life (EUL) of the portfolio of measures. The focus on long-term savings would encourage the utilities to maximize lifetime efficiency savings...” 	<p>Accepted.</p>
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	<ul style="list-style-type: none"> • D. 13-09-023, p. 28: \$127 million of the total \$178 million in maximum possible incentives is tied to “EE lifecycle resource savings.” • D. 13-09-023, p. 19: “An incentive is offered to encourage EE resource savings... The methodology for measuring resource savings is modified from previous cycles to focus on lifecycle savings.” • D. 13-09-023, Finding of Fact 5: “Consistent with the Energy Action Plan, the largest component of a shareholder incentive mechanism focuses on realization of resource savings.” • D. 13-09-023, Finding of Fact 18: “A reasonable approach to calculate incentive earnings is to develop per-unit earnings rates by solving for the coefficient (i.e., earnings per unit of resource savings) that correlates incentive earnings with (a) the EE approved budget, and (b) with lifecycle goals.” • NRDC July 2012 <i>Comments</i>, p. 2: “NRDC recommends that the CPUC adopt a new incentive mechanism that would spur superior performance by making utility earnings directly proportional to achievement of the CPUC’s primary objectives – maximizing lifetime energy savings...” • NRDC July 2012 <i>Comments</i>, p. 7: “The Commission should base potential earnings on three metrics to encourage the utilities to maximize lifetime energy and demand savings, including savings from both electricity and natural gas: electric savings (GWh), demand savings (MW), and natural gas savings (therms).” 	
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<p>Set the Cap on Earnings at High Performance Level</p> <ul style="list-style-type: none"> NRDC recommended that total earnings be limited, and that the cap be set at a high level of performance. 	<p>ESPI Caps Earnings at High Performance Level</p> <ul style="list-style-type: none"> D. 13-09-023, pp. 14-15: “NRDC’s proposal for 2013-2014 would... incorporate the following general features:... (3) An earnings cap on the incentive payment.” D. 13-09-023, p. 37: “NRDC supports setting a cap on earnings at a high level of performance at achieving the Commission’s objectives.” D. 13-09-023, Finding of Fact 15: “The target EUL... and NTG values...are not representative of recent experience and may not be achievable in the 2013-2014 portfolio. The use of these target EUL and NTG values is appropriate, however, in calculating net lifecycle goals for ESPI purposes to emphasize the importance of challenging IOUs to stretch their capabilities to reach these higher standards of performance over time.” D. 13-09-023, p. 4: “The potential for ESPI earnings available over the 2013-2014 cycle is capped at \$178 million for the 2013-2014 cycle.” NRDC October 2012 <i>Post Workshop Comments</i>, pp. 1-2 “The CPUC should define the magnitude of the potential earnings opportunity... and apply the cap at a high level of performance to encourage greater energy savings.” 	<p>Accepted.</p>
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<p>Set an Appropriate Earnings Level</p> <ul style="list-style-type: none"> NRDC recommended that the CPUC provide up to \$188 million in potential earnings for 2013-14, based on balancing five key criteria. 	<p>CPUC capped earnings at \$178 million for 2013-14</p> <ul style="list-style-type: none"> D. 13-09-023, p. 20: “NRDC proposes an incentive earnings cap of \$188 million for the 2013-2014 cycle.” D. 13-09-023, p. 4: “The potential for ESPI earnings available over the 2013-2014 cycle is capped at \$178 million for the 2013-2014 cycle.” [Note, the PD proposed approximately \$150 million in potential earnings and our advocacy contributed to increasing the cap.] NRDC October 2012 <i>Post Workshop Comments</i>, p. 11: “NRDC Recommends a Cap of \$188 Million for 2013-14 (For All 4 Utilities Over Both Years), Which Balances the Criteria the CPUC Established in D.07-09-043 While Remaining Conservative.” See also, pp. 8-13. NRDC August 2013 Comments on PD, pp. 9-15: “The Commission should increase the magnitude of potential earnings proposed in the PD to align with efficiency’s importance as the state’s top priority resource.” 	<p>Accepted.</p>
<p>Use of Ex-ante vs Ex-post Energy Savings Estimates</p> <ul style="list-style-type: none"> NRDC recommended that the CPUC use ex-ante estimates in 2013-14 as much as possible to enable the CPUC and all parties to focus on creating a better EM&V system for the future. 	<p>ESPI uses a mix of ex-ante and ex-post estimates</p> <ul style="list-style-type: none"> D. 13-09-023, p. 43: “NRDC argues that an ex-post approach for an incentive mechanism will not succeed until the Commission addresses the underlying problems with EM&V. NRDC supports the policy rationale for an ex post approach, but argues it is premature to rely on ex post evaluations during the 2013-2014 cycle. NRDC argues that the 2013-2014 cycle should serve as a transition period to make significant changes to create a collaborative and transparent EM&V 	<p>Accepted.</p>

	<p>process that will increase the Commission's and all parties' confidence in the energy saving estimates and enable continuous updating of those estimates.”</p> <ul style="list-style-type: none"> • D. 13-09-023, p. 19: “An incentive is offered to encourage EE resource savings, paid as a combination of ex ante ‘locked down’ and ex post verified savings results, according to the level of uncertainty of the measures’ parameters.” • D. 13-09-023, p. 47: “We find merit in parties' arguments on both sides of the ex ante versus ex post based savings issue. We recognize that basing ESPI payments on ex post evaluations presents significant challenges, which is why we shifted to an ex ante approach in finalizing the 2006-2009 RRIM awards.” • D. 13-09-023, p. 50: “we recognize that a significant portion of the portfolio consists of ‘deemed’ measures with savings parameters for which there is a great deal of certainty, and it does not seem warranted to defer payment for these savings until all evaluation activities are completed. To reconcile these two findings, we shall apply the following approach for measuring performance relating to the resource savings component of the ESPI mechanism. For custom projects and for specific ‘deemed’ measures with ex ante parameters that we identify as highly uncertain, we shall require ex post evaluations as the basis for calculating savings incentive payments. [footnote omitted] The savings award for the remaining ‘deemed’ measures will be calculated based on the locked down ex ante parameter values, and only the claimed measure count will be subject to ex post adjustment for these measures.” • NRDC April 2013 <i>Comments on</i> 	
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	<p><i>ACR</i>, pp. 2-7: “NRDC opposes the ACR’s proposal to return to full ex-post EM&V for the 2013-14 incentives, because it would reignite contentious fights that could derail progress on efficiency. Instead, we urge the CPUC to use ex-ante savings estimates (but still verifying the installations and expenditures) for the 2013-14 transition period, while setting up a process for an improved approach to determining energy savings estimates in the future.”</p>	
<p><u>2. Decision 12-12-032</u> Continue EE Incentives</p> <ul style="list-style-type: none"> NRDC recommended continuation of energy efficiency incentives as a critical component of state energy policy. 	<p>Decision supported continuation of efficiency incentives:</p> <ul style="list-style-type: none"> D.12-12-032, p. 17-18: “NRDC supports the adoption of a RRIM for 2010-12 as an important policy tool to promote EE goals.” D. 12-12-032, p. 23: “TURN, DRA and WEM all advocate not approving a shareholder incentive for the 2010-12 portfolio. While all of these parties make very compelling arguments, ultimately we disagree. . . Rather, we agree with NRDC and PG&E that continued regulatory certainty in this 	<p>Accepted.</p>

<p>Set an Appropriate Earnings Level</p> <ul style="list-style-type: none"> NRDC recommended that the Commission provide an appropriate level of earnings based on prior CPUC criteria, and found that the amount of earnings proposed in the ALJ’s Ruling of October 5, 2012, 3.8% of expenditures, was too low. 	<p>area will help motivate the IOUs and investors to continue to support and commit to a long term, aggressive EE program that will help meet state policy goals. We are persuaded by NRDC that an incentive mechanism is an important tool to promote our state’s policy objectives for energy efficiency.”</p> <ul style="list-style-type: none"> D. 12-12-032, COL 14: “It is reasonable to continue to disburse shareholder incentives for energy efficiency, as it sends the proper signal to the market place and affirms the state’s commitment to EE as a top priority resource.” NRDC, <i>Opening Comments on the PD and APD</i>, p.1: “NRDC supports the Alternate PD’s continuation of energy efficiency incentives, and opposes the PD’s elimination of incentives.” <p>CPUC increased earnings level from the amount proposed in the ALJ Ruling of October 5, 2012:</p> <ul style="list-style-type: none"> D.12-12-032, OP 1: “The incentive mechanism is be [sic] based on annual recorded programmatic expenditures . . . , and is comprised of two components: a management fee, set at 5% of utility expenditure, and a performance bonus, capped at an additional 1% of utility expenditure.” D.12-12-032, p. 17-18: “NRDC believes that, weighing all anticipated changes in the RRIM, the 2010-12 expected earnings should be approximately the same or moderately lower than the expected earnings for 2006-08 approved in D.07-09-043.” NRDC, <i>Comments On ALJ Ruling On Modified Methodology And Use Of Data To Derive Incentive Earnings Amounts</i>, October 5, 2012, pp.4-5: “[T]he ALJ Ruling would award a total of \$28 million for the year 2010, which 	<p>Accepted.</p>
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<p>Reduce the Magnitude of “Bonus”</p> <p>NRDC found that the determination of the “bonus” was too subjective and its magnitude too large.</p>	<p>equates to 3.8% of the expenditures. This magnitude of earnings is unreasonably low for a number of reasons.”</p> <p>Decision supported reduction in magnitude of “bonus:”</p> <ul style="list-style-type: none"> • D. 12-12-032, p. 30: “NRDC, PG&E, SoCalGas and SDG&E all contend that a performance bonus will be too subjective to be used effectively. We agree that there is some subjectivity in assessing conformance with our ex ante lockdown process. . . we are persuaded by the parties’ comments that the subjective nature of the performance bonus should not result in it being too heavily weighted in the overall earnings potential. Therefore, we decrease the performance bonus from 3%, as originally proposed in the ruling, to 1%.” • D. 12-12-032, COL 20: “It is reasonable to augment an incentive mechanism for the 2010-12 cycle with a smaller performance bonus because the subjective nature of the performance bonus should not result in its being too heavily weighted in the overall earnings potential.” • NRDC, <i>Opening Comments on the PD and APD</i>, December 4, 2012, p.4: “the ‘conformance’ scores would be based on ex-ante administrative processes, not outcomes, and would use scores that are highly subjective . . .” 	<p>Accepted.</p>
<p>Design Incentives to Make EE the Top Priority Resource</p> <ul style="list-style-type: none"> • NRDC recommended that the CPUC use the incentive mechanism to reinforce the top priority status of EE as a resource. 	<p>Decision supported use of incentive mechanism to make EE the top priority resource:</p> <ul style="list-style-type: none"> • D.12-12-032, COL 1: “[E]nergy efficiency programs should be prioritized as the first resource to meet California’s energy demand. Any directives regarding incentive policy should be consistent with California’s 	<p>Accepted.</p>

	<p>commitment to making EE the highest energy resource priority.”</p> <ul style="list-style-type: none"> • D.12-12-032, FOF 14: “It is reasonable to continue to disburse shareholder incentives for energy efficiency, as it sends the proper signal to the market place and affirms the state’s commitment to EE as a top priority resource.” • NRDC, <i>Comments on Methodology and Data</i>, (October 2012), p. 2: “NRDC urges the CPUC to provide an earnings opportunity that makes efficiency the state’s top priority resource.” 	
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B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

	Claimant	CPUC Verified
a. Was the Office of Ratepayer Advocates (ORA)³ a party to the proceeding?	Yes	Verified
b. Were there other parties to the proceeding with positions similar to yours?	Yes	Verified
<p>c. If so, provide name of other parties:</p> <p>D. 13-09-023: Initially, NRDC was the only party that proposed continuation of an incentive mechanism re-designed to tie the bulk of the earnings to net lifecycle savings rather than net economic benefits. As the proceeding progressed, the IOUs generally supported NRDC’s proposal, although we continued to differ on important design elements such as the use of net vs. gross savings, magnitude of potential earnings, etc.</p> <p>D. 12-12-032: NRDC had similar positions to the IOUs on the overarching policy question of whether to continue an incentive mechanism, but had unique specific proposals and rationales. NRDC was the only party representing consumers that place a high priority on spurring greater energy efficiency in order to improve environmental quality.</p>	Verified	
d. Describe how you coordinated with ORA and other parties to avoid	Verified	

³ The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

<p>duplication or how your participation supplemented, complemented, or contributed to that of another party:</p> <p>D. 13-09-023: NRDC had a fundamentally different position on the central question in this proceeding than DRA: whether to continue efficiency incentives. However, we reached out to DRA to try to resolve differences in advance of writing comments. Where we agreed with DRA on general issues, we nevertheless provided different recommendations on the details. For example, we agreed with DRA that the CPUC should eliminate the “cost-effectiveness multiplier” that was proposed in the ACR in favor of a cost-effectiveness threshold, but differed in our recommended design. In addition, we agreed with DRA in expressing the concern that “management fees” reward spending rather than performance.</p> <p>In addition, as noted above, after a workshop and round of comments, the IOUs began to generally support NRDC’s proposed incentive design, however our recommendations continued to differ on many important details.</p> <p>D. 12-12-032: NRDC disagreed with DRA on the fundamental policy question of whether to continue incentives. Our only technical point of agreement was over simplifying the mechanism, but the results of our respective simplified proposals were not in the vicinity of being duplicative.</p>	
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C. Additional Comments on Part II:

#	Intervenor’s Comment	CPUC Discussion
1	<p>D.12-12-032 was the culmination of a lengthy multi-year process in both R.09-01-019 and R.12-01-005. The Commission’s process to decide whether, and if so, how to award incentives for the 2010-12 energy efficiency portfolios was delayed multiple times. The initial process focused on modifying the RRIM incentive mechanism design for 2010-12, and NRDC submitted detailed proposals and comments. Although the Commission issued a Proposed Decision based on that initial process, it was ultimately withdrawn and never brought to a vote. After further delays, the Commission requested comments on a new mechanism design (in large part simplified based on how late in the efficiency program cycle the mechanism was ultimately going to be adopted). Although the structure of the final mechanism was different from most parties’ proposals, we respectfully request compensation for our work on the 2010-12 incentive mechanism in both R.09-01-019 and R.12-01-005 as our comments substantially contributed to the Commission’s record and its ultimate design of both the 2010-12 mechanism and the 2013-14 and beyond mechanism.</p>	<p>The Commission accepts this assertion.</p>

PART III: REASONABLENESS OF REQUESTED COMPENSATION

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

<p>a. Intervenor’s claim of cost reasonableness:</p> <p>Throughout R.12-01-005 and R.09-01-019, NRDC advocated for the CPUC to align the financial incentives it provides to the utilities with its policy priorities, such that utility and customer interests are aligned. Prior to D.12-12-032 and D.13-09-023, the CPUC was providing utilities with billions of dollars in profits every year primarily for supply-side infrastructure investments, but not providing any potential earnings for the cheaper alternative of energy efficiency (despite its place as the state’s top priority resource). The Commission’s decisions continuing incentives for the 2010-12 efficiency portfolio cycle, and creating a new performance-based incentive mechanism for 2013-14 and beyond, will spur further investments in energy efficiency that are the cheapest resource to meet customers’ needs.</p> <p>While the benefits of our participation are difficult to quantify precisely, we submit that NRDC contributed substantially to the design of incentive mechanisms that will spur utilities to increase savings in programs that are expected to provide customers with billions of dollars in savings. For example, the 2013-14 efficiency portfolios are expected to save customers about \$1 billion. And the expected incentive of \$120 million is less than half of the profits utilities would have received from investing in costlier supply-side alternatives. Therefore, NRDC’s contribution to the record and final decision in these proceedings, and the benefits that are expected to arise from the incentive mechanism improving energy efficiency performance and making efficiency a key focus for the utility businesses over time, vastly exceeded the cost of NRDC’s participation.</p>	<p style="text-align: center;">CPUC Verified</p> <hr/> <p style="text-align: center;">Verified</p>
<p>b. Reasonableness of Hours Claimed.</p> <p>The substantial contributions to Commission policy described above would not have been possible without the individual contributions of each of the four main members of NRDC’s team. Considerable time and effort went into NRDC’s comments in this proceeding, as we developed detailed proposals for entirely new incentive mechanism frameworks and major revisions to existing frameworks; this included significant data analysis, comparisons with efforts in other states, analysis of strengths and weaknesses of various mechanism designs, and development of original proposals.</p> <p>Where staff members worked on the same aspect of the proceeding, they coordinated carefully to ensure no duplication of work. For example, where multiple staff contributed to the same written document, each staff person wrote separate sections or provided substantive edits to drafts; no time was claimed for proof-reading or copy editing. Moreover, NRDC does not claim time for coordination.</p> <p>The rates requested by NRDC are purposefully conservative and low on the ranges approved by the Commission, even though the levels of expertise would justify higher rates. NRDC maintained detailed time records indicating the</p>	

<p>number of hours that were devoted to proceeding activities. All hours represent substantive work related to this proceeding.</p> <p>The amounts claimed are further conservative for the following reasons: (1) No time is claimed for internal coordination, only for substantive policy development; (2) we do not claim time for substantive input or review by other senior NRDC staff, even though their expertise was critical to ensuring productive recommendations; (3) we do not claim time for fellows that contributed significantly to our filings; (4) we do not claim time for regulatory requirements associated with our advocacy (e.g., time spent writing ex parte notices for the proceeding), (5) no time was claimed for significant in-depth research that informed our filings including discussions with experts in various states, (6) no time was claimed for travel, (7) time was claimed for only one staff member participating in a meeting even though multiple staff contributed individual expertise to the discussion, and (8) we do not request compensation for time spent on comments related to the magnitude of the 2010 incentive award.</p> <p>In sum, NRDC made numerous and significant contributions which required extensive research and analysis. Since our work was efficient, hours conservative, and billing rates low, NRDC's request for compensation should be granted in full.</p>	
<p>c. Allocation of Hours by Issue</p> <p>This proceeding covered two primary issues: an incentive mechanism for the 2010-12 portfolio cycle (Issue A), and an incentive mechanism for the 2013-14 portfolio cycle and beyond. For the 2013-14 decision, we have allocated our time among three primary issues: continuation of incentives (Issue B), magnitude of incentives (Issue C), and design of the incentive mechanism (Issue D). Among these issues, NRDC staff spent 74% of their hours on Issue A, 1% on Issue B, 5% on Issue C, and 20% on Issue D. As discussed below in Comment #5, NRDC staff spent relatively more time on Issue A because of the CPUC's lengthy process across 4 years that culminated in the 2010-12 decision (D.12-12-032).</p>	

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Devra Wang	2009	80.3	\$165	D.13-08-018	\$13,241.00	80.3	\$165	\$13,249.50
Devra Wang	2010	45.8	\$165	D.13-08-018	\$7,549.00	45.8	\$165	\$7,557.00
Devra Wang	2011	4.3	\$170	D.13-08-018	\$723.00	4.3	\$170	\$731.00
Devra Wang	2012	126.9	\$185	Res. ALJ-281 D.08-04-010	\$23,483.00	126.9	\$185 ⁴	\$23,476.50
Devra Wang	2013	55.6	\$190	Res. ALJ-287	\$10,564.00	55.6	\$195 ⁵	\$10,842.00

⁴ Approved in Decision (D.) 14-12-067.

⁵ Approved in Decision (D.) 14-12-067.

Sierra Martinez	2010	14.5	\$150	D.13-08-018	\$2,168.00	14.5	\$150	\$2,175.00
Sierra Martinez	2011	22.8	\$200	D.13-08-018	\$4,550.00	22.8	\$200	\$4,560.00
Sierra Martinez	2012	20.9	\$215	D.13-05-032	\$4,485.00	20.9	\$215	\$4,493.50
Peter Miller	2012	2.8	\$185	D.13-05-023	\$509.00	2.8	\$185	\$518.00
Peter Miller	2013	5.0	\$190	D.13-05-023	\$950.00	5.0	\$190 ⁶	\$950.00
Noah Long	2009	154.5	\$150	D.10-05-014	\$23,175.00	154.5	\$150	\$23,175.00
Subtotal: \$91,396.00						Subtotal: \$91,727.50		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate	Total \$
Devra Wang	2013	7	\$95	Res. ALJ-287	\$665.00	7	\$97.50 ⁷	\$682.50
Sierra Martinez	2013	4	\$145	Res. ALJ-287 D.08-04-010	\$580.00	4	\$115 ⁸	\$460.00
Subtotal: \$1,245.00						Subtotal: \$1,142.50		
TOTAL REQUEST: \$92,641.00						TOTAL AWARD: \$92,870.00		
<p>**We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenors' records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. 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 1/2 of preparer's normal hourly rate</p>								
ATTORNEY INFORMATION								
Attorney		Date Admitted to CA BAR⁹		Member Number		Actions Affecting Eligibility (Yes/No?) If "Yes", attach explanation		
Sierra Martinez		December 4, 2008		260510		No		
Noah Long		March 19, 2009		262571		No		

⁶ NRDC's citation to D.13-05-023 for Miller's 2013 hourly rate is incorrect, as no 2013 hourly rate was adopted for Miller by D.13-05-023. Instead, the Commission will apply the 2.0% Cost-of-Living-Adjustment (COLA) in Resolution ALJ-287 to Miller's 2012 hourly rate to establish his 2013 hourly rate. Thus, the rate of \$190 is approved as Miller's 2013 hourly rate.

⁷ The rate of \$195 was approved for Wang in 2013 in D.14-12-067. Half of \$195 is \$97.50 per hour and is used for the calculation for work Wang spent on Intervenor Compensation claim preparation.

⁸ The rate of \$230 was approved for Martinez in 2013 in D.14-12-067. Half of \$230 is \$115 per hour, and is used for the calculation for work Martinez spent on Intervenor Compensation claim preparation.

⁹ This information may be obtained at: <http://www.calbar.ca.gov/>.

C. Attachments Documenting Specific Claim and Comments on Part III

Attachment or Comment #	Description/Comment
Attachment #1	Staff time records and allocation of time by issue area.
Comment #1	<p>Rationale for Devra Wang’s rate: Ms. Wang has over twelve years of experience working on energy and environmental policy. Ms. Wang is the Director of NRDC's California Energy Program and holds a Master's degree in Energy and Resources and a Bachelor's degree in Bioengineering, both from the University of California at Berkeley.</p> <p><u>2009 Rationale:</u> NRDC requests an hourly rate of \$165 for work performed in 2009. Devra Wang was previously awarded an hourly rate of \$165 for work performed in 2008 (in D.10-04-022) and in 2010 (in D.13-08-018).</p> <p><u>2010 Rationale:</u> Devra Wang was previously awarded intervenor compensation at a 2010 hourly rate of \$165 in D.13-08-018 for work done in R.10-05-006.</p> <p><u>2011 Rationale:</u> Devra Wang was previously awarded intervenor compensation at a 2011 hourly rate of \$170 in D.13-08-018 for work done in R.10-05-006.</p> <p><u>2012 Rationale:</u> We request a rate of \$185 for Devra Wang's work in 2012. This includes the second (and final) 5% increase within any given level of experience as well as a 2.2% COLA per Resolution ALJ-281. Calculation: $\\$170 * 1.05 = 178.50$ (rounded to 180). $\\$180 * 1.022 = \\183.96 (rounded to \$185). While D.13-08-018 awarded Devra Wang a rate of \$170, that rate did not take into account her second and last 5% increase per D.08-04-010 (p. 8). We therefore request that increase here for work done in 2012.</p> <p><u>2013 Rationale:</u> Assuming approval of a 2012 rate of \$185, we request a rate of \$190 for Devra Wang's work in 2013. This includes a 2.2% COLA as authorized in Resolution ALJ-287.</p>
Comment #2	<p>Rationale for Sierra Martinez’s rate: Mr. Martinez represents NRDC at state and local fora to promote clean energy solutions to climate change. Mr. Martinez is the Legal Director of California Energy Projects at NRDC and holds a J.D. from Stanford Law School and a B.A. from Stanford University.</p> <p><u>2010 Rationale:</u> Sierra Martinez was previously awarded intervenor compensation at a 2010 hourly rate of \$150 in D.13-08-018 for work done in R.10-05-006.</p> <p><u>2011 Rationale:</u> Sierra Martinez was previously awarded intervenor compensation at a 2011 hourly rate of \$200 in D.13-08-018 for work done in R.10-05-006.</p> <p><u>2012 Rationale:</u> Sierra Martinez was previously awarded intervenor compensation at an hourly rate of \$215 in D.13-05-032 for work performed in 2012.</p> <p><u>2013 Rationale:</u> Sierra Martinez is now a fifth year attorney. We therefore request an hourly rate of \$290 for work done in 2013, per Resolution ALJ-287. As noted in D.08-04-010 (p.8), intervenors can qualify for a rate increase when “moving to a higher experience level: where additional experience since the last authorized rate moved a representative to a higher level of experience.”</p>
Comment #3	Rationale for Peter Miller’s rate:

	<p><u>2012 Rationale:</u> Peter Miller was awarded a rate of \$185 in D.13-05-023. We request that rate here for work done in 2012.</p> <p><u>2013 Rationale:</u> Peter Miller was awarded a rate of \$185 in D.13-05-023. We now request a rate of \$190 for 2013 to account for the 2013 2% COLA as authorized by Resolution ALJ-287.</p>
Comment #4	<p>Rationale for Noah Long's rate:</p> <p><u>2009 Rationale:</u> Noah Long was previously awarded intervenor compensation at the hourly rate of \$150 in D.10-05-014 for worked performed in 2009.</p>
Comment #5	<p>NRDC has not allocated hours for work that contributed to the 2010-12 incentive decision into multiple categories because, as discussed above, the proceeding's focus evolved following several delays in the multi-year process. The shifts in focus make allocations by category moot because the Commission's ultimate decision on the design of a mechanism was so heavily influenced by the Commission's own delays. As discussed above, NRDC respectfully requests compensation for our work on the 2010-12 incentive mechanism in both R.09-01-019 and R.12-01-005 as our comments substantially contributed to the Commission's record and its ultimate design of both the 2010-12 mechanism and the 2013-14 and beyond mechanism.</p>

PART IV: OPPOSITIONS AND COMMENTS

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

FINDINGS OF FACT

1. Natural Resources Defense Council has made a substantial contribution to D.13-09-023 and D.12-12-032.
2. The requested hourly rates for Natural Resources Defense Council's representatives are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$92,870.00.

CONCLUSION OF LAW

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

ORDER

1. Natural Resources Defense Council is awarded \$92,870.00.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall pay the Natural Resources Defense Council their respective shares of the award, based on their California-jurisdictional gas and electric revenues for the 2012 calendar year, to reflect 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, beginning January 13, 2014, the 75th days after the filing of Natural Resources Defense Council'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 San Francisco, California.

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision?	N/A
Contribution Decision(s):	D1309023, D1212032		
Proceeding(s):	R1201005		
Author:	ALJ Division		
Payer(s):	Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
Natural Resources Defense Council (NRDC)	10/30/2013	\$92,641.00	\$92,870.00	N/A	Change in hourly rates through Resolution ALJ-287.

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Devra	Wang	Expert	NRDC	\$165	2009	\$165
Devra	Wang	Expert	NRDC	\$165	2010	\$165
Devra	Wang	Expert	NRDC	\$170	2011	\$170
Devra	Wang	Expert	NRDC	\$185	2012	\$185
Devra	Wang	Expert	NRDC	\$190/\$95	2013	\$195/\$97.50
Sierra	Martinez	Attorney	NRDC	\$150	2010	\$150
Sierra	Martinez	Attorney	NRDC	\$200	2011	\$200
Sierra	Martinez	Attorney	NRDC	\$215	2012	\$215
Sierra	Martinez	Attorney	NRDC	\$290/\$145	2013	\$230/\$115
Peter	Miller	Expert	NRDC	\$185	2012	\$185
Peter	Miller	Expert	NRDC	\$190	2013	\$190
Noah	Long	Attorney	NRDC	\$150	2009	\$150

(END OF APPENDIX)