PROPOSED DECISION

Agenda ID #15241 (Rev. 1)
Ratesetting
11/10/16 Item #27

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Triennial Cost Allocation Proceeding Phase 1 Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2016.	Application 14-12-017 (Filed December 18, 2014)

DECISION GRANTING COMPENSATION TO THE UTILITY REFORM NETWORK FOR CONTRIBUTION TO DECISION 16-06-039

Intervenor: The Utility Reform Network	**For contribution to Decision (D.) 16-06-039**
Claimed: $35,101.20	**Awarded: $35,101.20**
Assigned Commissioner: Michael Picker	**Assigned ALJ: Gerald F. Kelly**

PART I: PROCEDURAL ISSUES

A. Brief description of Decision:	The Triennial Cost Allocation Proceeding (TCAP) is the application which typically serves as the vehicle for review and modification of inter-class cost allocation, as well as allocation of storage and balancing assets, and resolution of certain other storage and balancing issues. The current TCAP is being conducted in two phases; this Phase 1 application covered storage costs and allocations, and certain balancing-related issues. A separate Phase 2 application (A.15-07-014) addresses other TCAP issues such as updated demand forecasts, marginal costs, revenue allocation and rate design. In D.16-06-039, the Commission addressed a range of uncontested and contested issues. Many of the contested issues were addressed in a proposed settlement that the Commission adopted in the decision. TURN was one of the sponsors of the proposed settlement, and each of TURN's substantive issues (load balancing, allocation of storage costs, and unbundled storage program revenue sharing) was covered by the proposed settlement.

B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812:

	Intervenor	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference (PHC):	3/10/15	Verified
2. Other specified date for NOI:		
3. Date NOI filed:	4/1/15	Verified
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.14-05-001 CMRS ROW Rulemaking	Verified
6. Date of ALJ ruling:	9/5/14	Verified
7. Based on another CPUC determination (specify):		
8. Has the Intervenor demonstrated customer or customer-related status?		Yes
Showing of "significant financial hardship" (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	R.14-05-001 CMRS ROW Rulemaking	Verified
10. Date of ALJ ruling:	9/5/14	Verified
11. Based on another CPUC determination (specify):		
12. 12. Has the Intervenor demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.16-06-039	Verified
14. Date of issuance of Final Order or Decision:	6/28/16	Verified
15. File date of compensation request:	8/29/16	Verified
16. Was the request for compensation timely?		Yes

C. Additional Comments on Part I:

#	Intervenor's Comment(s)	CPUC Discussion
	On 10/15/15, TURN's Board of Directors adopted amendments to TURN's bylaws and articles of incorporation. The amended version of TURN's by-laws and articles of incorporation were submitted on	

	January 6, 2016 in A.15-09-001 (PG&E 2017 GRC). The by-laws and articles of incorporation have not changed since their submission in that proceeding.	

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
1. Proposed Revision of Monthly Imbalance Tolerance: The Sempra Utilities proposed to move from 10% to 5% monthly balancing. TURN supported that change in testimony. The Settling Parties agreed to an 8 percent monthly imbalance tolerance, which is roughly the midpoint between the proposed 5% and the current 10% intolerance level. The Commission found the change from 10% to 8% to be a reasonable compromise and something that will help to enhance system reliability.	Ex. TURN-01 (Emmrich Direct Testimony), p. 1. Settlement Agreement at A-8 to A-9; Joint Settlement Motion at 12. D.16-06-039, p. 28 and Finding of Fact 32.	Verified
2. Allocation of Storage Costs Among Core, Balancing and Storage Services: The Sempra Utilities proposed a revised allocation of storage costs among balancing, core, and storage functions to achieve consistency with the approach taken in PG&E's Gas Accord. TURN's testimony called for rejection of this proposal, as it would allocate far greater costs to the core and balancing functions, with a corresponding reduction to the costs allocated to unbundled storage. TURN also pointed out the lack of study or other showing that might demonstrate the reasonableness of the utilities' revised allocation. The proposed settlement adopted an alternative cost allocation methodology that began with the status quo, with modifications to further allocate the costs over seasonal injection and withdrawal capabilities. The Sempra Utilities also committed to perform a storage functionalization cost causation study by function, with the results presented as part of its direct showing in the next TCAP. The Commission found this to be a reasonable compromise for allocation storage costs, citing with favor the commitment to a cost causation study for the next	Ex. TURN-01 (Emmrich Direct Testimony), pp. 1-2 and Table 3. Settlement Agreement at A-6 to A-7; Joint Settlement Motion at 9-10. D.16-06-039, p. 39-41, Findings of Fact 42-44.	Verified

TCAP.		
3. Unbundled Storage Program Revenue Sharing Mechanism: SoCalGas operates its unbundled storage program subject to a net revenue sharing mechanism that allocates the net revenues between shareholders and ratepayers. The utility sought to modify the sharing ratio so a greater share would go to shareholders. TURN opposed this proposal, and recommended that either the status quo be retained or the sharing mechanism be abandoned altogether. TURN also presented an alternative mechanism that was largely modeled on the status quo, but with modifications to address SoCalGas's claims of the need to incur higher marketing and related costs. The proposed settlement resolved this issue by adopting an alternative sharing mechanism proposed by ORA. The Commission found the terms of the unbundled storage mechanism in the settlement to be reasonable.	Ex. TURN-01 (Emmrich Direct Testimony), pp. 3-4. Settlement Agreement at A-7 to A-8; Joint Settlement Motion at 10-11. D.16-06-039, p. 46-47, Findings of Fact 45-46.	Verified
4. Need for Supplemental Testimony on "Status Quo: TURN's Protest addressed the need for a baseline showing on the "status quo," pointing out that the Sempra Utilities' showing only set forth the results from their proposed changes in methodology, making it unnecessarily difficult for the parties and the Commission to meaningfully compare the impacts under those proposals to the status quo. At the Prehearing Conference, after TURN further explained the basis for its request, ORA, SCGC, and Indicated Shippers each expressed their support for the request. The assigned ALJ directed the Sempra Utilities to provide such supplemental testimony based on the methods prescribed in the Commission's prior BCAP and TCAP decisions.	TURN Protest, pp. 5-6. E-Mail Ruling Memorializing Request Made By Assigned Administrative Law Judge in Prehearing Conference on March 10, 2015.	Verified

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

	Intervenor's Assertion	CPUC Discussion
a. Was the Office of Ratepayer Advocates (ORA) a party to the proceeding?	Yes	Verified
b. Were there other parties to the proceeding with positions similar to yours?	Yes, on some issues	Verified

c. If so, provide name of other parties: TURN's position on monthly imbalances was shared with the Sempra Utilities; TURN's position on allocation of storage costs among services was shared with Southern California Generation Coalition (SCGC) and the City of Long Beach; and TURN's position on the revenue sharing mechanism was similar to the positions of ORA and SCGC.	Verified
d. Intervenor's claim of non-duplication: As the description above makes clear, the alignment of parties' interests on the issues assigned to this Phase 1 proceeding shifted on an issue-by-issue basis. TURN coordinated with ORA on the issues addressed by both parties, but this did not include the monthly imbalance issue (which ORA did not address). TURN also took advantage of ORA's coverage of a broader array of issues, generally following the staff's lead during the settlement negotiations regarding the issues TURN had not addressed in testimony The Commission should find that TURN's participation was efficiently coordinated with the participation of ORA wherever possible, so as to avoid undue duplication and to ensure that any such duplication served to supplement, complement, or contribute to the showing of the other intervenor. And consistent with such a finding, the Commission should determine that all of TURN's work is compensable consistent with the conditions set forth in Section 1802.5.	Verified

PART III: REASONABLENESS OF REQUESTED COMPENSATION

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

a. Intervenor's claim of cost reasonableness:	**CPUC Discussion**
TURN's request for intervenor compensation seeks an award of approximately $35,000 as the reasonable cost of our participation in the proceeding. In light of the scope and quality of TURN's work, and the benefits achieved through TURN's participation in the proceeding, the Commission should have little trouble concluding that the amount requested is reasonable. The utilities application had proposed allocation of authorized storage costs in a manner that would have increased by approximately $1.7 million the amount allocated to core customers in 2016, and $2.1 million in each year from 2017-2019 as compared to retaining the status quo allocation, with substantial reductions in the amounts allocated to unbundled storage. (Table 1 of Emmrich Testimony) The allocation in the settlement agreement adopted in D.16-06-039 resulted in figures $4-$5 million lower allocated to the core, and higher figures allocated to unbundled storage. D.16-06-039, p. 39 (Table 7). Similarly, the difference between the unbundled storage program sharing mechanism as proposed by the Sempra Utilities and as resolved in the settlement ensured a greater portion of the program's revenues flow to ratepayers. In sum, the Commission should conclude that TURN's overall request is reasonable in light of the benefits to Sempra Utility ratepayers that were attributable in part to TURN's participation in the case.	Verified
b. Reasonableness of hours claimed: TURN's attorneys recorded a very reasonable number of hours for their work in this matter. Robert Finkelstein was primarily responsible for this proceeding, with some timely but relatively limited assistance from Marcel Hawiger. Mr. Finkelstein recorded approximately 13 hours for work associated with the initial review of the application, preparation of TURN's protest, and participation in the prehearing conference, with Mr. Hawiger recording 1.75 hours associated with discovery preparation during that period. Mr. Hawiger played a more prominent role in the development and review of TURN's direct testimony, recording 7.25 hours during June of 2015, a period during which Mr. Finkelstein was focused on the Sempra Utilities' GRC hearings. From that point forward, Mr Finkelstein handled preparation for and participation in the evidentiary hearings, the drafting of TURN's opening brief, negotiation of the proposed settlement, and all other aspects of the case leading up to issuance of the proposed decision. The 35 hours recorded for his effort during that period is quite reasonable under the circumstances. The remaining hours of Mr. Finkelstein's time included here were associated with ongoing follow-up tasks associated with a tax issue that arose regarding the proposed settlement, and review of the Proposed Decision when it issued. Herb Emmrich served as TURN's consultant and expert witness in the proceeding. The hours included for his work were recorded in a relatively	Verified

compressed period, with approximately 20 hours associated with analysis of the utilities' showing and preparation of his direct testimony (6/1/15 through 6/14/15), and approximately 15 hours for review of the utilities' and other intervenors' testimony in order to assist TURN's attorney in preparation for the evidentiary hearings, preparing to appear for cross-examination at those hearings, and consulting for purposes of preparing TURN's opening brief and settlement efforts.

Compensation Request Preparation Time: TURN is requesting compensation for 6.5 hours devoted to compensation-related matters, of which 6.0 hours is for preparation of this request for compensation. Mr. Finkelstein prepared this request for compensation because his role as primary attorney for TURN in the proceeding enabled him to prepare the request in a more efficient manner than if it were prepared by one of the other attorneys less familiar with the proceeding and TURN's work therein.

TURN submits that the recorded hours are reasonable. Therefore, TURN seeks compensation for all of the hours recorded by our attorneys and expert witness that are included in this request.

c. Allocation of hours by issue:

Verified

TURN has allocated all of our attorney and consultant time by issue area or activity, as evident on our attached timesheets. The following codes relate to general activities that are part of nearly all CPUC proceedings, such as tasks associated with general participation, procedural matters, and coordination with other parties, as well as the specific substantive issue and activity areas addressed by TURN in this proceeding.

Code	Stands for:
GP	General Participation -- work that is essential to TURN's participation but would not vary with the number of issues that TURN addresses, for the most part. This code appears most regularly during early stages of broad reviews, such as the initial review of the application and testimony, and other similar tasks that are of a more general nature.
GH	General Hearing -- Hearing-related (preparation and participation), but not issue-specific.
Sett	Settlement -- efforts related to discussing, developing and then defending the settlement adopted in the proceeding..
PD	Proposed Decision -- work on reviewing, analyzing, commenting on, and strategizing on the Proposed Decision and revisions thereto.
Coord	Coordination with other parties – meetings, e-mails and phone calls, primarily w/ ORA here, about issue coverage, etc.
Bal	Monthly imbalance tolerance issue.

RS	Net revenue sharing for unbundled storage program issue.	
S	Storage cost allocation to storage function issue	
Comp	Time devoted to compensation-related pleadings	
#	Time entries that cover substantive issue work that cannot easily be identified with a specific activity code. In this proceeding the time entries coded # represent a relatively larger-than-usual portion of the total hours. TURN's focus on a relatively limited subset of the issues in this proceeding and the nature of TURN's work on those issues resulted in a number of instances in which it was easy to allocate the work to substantive issues generally, but not to a specific substantive issue. As a reasonable allocation of the time coded # to substantive issues, TURN proposes that the Commission allocate these entries 5% to monthly balancing intolerance (B), 35% to unbundled storatge net revenue sharing (RS), and 60% to storage cost allocation to storage function (S).	

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	**Year**	**Hours**	**Rate $**	**Basis for Rate***	**Total $**	**Hours**	**Rate $**	**Total $**
Robert Finkelstein	2015	50.0	$505	D.15-08-023 (for 2014 – 2015 COLA of 0%)	$25,250.00	50	$505.00	$25,250.00
R. Finkelstein	2016	5.0	$510	2015 Rate, with 1.28% COLA per Res. ALJ-329	$2,550.00	5.0	$510.00	$2,550.00
Marcel Hawiger	2015	9.50	$410	D.15-06-021 (for 2014; 2015 COLA of 0%)	$3,895.00	9.50	$410.00	$3,895.00
Herbert Emmrich	2015	34.0	$50	Requested here	$1,700.00	34.0	$50.00	$1,700.00
				Subtotal:	**$ 33,395.00**		***Subtotal:***	**$33,395.00**
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	**Year**	**Hours**	**Rate $**	**Basis for Rate***	**Total $**	**Hours**	**Rate $**	**Total $**
R. Finkelstein	2015	0.5	$252.50	½ of approved 2014 rate	$126.25	0.5	$252.50	$126.25
R. Finkelstein	2016	6	$255.00	½ of requested 2016 rate	$1,530.00	6	$255.00	$1,530.00
				Subtotal:	**$1,656.25**		***Subtotal:***	**$1,656.25**

COSTS				
#	Item	Detail	Amount	Amount
	Photocopying	Copies made of TURN pleadings for service, and, where applicable, copying charges from consultant billings	$42.10	$42.10
	Postage	Expenses for postage for this proceeding	$7.85	$7.85
			***Subtotal:* $49.95**	***Subtotal:* $49.95**
			TOTAL REQUEST: $35,101.20	**TOTAL AWARD: $35,101.20**

*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. Intervenor's 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.

**Travel and Reasonable Claim preparation time typically compensated at ½ of preparer's normal hourly rate

ATTORNEY INFORMATION			
Attorney	**Date Admitted to CA BAR[1]**	**Member Number**	**Actions Affecting Eligibility (Yes/No?)** **If "Yes", attach explanation**
Robert Finkelstein	June 1990	146391	No
Marcel Hawiger	January 1998	194244	No

C. Attachments Documenting Specific Claim and Comments on Part III:

Attachment or Comment #	Description/Comment
Comment 1	**2015 and 2016 Hourly Rates for TURN Representatives** For 2015 hours, TURN has used the hourly rates already approved for work performed in 2014 by TURN's attorneys. This approach is generally consistent with the Commission's decision in Resolution ALJ-308 to not adopt a cost of living adjustment for 2015 for intervenor compensation purposes. For 2016 hours, TURN is requesting a rate increase consistent with the Commission's decision in Resolution ALJ-329 to adopt a cost of living adjustment of 1.28% for 2016 for intervenor compensation purposes. The rate requested represents the 2014-authorized rate increased by 1.28%, then rounded to the nearest $5. 2015 Hourly Rate for Herb Emmrich

[1] This information may be obtained through the State Bar of California's website at http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch.

	This is the first request for compensation in which TURN seeks recovery of costs of retaining Herbert Emmrich as a consultant and expert witness. Mr. Emmrich charged TURN a super-discounted rate of $50 per hour for his work in this proceeding. Given his extensive training and experience, the Commission should find both that the requested rate is reasonable, and that it clearly represents a very substantial discount from the market rate that one with Mr. Emmrich's qualifications could command. Mr. Emmrich's statement of qualifications is included as Attachment 1 to his testimony in Exh. TURN-1. Mr. Emmrich has literally decades of direct experience, first with the Sempra Utilities (for SoCalGas from 1984 through his "first retirement" in 1998, then for SoCalGas and SDG&E from 2002 through 2012) in Gas Demand Forecasting and Economic Analysis, then briefly with PG&E as a manager of major gas proceedings in 2012-13. The Commission-adopted ranges for hourly rates for expert witnesses with 13 or more years of experience is $170-$420 for 2015. Res. ALJ-329. TURN would normally present further argument justifying the requested rate within the established range. Where, as here, the expert is charging TURN a discounted rate that is substantially below the established range, TURN submits that such additional argument should be unnecessary. However, if the Commission feels differently, TURN would be glad to supplement this request for compensation with additional material.

D. CPUC Disallowances and Adjustments:

Item	Reason
A	The Commission finds reasonable a rate of $50 per hour for Emmerich's work in this proceeding.

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(c)(6))?	Yes

FINDINGS OF FACT

1. The Utility Reform Network has made a substantial contribution to Decision 16-06-039.

2. The requested hourly rates for Intervenor's representatives, as adjusted herein, 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 $35,101.20.

CONCLUSION OF LAW

1. The Claim, with any adjustment set forth above, satisfies all requirements of Pub. Util. Code §§ 1801-1812.

ORDER

1. The Utility Reform Network shall be awarded $35,101.20.

2. Within 30 days of the effective date of this decision, Southern California ~~Edison~~Gas Company and San Diego Gas & Electric Company shall pay The Utility Reform Network their respective shares of the award, based on their California-jurisdictional gas revenues for the 2015 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 November 12, 2016, the 75th day after the filing of The Utility Reform Network's request, and continuing until full payment is made.

3. The comment period for today's decision is waived.

4. This decision is effective today.

Dated _____, at San Francisco, California.

APPENDIX

Compensation Decision Summary Information

Compensation Decision:		**Modifies Decision?**	
Contribution Decision(s):	D1606039		
Proceeding(s):	A1412017		
Author:	ALJ Kelly		
Payer(s):	Southern California ~~Edison~~Gas Company; San Diego Gas & Electric Company		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
The Utility Reform Network	August 29, 2016	$35,101.20	$35,101.20	N/A	N/A

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Robert	Finkelstein	Attorney	TURN	$505.00	2015	$505.00
Robert	Finkelstein	Attorney	TURN	$510.00	2016	$510.00
Marcel	Hawiger	Attorney	TURN	$410.00	2015	$410.00
Herbert	Emmrich	Expert	TURN	$50.00	2015	$50.00

(END OF APPENDIX)

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