Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of San Diego Gas & Electric Company and Southern California Gas Company (E-3921) for: Adoption of Their Residential Electric and Gas Line Extension Allowance Methodologies and its Monthly Ownership Charge Methodology.	Application 05-09-019 (Filed September 14, 2005)
And Consolidated Matters.	Application 05-10-016 (Filed October 13, 2005) Application 05-10-019 (Filed October 14, 2005)

OPINION GRANTING INTERVENOR COMPENSATION TO THE UTILITY REFORM NETWORK FOR SUBSTANTIAL CONTRIBUTION TO DECISION 07-07-019

This decision awards The Utility Reform Network (TURN) $73,913.03 in compensation for its substantial contributions to Decision (D.) 07-07-019. This represents a decrease of $33.75 [0.05%] from the amount requested due to errors in its calculation. Application (A.) 05-09-019, A.05-10-016, and A.05-10-019 are closed.

1. Background

In D.07-07-019, we refined the calculation of line extension allowances and the cost of ownership (COO) charges applicable to refundable costs in excess of the line extension allowance for Pacific Gas and Electric Company (PG&E),

Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). The refinements are as follows:

- Electric net revenue shall be based on the average distribution revenue per residential customer calculated as the total residential distribution revenue divided by the total number of residential customers.
- If the cost of an electric distribution rate discount is not included in residential electric distribution rates, but recovered separately from residential customers through a surcharge, the revenue effect of the discount shall be excluded from the calculation of average distribution revenue per residential customer.
- The results of the most recent California Residential Appliance Saturation Survey, implemented at the direction of the California Energy Commission, shall be used to determine average household appliance usage for each type of gas use.
- The average residential gas distribution rate shall be calculated as total residential distribution revenues divided by total residential usage.
- If the cost of a residential gas distribution rate discount is not included in residential gas distribution rates, but recovered separately from residential customers through a surcharge, the revenue reduction due to the discount shall be excluded from the average residential gas distribution rate calculation.
- Replacement for 60 years shall be included in the calculation of the cost of service (COS) factor.
- The types of data used to calculate the allowances shall include data that have been previously adopted by the Commission or derived from such data, recorded data, or data adopted by other state or federal agencies.
- The calculation of the COO charge applicable to refundable costs in excess of the line extension allowance shall include facility replacement for 60 years and shall not include capital-related costs.

2. Requirements for Awards of Compensation

The intervenor compensation program, which is set forth in Pub. Util. Code §§ 1801-1812,[1] requires California jurisdictional utilities to pay the reasonable costs of an intervenor's participation if that party makes a substantial contribution to the Commission's proceedings. The statute provides that the utility may adjust its rates to collect the amount awarded from its ratepayers.

All of the following procedures and criteria must be satisfied for an intervenor to obtain a compensation award:

1. The intervenor must satisfy certain procedural requirements including the filing of a sufficient notice of intent (NOI) to claim compensation within 30 days of the prehearing conference (PHC), pursuant to Rule 17.1 of the Commission's Rules of Practice and Procedure (Rules), or at other appropriate time that we specify. (§ 1804(a).)
2. The intervenor must be a customer or a participant representing consumers, customers, or subscribers of a utility subject to our jurisdiction. (§ 1802(b).)
3. The intervenor must file and serve a request for a compensation award within 60 days of our final order or decision in a hearing or proceeding. (§ 1804(c).)
4. The intervenor must demonstrate "significant financial hardship." (§§ 1802(g) and 1804(b)(1).)
5. The intervenor's presentation must have made a "substantial contribution" to the proceeding, through the adoption, in whole or in part, of the intervenor's contention or recommendations by a Commission order or decision or as otherwise found by the Commission. (§§ 1802(i) and 1803(a).)

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[1] All subsequent statutory references are to the Public Utilities Code unless otherwise indicated.

6. The claimed fees and costs must be reasonable (§ 1801), necessary for and related to the substantial contribution (D.98-04-059), comparable to the market rates paid to others with comparable training and experience (§ 1806), and productive (D.98-04-059).

In the discussion below, the procedural issues in Items 1-4 above are combined and a separate discussion of Items 5-6 follows.

2.1. Preliminary Procedural Issues

Under § 1804(a)(1) and Rule 17.1(a)(1) of the Commission's Rules, a customer who intends to seek an award of intervenor compensation must file an NOI before certain dates. In a proceeding in which a PHC is held, the intervenor must file and serve its NOI no more than 30 days after the PHC is held. (Rule 17.1(a)(1).) PHCs in this matter were held on February 7, 2006 and March 23, 2006. TURN timely filed its NOI on April 24, 2006.[2]

In its NOI, TURN asserted financial hardship. On May 12, 2006, the Administrative Law Judge (ALJ) ruled that TURN satisfied the financial hardship condition pursuant to § 1804(b)(1) through a rebuttable presumption of eligibility because it met this requirement in another proceeding within one year of the commencement of this proceeding (ALJ Ruling dated November 4, 2005, in A.05-02-027).

Section 1802(b)(1) defines a "customer" as: (A) a participant representing consumers, customers or subscribers of a utility; (B) a representative who has been authorized by a customer; or (C) a representative of a group or organization authorized pursuant to its articles of incorporation or bylaws to represent the interests of residential or small business customers. (§ 1802(b)(1)(A) through

[2] The assigned ALJ authorized filing of the NOI 30 days after the second PHC.

(C).) The ALJ's May 12, 2006 ruling found TURN a customer pursuant to § 1802(b)(1)(C).

Regarding the timeliness of the request for compensation, TURN filed its request for compensation on September 11, 2007, within 60 days of D.07-07-019 being issued. No party opposed the request. In view of the above, we affirm the ALJ's ruling and find that TURN has satisfied all the procedural requirements necessary to make its request for compensation in this proceeding.

3. Substantial Contribution

In evaluating whether a customer made a substantial contribution to a proceeding, we look at several things. First, we look at whether the Commission adopted one or more of the factual or legal contentions, or specific policy or procedural recommendations put forward by the customer. (§ 1802(i).) Second, if the customer's contentions or recommendations paralleled those of another party, we look at whether the customer's participation unnecessarily duplicated or materially supplemented, complemented, or contributed to the presentation of the other party or to the development of a fuller record that assisted the Commission in making its decision. (§§ 1801.3(f) and 1802.5.)

As described in § 1802(i), the assessment of whether the customer made a substantial contribution requires the exercise of judgment.

> In assessing whether the customer meets this standard, the Commission typically reviews the record, composed in part of pleadings of the customer and, in litigated matters, the hearing transcripts, and compares it to the findings, conclusions, and orders in the decision to which the customer asserts it contributed. It is

> then a matter of judgment as to whether the customer's presentation substantially assisted the Commission.[3]

Should the Commission not adopt any of the customer's recommendations, compensation may be awarded if, in the judgment of the Commission, the customer's participation substantially contributed to the decision or order. For example, if a customer provided a unique perspective that enriched the Commission's deliberations and the record, the Commission could find that the customer made a substantial contribution. With this guidance in mind, we turn to the claimed contributions TURN made to the proceeding.

TURN claims compensation for its contribution in a number of issues. We evaluate its contribution in each major issue below.

Net Revenue

The electric line extension allowance is calculated using the following general formula**:**

$$\text{Allowance} = \frac{\text{Net Revenue}}{\text{COS factor}}$$

The net revenue is the annual revenue expected to be received by the utility from the customer residing in the dwelling.

The calculation of the net revenue was identified in the April 4, 2006 assigned Commissioner's ruling and scoping memo (scoping memo) as an issue to be addressed in this proceeding. Only TURN and the Commission's Division of Ratepayer Advocates (DRA) proposed changes to the current method of calculation the net revenue. TURN proposed a method based on marginal costs,

[3] D.98-04-059, 79 CPUC2d 628 at 653.

which we did not adopt.[4] However, without TURN's participation, we would not have been able to examine this issue in as much detail and the record would have not been as fully developed. We find TURN made a substantial contribution regarding this issue.

COS Factor

Associated with the cost of the line extension facilities that go into the utility's rate base are costs for such things as depreciation, return, income taxes, property taxes, operations and maintenance (O&M) costs, administrative and general costs, and franchise fees and uncollectibles. The COS factor is the ratio of such costs to the cost of the line extension. The scoping memo identified whether the COS factor should account for replacement in perpetuity as an issue.

TURN and several other parties recommended that the COS factor include a component for the cost of replacing line extension assets at any time during their useful lives. We found that such replacement should be included in the COS factor for a 60-year period. SDG&E argued that depreciation provided for such replacement. TURN argued that this was not the case, and we agreed. Our resolution of this issue was similar to TURN's recommendation, and TURN made a substantial contribution regarding this issue.

COO Charge

The scoping memo identified the cost components to be recovered by the monthly COO charge as an issue. Costs in excess of the allowance are paid for by the applicant for the line extension. Excess refundable costs are subject to refund to the applicant over a 10-year period. For any portion of the refundable

[4] TURN's recommendations were similar to DRA's, but not identical.

amount that has not been refunded to the applicant after 12 months for electric service or 36 months for gas service, the applicant is charged a monthly COO charge to recover the O&M costs and other costs of the facilities.

TURN recommended that the COO charge be treated in the same manner as the COS factor and should include a component for the cost of replacing line extension assets at any time during their useful lives. We found that such replacement should be included in the COO charge for a 60-year period. Our resolution of this issue was similar to TURN's recommendation, and TURN made a substantial contribution regarding this issue.

Publicly Owned Utilities (POUs)

The scoping memo identified one of the issues as whether line extension allowances should continue to be offered in portions of the utilities' service territories where POUs are offering service. TURN argued that the allowance calculation should be consistent across the utilities' service territories. We found that we would not prohibit the utilities from offering the same line extension allowances in areas served by POUs that are offered in the rest of the utilities service territories. This is consistent with TURN's recommendation, and TURN made a substantial contribution regarding this issue.

Sub-Transmission

The scoping memo identified one of the issues as whether SCE's sub-transmission costs should be considered distribution costs for the purpose of calculating line extension allowances. SCE recommended that such costs should be included. Only TURN recommended that such costs should not be included. We did not adopt TURN's recommendation. However, without TURN's participation, we would not have been able to examine this issue in as much

detail and the record would have not been as fully developed. We find TURN made a substantial contribution regarding this issue.

The Commission has awarded full compensation even where the intervenor's positions were not adopted in full, especially in proceedings with a broad scope. (D.98-04-028, 79 CPUC 2d 570, 573-74.) As discussed above, we find that although we did not adopt all of TURN's recommendations, it made a substantial contribution to all issues.

Contributions of Other Parties

Section 1801.3(f) requires an intervenor to avoid participation that unnecessarily duplicates that of similar interests otherwise adequately represented by another party, or participation unnecessary for a fair determination of the proceeding. Section 1802.5, however, allows an intervenor to be eligible for full compensation if its participation materially supplements, complements, or contributes to that of another party if that participation makes a substantial contribution to the Commission order. DRA was the only other party representing the interests of ratepayers. Although in some instances the positions of TURN and DRA were similar, TURN's participation did not unnecessarily duplicate that of DRA.

4. Reasonableness of Requested Compensation

Having determined the scope of TURN's contribution, we look at whether the compensation request is reasonable.

TURN requests $73,946.78 for its participation in this proceeding. When corrected for calculation errors, the amount is $73,913.03 as follows:

Work on Proceeding				
Attorney/Staff	**Year**	**Hours**	**Hourly Rate**	**Total**
Robert Finkelstein	2005	7.50	$395	$ 2,962.50
	2006	11.75	$405[5]	$ 4,758.75
Nina Suetake	2005	20.50	$190	$ 3,895.00
	2006	113.00	$195	$ 22,035.00
	2007	20.00	$210	$ 4,200.00
William Marcus	2006	2.00	$220[6]	$ 440.00
	2007	.50	$220	$ 110.00
Jeffrey Nahigian	2005	44.25	$155	$ 6,858.75
Before May 1, 2006	2006	25.25	$155	$ 3,913.75
After May 1, 2006	2006	127.00	$165	$20,955.00
	2007	11.50	$165	$ 1,897.50
Subtotal:				**$72,026.25**
Preparation of NOI and Compensation Request[7]				
Attorney/Staff	**Year**	**Hours**	**Hourly Rate**	**Total**
Nina Suetake	2007	12.00	$105	$ 1,260.00
Subtotal Hourly Compensation:				**$73,286.25**
Expenses				**$ 626.78**
Total Requested Compensation				**$73,913.03**

In general, the components of this request must constitute reasonable fees and costs of the customer's preparation for and participation in a proceeding that resulted in a substantial contribution. The issues we consider to determine reasonableness are discussed below:

[5] TURN requested $405 but used $410 in its calculation.

[6] TURN requested $220 for 2006 and 2007 but used $210 in its calculation for both years. The work done by Marcus in 2006 was after May 1, 2006.

[7] Hourly rates are reduced 50% for preparation of the NOI and compensation request.

4.1. Hours and Costs Related to and Necessary for Substantial Contribution

We first assess whether the hours claimed for the customer's efforts that resulted in substantial contributions to Commission decisions are reasonable by determining to what degree the hours and costs are related to the work performed and necessary for the substantial contribution.

TURN documented its claimed hours by presenting a daily breakdown of the hours of its attorneys, accompanied by a brief description of each activity. TURN provided a similar breakdown for its consultants. The hourly breakdown reasonably supports the claim for total hours.

4.2. Intervenor Hourly Rates

We next take into consideration whether the claimed fees and costs are comparable to the market rates paid to experts and advocates having comparable training and experience and offering similar services.

TURN seeks an hourly rate of $395 for work performed by Finkelstein in 2005. We previously approved this rate in D.06-10-007, and adopt it here.

TURN seeks an hourly rate of $405 for work performed by Finkelstein in 2006. We previously approved this rate in D.06-10-018, and adopt it here.

TURN seeks an hourly rate of $190 for work performed by Suetake in 2005. We previously approved this rate in D.06-04-065, and adopt it here.

TURN seeks an hourly rate of $195 for work performed by Suetake in 2006. We previously approved this rate in D.06-10-018, and adopt it here.

TURN seeks an hourly rate of $210 for work performed by Suetake in 2007.

We previously adopted this rate in D.07-11-033, and adopt it here.

Since TURN does not claim any hours for Marcus in 2005, references to that year are not needed. TURN requests $220 for Marcus' work in 2006 and

2007 (see page 16 of the electronic text of the Request). I suggest changing a text on page 12 of the Proposed Decision as follows:

> TURN seeks an hourly rate of $220 for work performed by Marcus in 2006 and 2007. We previously approved this rate for the year 2006 in D.07-05-018, and adopt it here for both 2006 and 2007.

TURN seeks an hourly rate of $155 for work performed by Nahigian in 2005 and up to May 1, 2006. We previously approved this rate in D.06-04-029, and adopt it here. After May 1, 2006, TURN seeks an hourly rate of $165 for work performed by Nahigian. We previously approved this rate in D.07-12-026, and adopt it here.

Productivity

D.98-04-059 directed customers to demonstrate productivity by assigning a reasonable dollar value to the benefits of their participation to ratepayers. The costs of a customer's participation should bear a reasonable relationship to the benefits realized through its participation. This showing assists us in determining the overall reasonableness of the request.

TURN's participation resulted in changes in the way line extension allowances are calculated, with the result that the allowances will be less than they would have been without TURN's participation. Lower allowances result in lower rates, all else being the same. Therefore, TURN's participation will result in savings to ratepayers. We cannot calculate the amount of this effect, but it is reasonable to assume that it will be far more than the claimed compensation. Therefore, TURN's contribution was productive.

4.3. Direct Expenses

The itemized direct expenses submitted by TURN include the following:

Lexis Research	$180.89
Printing & Photocopying	$204.20
Telephone	$ 13.54
Travel (Experts)	$206.80
Auto/tolls/parking (Experts)	$ 21.35
Total Expenses	$626.78

The cost breakdown included with the request shows the miscellaneous expenses to be commensurate with the work performed. We find these costs reasonable.

5. Award

As set forth in the table below, we award TURN $73,913.03.

Work on Proceeding				
Attorney/Staff	**Year**	**Hours**	**Hourly Rate**	**Total**
Robert Finklestein	2005	7.50	$395	$ 2,962.50
	2006	11.75	$405	$ 4,758.75
Nina Suetake	2005	20.50	$190	$ 3,895.00
	2006	113.00	$195	$22,035.00
	2007	20.00	$210	$ 4,200.00
William Marcus (After May 1, 2006)	2006	2.00	$220	$ 440.00
	2007	0.50	$220	$ 110.00
Jeffrey Nahigian	2005	44.25	$155	$ 6,858.75
(Before May 1, 2006)	2006	25.25	$155	$ 3,913.75
(After May 1, 2006)	2006	127.00	$165	$20,955.00

	2007	11.50	$165	$ 1,897.50
Work on Proceeding Total:				**$72,026.25**
Preparation of NOI and Compensation Request[8]				
Attorney/Staff	**Year**	**Hours**	**Hourly Rate**	**Total**
Nina Suetake	2007	12.00	$105	$ 1,260.00
NOI and Compensation Request Total:				**$ 1,260.00**

Calculation of Final Award	
Work on Proceeding	$72,026.25
NOI and Compensation Request Preparation	$ 1,260.00
Expenses	$ 626.78
TOTAL AWARD	**$73,913.03**

Consistent with previous Commission decisions, we order that interest be paid on the award amount (at the rate earned on prime, three-month commercial paper, as reported in Federal Reserve Statistical Release H.15) commencing on November 25, 2007, the 75th day after TURN filed its compensation request, and continuing until full payment of the award is made.

We direct PG&E, SDG&E, SCG, and SCE to allocate payment responsibility among themselves based upon their California-jurisdictional gas and electric revenues for the 2006 calendar year to reflect the year in which the proceeding was primarily litigated.

We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate

[8] Hourly rates are reduced 50% for preparation of the NOI and compensation request.

accounting and other documentation to support all claims for intervenor compensation. TURN's records should identify specific issues for which it requested 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.

6. Waiver of Comment Period

This is an intervenor compensation matter. Accordingly, as provided by Rule 14.6(c)(6) of our Rules of Practice and Procedure, we waive the otherwise applicable 30-day comment period for this decision.

7. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner, and Jeffrey P. O'Donnell is the assigned ALJ in this proceeding.

Findings of Fact

1. TURN has satisfied all the procedural requirements necessary to claim compensation in this proceeding.
2. TURN made a substantial contribution to D.07-07-019 as described herein.
3. TURN requested hourly rates for its representatives that are reasonable when compared to the market rates for persons with similar training and experience.
4. TURN requested related expenses that are reasonable and commensurate with the work performed.
5. The total of the reasonable compensation is $73,913.03.
6. The appendix to this opinion summarizes today's award.

Conclusions of Law

1. TURN has fulfilled the requirements of §§ 1801-1812, which govern awards of intervenor compensation, and is entitled to intervenor compensation

for its claimed expenses, as adjusted herein, incurred in making substantial contributions to D.07-07-019.

2. TURN should be awarded $73,913.03 for its contribution to D.07-07-019.

3. This order should be effective today so that TURN may be compensated without further delay.

4. Applications 05-09-019, A.05-10-016, and A.05-10-019 should be closed.

O R D E R

IT IS ORDERED that:

1. The Utility Reform Network (TURN) is awarded $73,913.03 as compensation for its substantial contributions to Decision 07-07-019.

2. Within 30 days of the effective date of this decision, San Diego Gas and Electric Company, Southern California Gas Company, Pacific Gas and Electric Company and Southern California Edison Company shall pay TURN their respective shares of the award. These four utilities shall allocate payment responsibility among themselves, based on their California-jurisdictional gas and electric revenues for the 2006 calendar year to reflect the year in which the proceeding was primarily litigated. Payment of the award shall include interest at the rate earned on prime, three-month commercial paper as reported in Federal Reserve Statistical Release H.15, beginning November 25, 2007, the 75th day after the filing date of TURN's request for compensation, and continuing until full payment is made.

3. Applications (A.) 05-09-019, A.05-10-016, and A.05-10-019 are closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX

Compensation Decision Summary Information

Compensation Decision:		**Modifies Decision? No**
Contribution Decision(s):	D0707019	
Proceeding(s):	A0509019, A0510016, A0510019	
Author:	ALJ O'Donnell	
Payer(s):	San Diego Gas & Electric Company, Southern California Gas Company, Pacific Gas and Electric Company and Southern California Edison Company	

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
The Utility Reform Network	9/11/07	$73,946.78	$73,913.03	No	Correction of calculation errors

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Robert	Finkelstein	Attorney	The Utility Reform Network	$395	2005	$395
				$405	2006	$405
Nina	Suetake	Attorney	The Utility Reform Network	$190	2005	$190
				$195	2006	$195

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
				$210	2007	$210
William	Marcus	Economist	The Utility Reform Network	$220	2006[1]	$220
				$220	2007	$220
Jeffrey	Nahigian	Economist	The Utility Reform Network	$155	2005	$155
				$155	2006[2]	$155
				$165	2006[3]	$165
				$165	2007	$165

(END OF APPENDIX)

[1] Beginning May 1, 2006.

[2] Before May 1, 2006.

[3] Beginning May 1, 2006.