

Decision 06-10-043 October 19, 2006

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

Rulemaking on the Commission’s Own Motion to Govern Open Access to Bottleneck Services and Establish A Framework for Network Architecture Development of Dominant Carrier Networks.

Rulemaking 93-04-003  
(Filed April 7, 1993)

Investigation on the Commission’s Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks.

Investigation 93-04-002  
(Filed April 7, 1993)  
(Verizon UNE Phase)

**OPINION GRANTING INTERVENOR COMPENSATION TO THE UTILITY REFORM NETWORK FOR SUBSTANTIAL CONTRIBUTIONS TO DECISION 06-03-025**

This decision awards The Utility Reform Network (TURN) \$510,479 in compensation for its substantial contributions to Decision (D.) 06-03-025.

**I. Background**

This consolidated proceeding, known as Open Access and Network Architecture Development (OANAD), was initiated to set prices that California’s two largest incumbent local phone companies, Verizon California Inc. (formerly GTE California)<sup>1</sup> and Pacific Bell Telephone Company d/b/a SBC California

<sup>1</sup> This decision refers to GTEC as the incumbent local exchange carrier (ILEC) that existed at the time this proceeding was initiated and prior to GTE’s merger with Bell Atlantic. The decision refers to Verizon as the successor to GTEC, following the merger with Bell Atlantic in July 2000.

(SBC, formerly Pacific Bell<sup>2</sup>), charge competitors who lease specified portions of their respective networks. By leasing network components known as “unbundled network elements” (UNEs), competitors are able to use portions of the incumbent’s network to offer competitive local exchange services.

D.06-03-025 resolved issues and adopted final UNE rates applicable to Verizon (the “Verizon UNE Phase” of OANAD). The rates in the order replace Verizon’s interim rates for loops and switching established earlier in D.03-03-033, and later modified in D.05-01-057. It also replaced the rates for other UNEs originally adopted when the Commission approved an interconnection agreement between AT&T Communications of California, Inc. (AT&T) and GTE California in D.97-01-022.

On December 5, 2005, the United States District Court in San Francisco found the interim rates in D.03-03-033 did not comply with federal law (*Verizon v. Peevey*, (N.D. Cal. 2005) Case No. C03-2838 TEH). Those rates were then vacated and the UNE rates previously adopted in D.97-01-022 were reinstated, subject to adjustments (or “true-ups”) once permanent rates were established.

D.06-03-025 evaluated two cost models. The first model was proposed by Verizon (known as “VzCost”) that included UNE rates based on recently developed UNE costing proceedings. The second model was jointly proposed by AT&T and MCI (known as the Joint Commentors or “JCs”) that included UNE rates based on the latest version of a model known as “HM 5.3.” The two

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<sup>2</sup> Pacific Bell adopted the name SBC for business purposes in late 2002. This order will refer to Pacific Bell as the entity involved in OANAD prior to 2002, and will refer to SBC as the current entity. We note that SBC has since merged with and adopted the name of AT&T.

proposals differed greatly from each other, as well as from the interim UNE rates currently in place for basic loops and switching.

We carefully reviewed both cost models. We found the Verizon model failed to comply with state and federal requirements that cost models be “forward-looking” as it attempted to replicate Verizon’s embedded network configuration. It also failed to efficiently size and deploy current technology, contained errors in the preprocessed inputs and assumptions related to expense and switch modeling, and lacked integration. The latter deficiency complicated the task of testing for input sensitivity.

Regarding the HM 5.3 model, we found the method it uses to model customer locations, create customer clusters, and estimate the cost of reconstructing Verizon’s loop network is reasonable. We also found that most of the inputs and assumptions in HM 5.3 can be modified. We ultimately used the HM 5.3 model run to set Verizon’s UNE rates.

This is a lengthy proceeding involving many phases and Commission decisions. TURN participated in all phases from the outset, and already has been awarded approximately \$420,000 for its substantial contributions to five earlier decisions.<sup>3</sup> We plan to establish a procedure for reexamination of Verizon’s UNE rates in the next phase of this proceeding.

## **II. Requirements for Awards of Compensation**

The intervenor compensation program, enacted in Pub. Util. Code §§ 1801-1812, requires California jurisdictional utilities to pay the reasonable costs of an intervenor’s participation if the intervenor makes a substantial

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<sup>3</sup> D.96-11-040, D.00-07-016, D.01-08-011, D.03-05-027, and D.03-06-010.

contribution to the Commission's proceedings. The statute provides that the utility may adjust its rates to collect the amount awarded from its ratepayers. (Subsequent statutory references are to the Public Utilities Code unless otherwise indicated.)

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), or in special circumstances at other appropriate times 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 should 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), 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. (§§ 1802(i), 1803(a).)
6. The claimed fees and costs are 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).

For discussion here, the procedural issues in Items 1-4 above are combined, followed by separate discussions on Items 5-6.

### **III. Procedural Issues**

TURN filed its initial NOI in this proceeding on January 13, 1995, and was found eligible to claim compensation by an Administrative Law Judge (ALJ) Ruling dated February 15, 1995. TURN filed its subject request for compensation on May 19, 2006, within 60 days of D.06-03-025 being issued.<sup>4</sup> TURN was found eligible to claim compensation in previous phases of this docket. Pursuant to Rule 17.2 of our Rules of Practice and Procedure, a customer found eligible in one phase of a proceeding remains eligible in later phases. In view of the above, we find that TURN has satisfied all the procedural requirements necessary to make its request for compensation in this proceeding.

### **IV. Substantial Contribution**

In evaluating whether a customer made a substantial contribution to a proceeding, we look at several things. First, did the ALJ or Commission adopt one or more of the factual or legal contentions, or specific policy or procedural recommendations put forward by the customer? (See § 1802(i).) Second, if the customer's contentions or recommendations paralleled those of another party, did the customer's participation materially supplement, complement, or contribute to the presentation of the other party or to the development of a fuller record that assisted the Commission in making its decision? (See §§ 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

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<sup>4</sup> Verizon opposes the request.

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.<sup>5</sup>

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 it played a distinctive role in this proceeding. TURN submitted several rounds of expert testimony and comments critiquing both the incumbent's and competitors' cost models and affirmative cases. TURN's witnesses dedicated time and resources to learning and running each of the models themselves. This effort allowed TURN to independently evaluate the usability of each of the competing models, critically analyze the inputs used for each model, compare the results of these models with each other by directly manipulating inputs and output values, and suggest alternative inputs and new data to provide the Commission with the most accurate and complete record upon which to base its decision.<sup>6</sup> TURN's work significantly enhanced the

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<sup>5</sup> D.98-04-059, 79 CPUC 2d, 628 at 653.

<sup>6</sup> This additional effort is reflected in the time sheets of TURN's experts Loube and Kennedy as they dedicated significant resources to this effort. As D.06-03-025 states several times, both models, but in particular Verizon's cost models, were extremely difficult and time consuming to work with. (D.06-03-025 at pp. 41, 56.) In addition, Verizon filed many supplements to its testimony and made numerous changes to its

*Footnote continued on next page*

record by providing a third alternative pricing proposal to ensure adherence to the Federal Communication Commission's (FCC) long-run incremental cost methodology and the Commission's own Consensus Costing Principles.

Ultimately, TURN recommended that the Commission adopt the JCs' proposed model, HM 5.3, with some revisions, and use HM 5.3 to generate the appropriate rates for Verizon's UNEs and price floors. D.06-03-025 adopted HM 5.3 and, as discussed below, also adopted TURN's specific critiques and recommendations on many other issues.

TURN's contributions are analyzed in three categories: Model Comparison; Model Inputs; and Price Floors.

#### **A. Model Comparison**

TURN reviewed the JCs' HM 5.3 model and Verizon's VzCost model. TURN analyzed, among other things, whether the models were capable of producing forward-looking results, whether they allowed for user-adjustable inputs, and whether they were integrated across their various modules. We agreed with TURN that the JCs' HM 5.3 model provided the best options, and we adopted HM 5.3 as the model to develop Verizon's permanent UNE rates. (D.06-03-025, p. 57.) Further, D.06-03-025 cites TURN's arguments that the Verizon model is not forward-looking (D.06-03-025, p. 21) and lacks integration (D.06-03-025, p. 30).

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models requiring additional analysis each time. TURN maintains the number of hours its consultants spent working with VzCost and HM 5.3 is reasonable and compares favorably to the hours spent by JCs' or Verizon's expert consultants.

## **B. Model Inputs**

TURN analyzed the model inputs proposed by the JCs and Verizon, as well as its own proposal. TURN made substantial contributions in the following six areas:

1. D.06-03-025, at pp. 60-61, discusses whether to adopt Verizon's proposed asset lives, based on a study performed by Technology Futures, Inc. While we did not adopt TURN's arguments, we analyzed TURN's testimony in detail and used that testimony, in part, as an explanation for the decision to adopt Verizon's proposed asset life inputs.
2. TURN analyzed proposals on cost of capital factors to create a more substantial record and justification for the final outcome. D.06-03-025 cited TURN's analysis and adopted TURN's position on capital structure; however, TURN's proposal for cost of debt was not adopted.
3. TURN proposed we rely on the FCC's structure sharing results from the Virginia Arbitration. (D.06-03-025, p. 88.) While we did not adopt TURN's specific numerical proposal on structure sharing, we did adopt TURN's suggestion to take a "middle ground" between the JCs' and Verizon's proposals, and look to the FCC for the input values.
4. We agreed with Verizon's criticisms of the JCs' labor rate input and assumptions used in HM 5.3. TURN did not agree with this method, but pointed out that if the Verizon labor rates were used, they should be adjusted to remove excess material costs from some of the individual rates. TURN's recommendations were adopted in this regard. (D.06-03-025, p. 100.)
5. With regard to the switching module, we agreed with TURN that Verizon's switch was not a forward-looking switch type. (D.06-03-025, pp. 40, 103.)
6. TURN disagreed with Verizon's method of calculating its shared and common cost markup. We noted TURN's testimony finding that the VzCost model should be rejected based on its treatment of expenses related to retail services. (D.06-03-025, pp. 114-115.)

We rejected Verizon's proposal and agreed with TURN that the HM 5.3 model should be used to generate the markup.

### **C. Price Floors**

D.06-03-025 sets price floors for Verizon's retail services. TURN strongly criticized Verizon's methodology for setting price floors. We agreed with TURN and found the proposed price floors unreasonable. We rejected use of the Verizon cost model and its inputs and assumptions, and found those inputs and assumptions were not forward-looking. (D.06-03-025, p. 129.) We did not adopt the specific price floor methodology supported by TURN, but rejected Verizon's proposal based in part on TURN's comments.

In conclusion, while we did not adopt TURN's position on each issue, TURN's contributions were evident in many areas. D.06-03-025 cites TURN's advocacy on many issues, and we find that TURN's participation provided a unique perspective on unusually complex technical matters. Overall, we find TURN made a substantial contribution to D.06-03-025.

### **D. Duplication**

Section 1801.3(f) requires an intervenor to avoid unnecessary participation that duplicates that of similar interests otherwise adequately represented by another party, or 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.

TURN and the Commission's Office of Ratepayer Advocates (ORA)<sup>7</sup> represented the interests of California's consumers. TURN states that it took all reasonable steps to keep any duplication to a minimum and ensured that its work served to complement and assist the showings of the other parties to the case.<sup>8</sup> TURN and ORA occasionally filed joint pleadings and shared workload responsibility.

Verizon states that TURN failed to account for the extent to which its work was duplicative of the objections of the JCs and other parties. Verizon argues that the competitive local exchange carriers repeatedly found their testimony mirrored by that of TURN, such that the proceeding would not likely have reached a different result in TURN's absence. Verizon points out from D.06-03-025: 1) TURN echoes the complaints of the JCs relating to aspects of the VzLoop model that are not forward-looking (D.06-03-025, p. 20); 2) TURN and ORA echo the JCs support for removal of Verizon's switches from the cost studies (D.06-03-025, p. 37); and 3) TURN agrees with the proposal of the federal agencies in this proceeding on the issue of asset lives (D.06-03-025, p. 60). Verizon also claims several instances where TURN's testimony either overlapped with those put forth by the JCs, or where TURN's contribution added little or nothing to the outcome.

Verizon requests that the Commission apply a 25% discount to those portions of TURN's request that exhibited an overlap. Verizon additionally

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<sup>7</sup> Pursuant to Senate Bill 608, the Office of Ratepayer Advocates (ORA) became the Division of Ratepayer Advocates (DRA), effective January 1, 2006.

requests the award be further reduced to account for TURN’s positions or recommendations not adopted in the decision.

TURN acknowledges that its positions overlapped with various parties on certain issues. However, we find that TURN provided an independent and necessary role in this proceeding. TURN and ORA represented consumer interests, and both independently reviewed the positions and recommendations of Verizon, the JCs, and other parties. TURN disagreed with aspects of the JCs’ model, and with certain inputs that could potentially understate costs.<sup>9</sup>

The record is clear that TURN worked in conjunction with other parties in the subject phase (Verizon UNE) of this proceeding. However, we find TURN’s participation materially supplemented, complemented or contributed to the efforts of the other parties, and therefore make no reduction to its award here.

**V. Reasonableness of Requested Compensation**

After we have determined the scope of a customer’s substantial contribution, we then look at whether the compensation requested is reasonable.

TURN requests \$510,479 for its participation in this proceeding, as follows:

<b>Attorney/Advocate Fees</b>	<b>Year</b>	<b>Rate</b>	<b>Hours</b>	
Christine Mailloux	2002	\$275	4.0	\$ 1,100.00
“	2003	\$300	16.75	\$ 5,025.00
“	2004	\$325	110.75	\$ 35,993.75
“	2005	\$325	38.25	\$ 12,431.25

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<sup>8</sup> For example, TURN limited its discovery requests in this proceeding by first reviewing discovery propounded by the JCs and ORA and only sending additional requests that supplemented existing discovery or covered new territory.

<sup>9</sup> See D.06-03-025 at p. 106, “TURN agrees with Verizon in opposing a flat port charge . . . ,” and D.06-03-025 at pp. 65, 70 where TURN proposed different numbers for cost of equity and cost of debt.

" Comp request	2006	\$162.50	20.75	\$ 3,371.88
Regina Costa	2000	\$160	16.5	\$ 2,640.00
"	2002	\$200	22.0	\$ 4,400.00
"	2003	\$215	91.0	\$ 19,565.00
"	2004	\$230	504.9	\$116,127.00
"	2005	\$230	189.75	\$ 43,642.50
Robert Finkelstein	2004	\$395	3.25	\$ 1,283.75
"	2005	\$395	2.75	\$ 1,086.25
" Comp request	2006	\$197.50	5.0	\$ 987.50
Robert Loube	2003-05	\$170	1143.36	\$194,371.20
Scott Kennedy	2003-05	\$125	461.50	\$ 57,687.50
Matthew Saltzer	2003-05	\$85	37.70	\$ 3,204.50
			Subtotal	\$502,917.08
<b>Other Reasonable Costs</b>				
Photocopying				\$ 4,171.84
Postage				\$ 164.18
FedEx				\$ 1,458.63
Phone and fax				\$ 299.58
Lexis research				\$ 246.38
Witness travel				\$ 917.59
Miscellaneous				\$ 303.72
			subtotal	\$ 7,561.92
			<b>TOTAL</b>	\$510,479.00

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:

**A. 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 and experts, accompanied by a brief description of each activity. The overall number of hours is very large, in particular the number of

hours for experts Loube and Kennedy. TURN states it relied heavily upon these two expert witnesses to assist with model analysis and critique. TURN describes the time-consuming nature of its model analysis, including multiple runs of the VzCost model. The hourly breakdown reasonably supports the claim for total hours.

## **B. Market Rate Standard**

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.

### **1. Regina Costa**

TURN seeks an hourly rate of \$160 for work performed by expert Costa in 2000, \$200 for 2002, \$215 for 2003, and \$230 for 2004 and 2005. We previously approved these rates for Costa<sup>10</sup> and find them reasonable.

### **2. Christine Mailloux**

TURN requests an hourly rate of \$275 for work attorney Mailloux performed in 2002, \$300 for 2003, and \$325 for 2004 and 2005. We previously approved these same rates<sup>11</sup> and adopt them here.<sup>12</sup> For the limited hours

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<sup>10</sup> See, D.01-08-011 for the 2000 rate; D.03-06-010 (in Rulemaking (R.) 93-04-003 – HFPL phase), p. 10 for the 2002 rate; D.04-12-054 (in R.00-02-004), p. 30 for the 2003 and 2004 rates; and D.05-11-031 for the 2005 rate.

<sup>11</sup> TURN apparently inadvertently substituted Costa’s name for Mailloux in this section of its filing.

<sup>12</sup> See, D.03-06-010 (in R.93-04-003 – HFPL phase), p. 12 for the 2002 rate; D.04-12-054 (in R.00-02-004), p. 29 for the 2003 and 2004 rates; and D.05-11-031 for the 2005 rate.

included for 2006 work, TURN requests the same rate as for 2005. We adopt all of the rates requested for Mailloux.

### **3. Robert Finkelstein**

TURN requests an hourly rate of \$395 for attorney Finkelstein's work performed in 2004 and 2005. We previously approved this rate in D.06-07-018 for both years and adopt it here. For the limited hours included for 2006 work, TURN requests the 2005 rate and we find it reasonable.

### **4. Robert Loubé**

TURN requests an hourly rate of \$170 for expert Loubé for work performed in 2003-2005. TURN states that this is the same rate Loubé billed TURN for his work and that the rate is low given his qualifications.

Loubé received a Ph.D. in Economics in 1983. He has been employed in the field of utility regulatory and economic analysis since then, including time with Indiana Utility Regulatory Commission, the Public Service Commission of the District of Columbia, and the FCC. In 2001, Loubé became the Director of Economic Research for the consulting firm of Rhoads & Sinon. He has presented expert testimony before many state and federal regulatory bodies. His qualifications compare favorably with those of Terry Murray, a telecommunications expert for whom the Commission found a \$350 hourly rate reasonable for work performed in 2005.<sup>13</sup> In D.05-11-031, we set the range of rates for experts for work performed in 2005 at \$110-\$360/hour. In view of the above, we find the hourly rate of \$170 for Loubé's work in 2003-2005 to be reasonable and adopt it here.

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<sup>13</sup> D.06-09-011.

### **5. Scott Kennedy**

TURN requests an hourly rate of \$125 for expert Kennedy for work performed in 2003-2005. This is the same rate Kennedy billed TURN.

Kennedy received a B.S. in Economics in 1986 and a Master's degree in Urban and Environmental Policy in 1994. He joined the Gabel Communications firm in 1994 and is currently a senior telecommunications specialist with that firm. He previously worked on the development and evaluation of cost models in the telecommunications industry. His clients have included public utility commissions and independent consumer groups such as TURN. His qualifications compare favorably with those of Scott Cratty, an expert witness awarded an hourly rate of \$210 for work performed in 2005.<sup>14</sup>

The \$125 hourly rate sought here for Kennedy is at the lower end of the range the Commission found reasonable in D.05-11-031, and we find it reasonable here for his work performed in 2003-2005.

### **6. Matthew Saltzer**

TURN requests an hourly rate of \$85 for expert Saltzer for work performed in 2003-2005. Saltzer is a computer specialist and provided support for Loube. This is the same rate Rhoads & Sinon billed TURN.

Saltzer has been a computer specialist for approximately ten years and has worked as a data analyst for Rhoads & Sinon since 2003. Saltzer assisted in analyzing data in the Verizon cost model. His qualifications compare favorably with paralegals and other support personnel for whom the Commission has

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<sup>14</sup> *Id.*

found reasonable hourly rates in the \$75 to \$125 range. We find the hourly rate of \$85 for Saltzer's work in 2003-2005 to be reasonable.

### **C. 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 states it took a consistent and aggressive position that the price of UNEs is an important consumer issue. Residential telephone subscribers have a direct interest in ensuring that costs are set appropriately in this proceeding.

Verizon's proposal for a 2-wire loop rate was \$33.19 while TURN's proposal was \$7.62. TURN's proposal is higher than the JCs' \$5.12 proposal and served as a balance to help the Commission adopt its \$13.94 average loop rate. TURN has played a crucial and consistent role in this proceeding, and its absence in this phase would have been detrimental to the Commission's decisionmaking process. As with other UNE pricing cases, the difficulty in calculating concrete, monetary benefits is difficult; however, TURN's participation in this proceeding was sufficiently productive to warrant an award of intervenor compensation for all reasonable hours and expenses.

### **D. Direct Expenses**

The itemized direct expenses submitted by TURN include \$7,561.92 in costs for travel, photocopying, postage, telephone/fax, and messenger services. The cost breakdown included with the request shows the miscellaneous expenses to be commensurate with the work performed. We find these costs reasonable.

## **VI. Award**

We award TURN \$510,479 as set forth in the table above.

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 August 3, 2006, the 75<sup>th</sup> day after TURN filed its compensation request, and continuing until full payment of the award is made. The award is to be paid by Verizon as the regulated entity in this proceeding.

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. TURN's records should identify specific issues for which it requested compensation, the actual time spent by each employee or consultant, the applicable hourly rate, fees paid to consultants, and any other costs for which compensation was claimed.

## **VII. Waiver of Comment Period**

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

## **VIII. Assignment of Proceeding**

Michael R. Peevey is the Assigned Commissioner, and Dorothy Duda 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.06-03-025 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 \$510,479.
6. The appendix to this opinion summarizes today's award.

### **Conclusions of Law**

1. TURN has fulfilled the requirements of Pub. Util. Code §§ 1801-1812, which govern awards of intervenor compensation, and is entitled to intervenor compensation for its claimed compensation incurred in making substantial contributions to D.06-03-025.
2. TURN should be awarded \$510,479 for its contribution to D.06-03-025.
3. Per Rule 14.6(c)(6), the comment period for this compensation decision may be waived.
4. This order should be effective today so that TURN may be compensated without further delay.

## **O R D E R**

### **IT IS ORDERED** that:

1. The Utility Reform Network (TURN) is awarded \$510,479 as compensation for its substantial contributions to Decision 06-03-025.
2. Within 30 days of the effective date of this decision, Verizon California Inc. shall pay TURN the total award. 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 August 3, 2006, the 75<sup>th</sup> day after the filing date of TURN's request for compensation, and continuing until full payment is made.

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

This order is effective today.

Dated October 19, 2006, at Fresno, California.

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
JOHN A. BOHN  
RACHELLE B. CHONG  
Commissioners

Commissioner Dian M. Grueneich, being necessarily absent, did not participate.

**APPENDIX**  
**Compensation Decision Summary Information**

<b>Compensation Decision:</b>	D0610043	<b>Modifies Decision?</b> N
<b>Contribution Decision(s):</b>	D0603025	
<b>Proceeding(s):</b>	R9304003/I9304002	
<b>Author:</b>	ALJ Duda	
<b>Payer(s):</b>	Verizon California Inc.	

**Intervenor Information**

<b>Intervenor</b>	<b>Claim Date</b>	<b>Amount Requested</b>	<b>Amount Awarded</b>	<b>Multiplier?</b>	<b>Reason Change/Disallowance</b>
The Utility Reform Network	5/19/06	\$510,479	\$510,479	No	N/A

**Advocate Information**

<b>First Name</b>	<b>Last Name</b>	<b>Type</b>	<b>Intervenor</b>	<b>Hourly Fee Requested</b>	<b>Year Hourly Fee Requested</b>	<b>Hourly Fee Adopted</b>
Christine	Mailloux	Attorney	The Utility Reform Network	275	2002	275
				300	2003	300
				325	2004-05	325
Regina	Costa	Policy Expert	The Utility Reform Network	160	2000	160
				200	2002	200
				215	2003	215
				230	2004-05	230
Robert	Finkelstein	Attorney	The Utility Reform Network	395	2004-05	395
Robert	Loube	Economist	The Utility Reform Network	170	2003-05	170
Scott	Kennedy	Policy Expert	The Utility Reform Network	125	2003-05	125
Matthew	Saltzer	Computer Specialist	The Utility Reform Network	85	2003-05	85

**(END OF APPENDIX)**