

Decision 08-05-033 May 29, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Authorized Cost of Capital for Utility Operations for 2008.

Application 07-05-003
(Filed May 8, 2007)

And Related Matters.

Application 07-05-007
Application 07-05-008

**DECISION GRANTING INTERVENOR COMPENSATION TO
AGLET CONSUMER ALLIANCE AND THE UTILITY REFORM NETWORK
FOR SUBSTANTIAL CONTRIBUTIONS TO DECISION 07-12-049**

1. Summary

We award Aglet Consumer Alliance (Aglet) and The Utility Reform Network (TURN), or Aglet-TURN, jointly \$102,373 for their substantial contributions to Decision (D.) 07-12-049.¹ This award is \$47,812 less than their \$150,185 requested amount.²

2. Background

The subject costs of capital applications were filed by Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E). SCE requested authority to increase its 11.60% Return on Equity (ROE) to 11.80% for test year 2008. SG&E requested

¹ All amounts are rounded to the nearest dollar.

² This amount includes \$960 of Aglet-TURN's costs incurred to reply to Southern California Edison Company's response to their compensation request.

authority to increase its 10.70% ROE to 11.60% for test year 2006. PG&E requested authority to increase its 11.35% ROE to 11.70%.

By D.07-12-049, a test year 2008 ROE of 11.50% was adopted for SCE, 11.10% for PG&E, and 11.35% for PG&E.

SCE, SDG&E, PG&E, the Federal Executive Agencies (FEA), and the Division of Ratepayer Advocates (DRA), actively participated in this proceeding. Interveners Aglet, TURN and The Utility Consumers' Action Network (UCAN), collectively (ATU) actively participated in this proceeding jointly. Aglet-TURN jointly request compensation here. SCE filed a filed a March 20, 2008 response to Aglet-TURN's compensation request, as discussed herein.

3. Requirements for Award of Compensation

The intervenor compensation program, enacted in Pub. Util. Code §§ 1801-1812,³ requires California jurisdictional utilities to pay the reasonable costs of an intervenor's participation if the intervenor 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:

- a. 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 another appropriate time that we specify. (§ 1804(a).)

³ All references are to the Public Utilities Code.

- b. The intervenor must be a customer or a participant representing consumers, customers, or subscribers of a utility subject to our jurisdiction. (§ 1802(b).)
- c. 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).)
- d. The intervenor must demonstrate “significant financial hardship.” (§§ 1802(g), 1804(b)(1).)
- e. 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), 1803(a).)
- f. The claimed fees and costs must be reasonable (§ 801), 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.

4. Procedural Requirements

The first four of the above requirements are procedural and we address them below. The PHC in this matter was held on June 14, 2007. Aglet-TURN filed their joint NOI timely on July 16, 2007. In their joint NOI, Aglet-TURN asserted financial hardship. On July 26, 2007, the assigned Administrative Law Judge (ALJ) ruled that Aglet-TURN are Category 3 customers, pursuant to § 1802(b)(1)(C), and satisfied the significant financial hardship condition through a rebuttable presumption of eligibility, pursuant to § 1804(b)(1).

Aglet-TURN filed their joint request for compensation on February 19, 2008, within the required 60 days of D.07-12-049 being issued. On March 20, 2008, SCE filed a response to the request, claiming Aglet/TURN’s contribution was not substantial and there was a duplication of the work of other parties. On

April 4, 2008, Aglet filed a reply to SCE's response. The reply also amended the request by including additional expenses.

We affirm the ALJ's ruling and find that Aglet-TURN has satisfied all the procedural requirements necessary to make their joint request for compensation.

5. Substantial Contribution to Resolution of Issues

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, 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? (§§ 1802(i) 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.⁴

⁴ See D.98-04-059, 79 CPUC2d, 628 at 653.

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 address Aglet-TURN's claimed contribution to the decision regarding (1) financial modeling efforts, (2) risk analysis, (3) pension returns, (4) credit quality, and (5) SDG&E capital structure.

5.1. Financial Modeling Efforts

Aglet-TURN claimed a substantial contribution for its financial modeling efforts. Those efforts consisted of (a) financial models, (b) opposition to PG&E's use of a non-utility proxy group, and (c) opposition to SCE and SDG&E's use of a Fama French model.

5.1.1. Financial Models

Although Aglet-TURN conceded that their financial model results were given minimal weight, they nevertheless contended that their financial model results significantly contributed to the decision because they collaborated the financial model results of DRA and FEA and were within the ranges of inputs and results of other parties. Specifically, their 9.88% Capital Asset Pricing Model (CAPM) result was slightly higher than other ratepayer parties 8.80% to 9.56% range and consistent with the utilities 11.59% to 12.10% range. Aglet-TURN's 8.90% discounted cash flow result was lower than other ratepayer parties 8.99% to 9.14% range and utilities 10.30% to 11.11% range. Their 10.46% risk premium model result was higher than other ratepayer parties 9.77% to 9.88% range and

lower than the utilities 10.86% to 11.34% range. Further, their selected risk-free rate of 4.89% was within the Commission's selected 4.78% risk-free rate.

SCE disagreed with Aglet-TURN's contention that their model results substantially contributed to a decision. That is because the Commission found that reasonableness of Aglet-TURN's financial model results could not be determined and concluded that those financial model results should be given minimal weight. SCE concluded that Aglet-TURN's requested compensation for its financial modeling efforts should be reduced or entirely denied.

The reasonableness of Aglet-TURN's financial model results could not be determined because they did not screen their proxy group and, unlike other parties, used different companies from their proxy group for each of their financial models. For example, they used 75 of the 82 companies in their proxy group for their CAPM financial model and 65 companies in their Discounted Cash Flow (DCF) financial model. Approximately seven of the companies included in their proxy group did not have investment grade credit ratings. Aglet-TURN also used different companies from their proxy group in each of their financial models that resulted in a mismatch because they did not have sufficient data to run the individual models with their entire proxy group. In other instances, Aglet-TURN deemed data, which they could not identify, not meaningful for inclusion in their financial models. It was for those reasons that we concluded that the reasonableness of Aglet-TURN's financial models could not be determined and that their results should be given only minimal weight in this proceeding. (D.07-12-049, mimeo., pp. 12 and 13, and Conclusions of Law 6 and 7.)

Our conclusion that the reasonableness of Aglet-TURN's financial model results could not be determined does not satisfy the § 1802(i) requirement that, in

the judgment of the Commission, the customer's presentation has substantially assisted the Commission in whole or in part one or more factual contentions presented by the customer. Hence, § 1802(i) precludes us from finding that Aglet-TURN's financial model results substantially contributed to a decision.

An alternative substantial contribution provision set forth in § 1802.5 provides for a finding of significant contribution if a customer materially supplements, complements, or contributes to the presentation of another party may be fully eligible for compensation if the participant makes a substantial contribution to a commission order or decision. However, we concluded in the decision that Aglet-TURN's financial model results should *only* be given *minimum weight* in this proceeding. Given that conclusion, there is no basis to make a finding that Aglet-TURN's financial model results materially supplemented, complemented, or contributed to another party's showing.

Aglet-TURN's financial modeling efforts did not substantially contribute to a decision and did not materially supplement, complement, or contributed to the presentation of another party that substantially contributed to a decision. (Conclusions of Law 6 and 7.)

5.1.2. Non-Utility Financial Model

Aglet-TURN also claimed a substantial contribution for the Commission's adoption of its opposition to PG&E's CAPM and DCF model results based on a proxy group of non-utility companies. We concur with Aglet-TURN on this issue. (Exhibit 55, p. 19, and Conclusions of Law 8 and 9.)

5.1.3. Fama French Model

Aglet-TURN further claimed a substantial contribution for the Commission's decision to place no reliance on the Fama French financial model

results of SCE and SDG&E. We also concur with Aglet-TURN on this issue. (Exhibit 55, pp. 20 and 21, and Conclusions of Law 19 and 20.)

5.2. Risk Analysis

Aglet-TURN claimed a substantial contribution relating to business and regulatory risks. In regards to business risks, Aglet-TURN claimed a substantial contribution for its business risks testimony. Aglet-TURN, along with other parties, identified electric procurement as a primary business risk facing the energy utilities. Based on its analysis of electric procurement, Aglet-TURN added basis points to their financial model results, thereby providing support for an increase in ROEs to compensate the utilities for business risks. Although its recommended ROEs were not adopted, its business risks assessment assisted the Commission in concluding that SCE and PG&E's base ROE should be increased by 50 basis points and SDG&E's by 10 basis points to reflect additional business risks. (Conclusions of Law 23 and 24.)

In regard to regulatory risks, Aglet-TURN claimed a substantial contribution for addressing the California regulatory climate and the impact of that climate, along with past experience, of regulatory disallowances applicable to operating expenses and rate base. Although the utilities and other parties addressed the California regulatory climate, Aglet-TURN's position was specifically identified in the decision and helpful in concluding that the utilities ROEs should be increased 10 basis points to reflect California regulatory risks. (Conclusions of Law 25.)

Aglet-TURN also claimed a substantial contribution on its regulatory climate discussion that led the Commission to reject SDG&E's request to earn SCE's authorized ROE on SDG&E's San Onofre Nuclear Generating Station (SONGS) investments. The rejection of SDG&E's position was based, in part, on

Aglet-TURN's testimony regarding the upfront ratemaking treatment involving SONGS 1 and 2 steam generator replacement projects. Aglet-TURN made a substantial contribution to a denial of SDG&E's capital structure proposal and resulted in our conclusion that SDG&E had not substantiated a need to set an ROE on its SONGS investment equal to that of the company-wide ROE of SCE. (Conclusions of Law 26.)

Overall, Aglet-TURN significantly contributed in our assessment of business and regulatory risks and impact of such risks on the utilities ROE.

5.3. Pension Returns

The issue of pension returns was a carry-over issue from PG&E's test year 2007 general rate case (D.06-06-014). In that proceeding, the Commission ordered PG&E to explain and compare the equity markets data it used to prepare its requested ROE and the pension costs reported in its most recent Form 10-K. That requirement resulted from a premise of TURN's that there should be a correlation between PG&E's then 11.35% authorized ROE and then 8.5% projected return on pension trust equity investments.

In response to that order, PG&E provided direct testimony in this proceeding that demonstrated pension fund returns are related to market value of assets held in a pension fund while a utility's ROE is applied to a book value rate base. Based on PG&E's testimony, we concluded that the Employee Retirement Income Security Act dictates that pension funds must be diversified whereas a utility's ROE is based on risks specific to a utility's operations. (Conclusions of Law 30.)

Testimony in support of a relationship between pension fund and ROE returns provided by Aglet-TURN and the FEA were rejected. We instead

concluded that pension fund equity return assumptions are not comparable to the ROE used in utility ratemaking. (Conclusions of Law 31.)

Although Aglet-TURN acknowledged that they did not prevail in this issue they seek compensation on the basis that they made a comprehensive showing in response to PG&E's testimony and thereby contributed to a review of "a topic that is worth exploring."⁵

Aglet-TURN's position on this issue was to have the Commission find that returns on utility pension funds be used as a factor when setting utility rates of return. (Exhibit 52, p. 8.) However, as acknowledged by Aglet-TURN, they did not prevail in this issue.

A topic that may be worth exploring does not justify compensation unless a party's showing on that topic was used in a decision on that topic. PG&E substantiated in its direct showing that the objectives of a pension fund are fundamentally different from that of an equity investor in a single utility and that the risk profiles are not comparable. More importantly, PG&E substantiated that pension fund returns are related to market value of assets held in the pension fund while a utility's ROE is applied to a book value rate base. (D.07-12-049, mimeo., p. 44.)

Although Aglet-TURN may have provided a comprehensive showing in response to PG&E's testimony, that testimony had no impact on our decision of this issue. (Conclusion of Law 31.) To make a finding of significant financial contribution as set forth in § 1802(i) one or more of the factual or legal contentions, or specific policy or procedural recommendations put forth by

⁵ Compensation request, p. 10.

Aglet-TURN would need to be adopted. Aglet-TURN acknowledgment that they did not prevail in this issue and a lack of reliance on their testimony in deciding this issue, we can not find that Aglet-TURN make a substantial contribution on this issue.

5.4. Credit Quality

Aglet-TURN represented that they substantially contributed to the decision because they provided Standard & Poor's (S&P) credit quality guidelines for the record and assessed the impact of utility requested returns and financial projection on credit measures. They further contended that they were the only parties to submit evidence on utility financial projections and credit quality.

Although SCE acknowledged that Aglet-TURN was the only party that provided a copy of S&P credit guidelines in this proceeding, similar S&P guidelines were submitted in the utilities prior ROE proceeding (A.05-05-006). SCE also identified various exhibits of applicants SCE, SDG&E, and PG&E to demonstrate that Aglet-TURN were not the only party that submitted utility financial projections evidence.⁶

SCE is correct. The credit quality information furnished by the utilities were in response to a prior Commission order requiring utilities, as part of their annual costs of capital applications to include testimony on credit ratios, credit ratings, and capital structure impacts, including credit rating information from Moody's and S&P.⁷ However, Aglet-TURN provided a different perspective of

⁶ See, for example, Exhibits 2, 4, 23, 25, and 26.

⁷ D.04-12-047, mimeo., p. 47, Ordering Paragraph 6.

credit quality that significantly contributed to a decision on a fair and reasonable ROE. (Conclusion of Law 27 and Appendix A.)

5.5. SDG&E Capital Structure Proposal

Finally, Aglet-TURN claimed a substantial contribution for its participation in a rejection of SDG&E's proposed capital structure rebalancing mechanism. In that rejection, the Commission relied on Aglet-TURN's cross-examination of SDG&E that debt equivalence and Financial Accounting Standards Board Interpretation No. 46 (FIN 46) are economic costs and not accounting costs. (D.07-12-048, p. 40, and Findings of Fact 32.) The Commission also relied on Aglet-TURN's discovery requests and cross-examination of SDG&E's witness to conclude that the impact of SDG&E's debt equivalence and FIN 46 should be considered along with its other risks in arriving at a fair and reasonable ROE. (Exhibit 3, Reporter's Transcript Vol. 3, pp. 211 through 213, and Conclusions of Law 28.)

Given that the capital structure proposal pertained only to SDG&E, SCE and PG&E should not be required to contribute to an award on this issue. SDG&E should be required to fully compensate Aglet-TURN for the time it spent on this issue.

6. Reasonableness of Requested Compensation

Aglet-TURN request \$150,185⁸ for their joint participation in this proceeding. To assist us in determining the reasonableness of the requested compensation, D.98-04-059 directed customers to demonstrate productivity by

⁸ When calculating this amount, Aglet-TURN made a minor math error. The correct amount is \$150,190.55. We corrected the error when we computed our award.

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 their participation. The issues we consider to determine reasonableness are discussed below.

6.1. Productivity

Aglet-TURN, one of three parties opposing the consolidated applications, contends that they contributed to the productivity of the proceeding and that their costs of participation were small compared to a combined \$79.1 million of observed savings for ratepayers, relative to the utilities requested amounts.

Aglet-TURN quantified the most observable dollar benefit of their joint participation in terms of the adopted ROEs being lower than those requested by the utilities. SCE's ratepayers saved approximately \$23.2 million due to the adoption of an 11.50% ROE over SCE's requested 11.80%. SDG&E's ratepayers saved approximately \$14.8 million due to the adoption of an 11.10% ROE over SDG&E's requested 11.60%. PG&E's ratepayers saved approximately \$41.1 million due to the adoption of an 11.35% ROE over PG&E's requested 11.70% ROE.

The annual ratepayer revenue requirement benefit identified by Aglet-TURN substantiates that the costs of their joint participation in those issues which Aglet-TURN have been found to have substantially contributed are reasonable in relationship to the benefits ratepayers will realize through that participation.

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

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. Thus, only those fees and costs associated with the customer's work that the Commission concludes made a substantial contribution are reasonable and eligible for compensation.

Aglet-TURN documented their claimed hours by presenting a daily breakdown of the hours, major activity, and description of work their attorneys and advocates devoted to the proceeding.⁹ The following tabulation summarizes the direct time Aglet-TURN spent by major issues and professionals.¹⁰

	General ¹¹	Financial Models & Workshop ¹²	Risk Analysis	Pension Returns	Credit Quality	SDG&E Capital Structure	Total
Weil	94.7	108.1	116.9	3.6	4.3	20.3	347.9
Goodson	3.0	17.8	19.3	0.6	0.7	3.3	44.7
Hawiger	0.5		1.3				1.8
Reid	6.7	84.6					91.3
Czahar		55.5					55.5
Marcus		8.7		5.5			14.2
Jones				43.8			43.8
Total	104.9	274.7	137.5	53.5	5.0	23.6	599.2

⁹ All time is rounded to a tenth of an hour.

¹⁰ Individual hours may not equal total hours due to rounding.

¹¹ Hours allocated to general consist of activities that Aglet-TURN could not reasonably assign to substantive issues. Those hours pertain to initial review and discovery attendance at the prehearing conference, work on confidential agreements, coordination among intervenor parties, review of rebuttal testimony, review of the proposed decision that preceded D.07-12-049, and preparation and review of *ex parte* notices.

¹² Workshop activity pertains to a Commission held financial modeling workshop in January 2007, prior to utilities filing of their cost of capital application.

Aglet-TURN believes that the total number of their claimed direct hours is reasonable given the scope of this proceeding. Our prior discussion of Aglet-TURN's substantial contribution and productivity substantiate that their requested time related to general activities and the issues of risk analysis, credit quality, and SDG&E capital structure are reasonable.

The 53.5 hours allocated to pension returns is not eligible for compensation because they did not make a substantial contribution on this issue, as addressed in the prior pension returns discussion.

A portion of the 274.7 hours Aglet-TURN allocated to financial models and workshop is also not eligible for compensation because their financial models did not result in a substantial contribution to a decision, as addressed in our prior financial model discussion. All of the 25.7 hours devoted to the financial model workshop should be compensated, of which 10.5 hours was applicable to Weil, 6.5 hours to Goodson, and 8.7 hours to Marcus. The remaining 249 claimed hours (274.7 total hours minus 25.7 allowable workshop hours) needs to be allocated between their financial models work found not to have substantially contributed to a decision and the non-utility financial and Fama French model issues, work found to substantially contribute to a decision.

A review of Aglet-TURN's detailed time records showed that 84.6 hours of Reid's time and 55.5 hours of Czahar's time were spent on Aglet-TURN's financial models. Therefore, none of Reid and Czahar's time spent on financial models resulted in a substantial contribution to a decision.

Weil spent 24.8 hours (14.3 hours on modeling inputs and 10.5 hours on modeling comments) on their financial models. However, those detailed time records did not show how much time was spent on reviewing, preparing to testify or testifying on those financial model results. Those records also did not

break out time spent on the non-utility financial model or Fama French model issues. Based on a review of Weil's detailed time record and the evidentiary record 49.6 hours (24.8 hours of identified modeling inputs and comments times two) of his time should be allocated to Aglet-TURN's financial models which did not substantially contribute to a decision and the remaining 58.5 hours (which includes his 10.5 workshop hours) to the non-utility financial model and Fama French model issues which Aglet-TURN substantially contributed to a decision.

The following table summarizes the allowable time for recovery:

	General	Financial Models & Workshop	Risk Analysis	Pension Returns	Credit Quality	SDG&E Capital Structure	Total
Weil	94.7	58.5	116.9	0.0	4.3	20.3	294.7
Goodson	3.0	17.8	19.3	0.0	0.7	3.3	44.1
Hawiger	0.5		1.3				1.8
Reid	6.7						6.7
Czahar							
Marcus		8.7					8.7
Jones				0.0			
Total	104.9	85.0	137.5	0.0	5.0	23.6	356.0

The following tabulation summarizes the indirect time by hours preparing their joint NOI and compensation request:

Intervenor	NOI¹³	Compensation Request¹⁴	Total
Weil	5.8	33.7	39.5
Goodson	.3	2.3	2.6

¹³ Hours incurred in 2007.

¹⁴ Hours incurred in 2008.

Reid		1.3	1.3
TOTAL	6.1	37.3	43.4

No party objected to the requested 43.4 hours of time spent preparing a joint NOI and compensation. However, the total indirect hours should be reduced by Reid’s 1.3 hours to 42.1 hours on the basis that none of his time was found to have substantially contributed to a decision.

6.3. Market Rate Standard

Finally, in determining compensation, we take into consideration the market rates for similar services from comparably qualified persons. Aglet-TURN seek an hourly rate of \$280 for work performed by Weil in 2007 and \$300 for 2008, and half those rates for his work on the NOI in 2007 and preparation of the compensation request in 2008; \$210 for Goodson in 2007 and half that rate for compensation-related work in 2007 and 2008; \$300 for Hawiger in 2007; \$170 for Reid and half that rate for input into a compensation request in 2008; \$220 for Czahar in 2007; \$223 for Marcus in 2007; and \$110 for Jones in 2007.

The Commission has previously approved these rates for work performed in 2007 by Weil, Goodson, Hawiger, and Reid.¹⁵ Czahar was previously awarded a \$220 hourly rate and does not seek an increase in the rate for this proceeding.¹⁶ We find these rates reasonable and adopt them here. In light of our disallowance of Jones’ hours, the corresponding rate request is moot.

¹⁵ See D.07-05-037 for Weil and Reid, and D.07-12-026 for Goodson and Hawiger.

¹⁶ See D.06-06-049.

Aglet-TURN also seeks a \$15 increase in the Marcus' \$220 rate awarded in 2006 to \$235 for his work in 2007 and a \$20 increase in Weil's \$280 hourly rate awarded in 2007 to \$300 for his work in 2008. In support of these requested increase in rates, Aglet-TURN cited D.07-01-009 which authorized 3% cost-of-living adjustments for intervenor work performed in 2006 and 2007, and up to two 5.0% step increases within each of three experience levels. Both of these requested hourly rate increases are within the guidelines set forth in D.07-01-009. Marcus' \$15 increase equates to a 1.7% cost-of-living increase and a 5.0% step increase and Weil's \$20 increase equates to a 2.0% cost-of-living increase and his second and final 5.0% step increase. We find that a \$235 hourly rate for work performed by Marcus in 2007 and \$280 hourly rate for work performed by Weil in 2008 are reasonable and adopt them here.

6.4. Direct Office Costs

Aglet-TURN seeks recovery of office costs incurred as a result of their participation in this proceeding. These costs totaling \$731 consist of reproduction (copy), postage, and travel.¹⁷ These costs represent less than a half of 1.0% of the total compensation request. Aglet-TURN adequately substantiated their office costs and should be compensated for the full \$731.

7. Award

Aglet-TURN substantially assisted the Commission in this proceeding. Consistent with § 1802(h), Aglet-TURN are jointly entitled to compensation that totals \$102,373, as set forth in the table below:

¹⁷ Total direct expenses include \$9 of copy and postage costs incurred by Aglet-TURN to reply to SCE's response to their compensation request.

INTERVENOR	YEAR	HOURS	RATE	TOTAL AMOUNT¹⁸
Weil	2007	294.7	\$280	\$ 82,516 ¹⁹
	2007	5.8	\$140	\$ 812
	2008	33.7	\$150	\$ 5,055
Hawiger	2007	1.8	\$300	\$ 540
Goodson	2007	44.1	\$210	\$ 9,261
	2007	.3	\$105	\$ 32
	2008	2.3	\$105	\$ 242
Marcus	2007	8.7	\$235	\$ 2,045
Reid	2007	6.7	\$170	\$ 1,139
Direct Office costs				\$ 731
TOTAL				\$102,373

Consistent with previous Commission decisions, we will 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 May 5, 2008, the first business day after the 75th day after Aglet-TURN filed their joint compensation request and continuing until full payment of the award is made.

We remind Aglet-TURN that Commission staff may audit their records related to this award, and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor

¹⁸ Amounts are rounded to the nearest dollar.

¹⁹ Of this amount, \$5,684 is applicable to the SDG&E capital structure issue (20.3 hours at \$280/hr.).

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

8. 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, we waive the otherwise applicable 30-day public review and comment period for this decision.

9. Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Michael J. Galvin is the assigned ALJ in this proceeding.

Findings of Fact

1. Aglet-TURN satisfied all of the procedural requirements necessary to claim compensation in this proceeding.
2. Aglet-TURN requested \$150,185 for their joint participation in this proceeding.
3. A substantial contribution is made if one or more of the factual or legal contentions, or specific policy or procedural recommendation put forth by a customer is adopted. (§ 1802(i).)
4. A substantial contribution is also made if the customer's contentions or recommendations materially supplemented, complemented, or contributed to the presentation of another party or to the development of a fuller record that assisted the Commission in making a decision. (§ 1802.5.)

5. Aglet-TURN requested compensation for its claimed contribution to the decision regarding general work, financial modeling effects, risk analysis, pension returns, credit quality, and SDG&E capital structure.

6. SCE filed a March 20, 2008 response to Aglet-TURN's compensation request.

7. D.07-12-049 concluded that the reasonableness of Aglet-Turn's financial model results could not be determined and that only minimal weight should be given to their financial model results.

8. Aglet-TURN did not prevail in its pension return issue.

9. Aglet-TURN made substantial contributions to D.07-12-049, as described herein.

10. Aglet-TURN requested an increase of the 2007 hourly rate for Marcus to \$235 from \$220 and the hourly rate for Weil in 2008 to \$300 from \$280.

11. Aglet-TURN requested related expenses that are reasonable and commensurate with the work performed.

12. The total of these reasonable fees and costs is \$102,373.

13. The attachment to this opinion summarizes today's award.

Conclusions of Law

1. Aglet-TURN fulfilled the requirements of Pub. Util. Code §§ 1801-1812, which govern awards of intervenor compensation, and are entitled to intervenor compensation for their claimed fees and expenses incurred in making substantial contribution to D.07-12-049.

2. Aglet-TURN's financial modeling efforts did not substantially contribute to a decision and did not materially supplement, complement, or contribute to the presentation of another party that substantially contributed to a decision.

3. Aglet-TURN substantially contributed to a decision on PG&E's non-utility financial model, Fama French Model, risk analysis, credit quality, and SDG&E capital structure proposal.

4. Aglet-TURN did not substantially contribute to the pension return issue in this proceeding.

5. The hourly rate for Marcus in 2007 should be increased to \$235 from \$220.

6. The hourly rate for Weil in 2008 should be increased to \$300 from \$280.

7. Aglet-TURN should be awarded \$102,373 for contributions to D.07-12-049.

8. SDG&E should be required to compensate Aglet-TURN for their substantial contribution on the SDG&E capital structure issue.

9. SCE, SDG&E, and PG&E should be required to compensate Aglet-TURN for their substantial contribution on their general, financial models and workshop, risk analysis, credit quality, NOI, and compensation request in proportion to the utilities respective 2007 jurisdictional electric and gas revenues.

10. Per Rule 14.6(c)(6), the comment period for this compensation decision may be waived.

11. So that Aglet-TURN's award may be paid promptly, today's order should be made effective immediately.

O R D E R

IT IS ORDERED that:

1. Aglet Consumer Alliance (Aglet) and The Utility Reform Network (TURN) are jointly awarded \$102,373 as compensation for their substantial contributions to Decision 07-12-049.

2. The hourly rate for Marcus in 2007 is increased to \$235 from \$220 and the hourly rate for Weil in 2008 is increased to \$300 from \$280.

3. Within 30 days of the effective date of this decision, San Diego Gas & Electric Company (SDG&E) shall pay Aglet \$6,377 for their substantial contribution to the SDG&E capital structure issue in this proceeding. Aglet shall disburse this award between Aglet and TURN as appropriate. SDG&E shall also pay interest on the award at the rate earned on prime, three-month commercial paper, as reported in Federal Reserve Statistical Release H.15 commencing May 5, 2008 and continuing until full payment is made.

4. Within 30 days of the effective date of this decision, Southern California Edison Company (SCE), SDG&E, and Pacific Gas and Electric Company (PG&E), shall pay Aglet \$95,996 in proportion to their respective 2007 jurisdictional electric and gas revenues within 30 days of the effective date of this order. SCE, SDG&E, and PG&E shall pay their full shares of the award to Aglet, and Aglet shall disburse the portions between Aglet and TURN as appropriate. PG&E, SCE, SDG&E, and PG&E shall also pay interest on the award at the rate earned on prime, three-month commercial paper, as reported in Federal Reserve Statistical Release H.15 commencing May 5, 2008 and continuing until full payment is made.

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

6. This consolidated proceeding remains open to address a Rule 13.1 violation.

This order is effective today.

Dated May 29, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

APPENDIX

Compensation Decision:	D0805033
Contribution Decision(s):	D0712049
Proceeding(s):	A0705003, A0705007, A0705008
Author:	ALJ Galvin
Payer(s):	Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company

Intervener Information

Intervener	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
Aglet Consumer Alliance and The Utility Reform Network (Aglet-TURN)	2/19/2008	\$150,185	\$102,373	No	Disallowed Aglet-TURN's work on financial models and pension returns.

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
James	Weil	Advocate	Aglet	\$280	2007	\$280
				\$300	2008	\$300
William	Marcus	Analysis	TURN	\$235	2007	\$235
Hayley	Goodson	Attorney	TURN	\$210	2007	\$210
Marcel	Hawiger	Attorney	TURN	\$300	2007	\$300
Ray	Czahar	Analysis	Aglet	\$220	2007	\$220
Jan	Reid	Analysis	Aglet	\$170	2007	\$170
				\$185	2008	None
Garrick	Jones	Analysis	TURN	\$110	2007	None

(END OF APPENDIX)