

Decision 15-11-015 November 5, 2015

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

Order Instituting Rulemaking into the Review of the California High Cost Fund-A Program.

Rulemaking 11-11-007  
(Filed November 10, 2011)

**DECISION GRANTING COMPENSATION TO  
THE UTILITY REFORM NETWORK FOR SUBSTANTIAL CONTRIBUTION  
TO DECISION 14-12-084**

<b>Intervenor: The Utility Reform Network (TURN)</b>	<b>For contribution to Decision (D.) 14-12-084</b>
<b>Claimed: \$ 396,225.00</b>	<b>Awarded: \$331,350.14 (~16.37% reduction)</b>
<b>Assigned Commissioner: Catherine J.K. Sandoval</b>	<b>Assigned ALJ: W. Anthony Colbert</b>

**PART I: PROCEDURAL ISSUES**

<b>A. Brief description of Decision:</b>	The Final Decision revises rules and regulations for the California High Cost Fund-A program (CHCF-A). This Decision defers a request to open the serving territories of the small local exchange carriers receiving subsidy from the CHCF-A (Small LECs) to competition. It also finds that the Commission has legal authority to require the Small LECs to include certain affiliate revenue in regulated rate base, but defers any requirement for the Small LECs to include such revenue until the issue is further considered in Phase 2. It revises the mechanisms to set rates for Small LEC basic service customers. The Decision issues rulings on specific issues relating to broadband investment, corporate expense levels, and changes in federal subsidies. It calls upon the staff to investigate and report the status of Broadband Network Deployment and Universal Service in Small LEC territories and defers several issues to Phase 2, to be coordinated with the staff’s investigation. Finally, the Decision sets in motion a procedure for creating a Rate Case Plan for Small LEC GRCs.
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**B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812:**

	<b>Intervenor</b>	<b>CPUC Verified</b>
<b>Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):</b>		
1. Date of Prehearing Conference (PHC):	June 4, 2012	Verified.
2. Other specified date for NOI:	March 2, 2012	Verified.
3. Date NOI filed:	March 2, 2012	Verified.
4. Was the NOI timely filed?		Yes, TURN timely filed the notice of intent to claim intervenor compensation.
<b>Showing of customer or customer-related status (§ 1802(b)):</b>		
5. Based on ALJ ruling issued in proceeding number:	R.11-11-008	Verified.
6. Date of ALJ ruling:	January 3, 2012	Verified.
7. Based on another CPUC determination (specify):		
8. Has the Intervenor demonstrated customer or customer-related status?		Yes, TURN demonstrated appropriate customer-related status.
<b>Showing of “significant financial hardship” (§ 1802(g)):</b>		
9. Based on ALJ ruling issued in proceeding number:	R.11-11-008	Verified.
10. Date of ALJ ruling:	January 3, 2012	Verified.
11. Based on another CPUC determination (specify):		
12. Has the Intervenor demonstrated significant financial hardship?		Yes, TURN demonstrated significant financial hardship.

<b>Timely request for compensation (§ 1804(c)):</b>		
13. Identify Final Decision:	D.14-12-084	Verified.
14. Date of issuance of Final Order or Decision:	December 19, 2014	Verified.
15. File date of compensation request:	February 17, 2015	Verified.
16. Was the request for compensation timely?		Yes, TURN timely filed the request for compensation.

**C. Additional Comments on Part I:**

<b>#</b>	<b>Intervenor’s Comment(s)</b>	<b>CPUC Discussion</b>
I.B.3.	The OIR did not make a preliminary determination about the need for hearings nor did it include a date for a PHC. Therefore, TURN relied on Rule 17.1(a)(2) to file its NOI within 30 days of the filing of responsive pleadings. To ensure its NOI would be deemed timely, TURN filed its NOI within 30 days of opening comments on the OIR.	The CPUC accepts this assertion.

**PART II: SUBSTANTIAL CONTRIBUTION**

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

<b>Intervenor’s Claimed Contribution(s)</b>	<b>Specific References to Intervenor’s Claimed Contribution(s)</b>	<b>CPUC Discussion</b>
<p>1. <i>Background</i></p> <p>The Commission opened this OIR in 2011 to review the overall effectiveness of the CHCF-A and to make revisions where necessary to its rules and regulations. This docket was open against a backdrop of fundamental shifts in rural universal service policies at the FCC and changing network architecture among the Small LECs. From the initial questions and scope set forth in the OIR, to the amended scope in May of 2013, and then again in March of 2014, the Commission’s inquiry narrowed and evolved. While the Commission initially asked for comment whether the A-Fund should be eliminated or radically changed in its form and function, the amended scope presented a more muted inquiry on narrower issues due in part to legislative intervention. Yet the issues on the table</p>	<p>OIR, November 18, 2011.</p> <p>Amended Scoping Memo, May 22, 2013</p> <p>Amended Scoping Memo, March 18, 2014.</p> <p>TURN Opening Comments on the OIR, February 1, 2012.</p> <p>TURN Reply Comments on Amended Scoping Memo, August 16, 2013.</p> <p>Opening Testimony of</p>	<p>Verified.</p> <p>TURN filed Opening Comments on the Proposed Decision on December 8, 2014.</p>

<p>throughout the docket remained critical to service in rural areas.</p> <p>TURN fully participated in this proceeding because it recognized the importance of the A-Fund to protecting the affordability of phone service for rural customers in California. Yet, TURN also recognized the risk that, if unchecked, the A-Fund could grow too large thereby putting undue burden on those customers paying the A-Fund surcharge. This was a complicated and detailed case with numerous procedural twists and turns and significant discovery. TURN was fully involved in every step including multiple sets of comments, workshops, three PHCs and hearings. TURN focused on advocating for changes to the A-Fund that would protect consumer interests in affordability and fairness while still ensuring the A-Fund companies maintained their ability to offer high quality reliable voice service and advanced capabilities.</p> <p>While the Commission did not adopt each of TURN's proposals, as discussed below, TURN urges the Commission to find that it made a substantial contribution to record and the resulting Final Decision and that its hours are reasonable in relation to the benefits conferred on customers in California.</p>	<p>Trevor Roycroft on behalf of TURN, July 11, 2014.</p> <p>Opening Brief of TURN, September 26, 2014.</p> <p>TURN Opening Comments on Proposed Decision, December 9, 2014.</p>	
<p><i>2. Imputation- legal issues</i></p> <p>From the beginning of the proceeding, in response to the OIR's request for comment on changes to the funding structure for the program, TURN submitted detailed proposals linking the Small LECs' robust broadband deployment efforts with the calculation of A-Fund subsidies. Through discovery and analysis from Dr. Roycroft, TURN provided detailed information about the Small LECs' broadband deployment and the carriers' use of regulated assets, including the local loop, to offer broadband services.</p> <p>TURN proposed that the Commission require the Small LECs to impute their affiliate broadband revenues into the regulated rate base of the company which would, in turn, affect how much funding the Small LECs required from the A-Fund to maintain affordable basic service rates. While ORA initially</p>	<p>OIR at p. 25-29</p> <p>TURN Opening Comments on OIR, February 1, 2012 at p. 30-32</p> <p>TURN Reply Comments on Amended Scope, August 16, 2013 pg 2-10.</p> <p>Opening Testimony of Dr. Roycroft, July 11, 2014.</p> <p>TURN Opening Brief, September 26, 2014 at p. 25-29.</p> <p>Small LECs Opening on Amended Scope, July 19, 2013 at p. 11-12.</p>	<p>Verified.</p>

<p>proposed a much different set of revisions for the A-Fund than TURN's, part of its proposal also included an imputation requirement.</p> <p>The Small LECs opposed imputation, in part, because they argued the Commission did not have legal jurisdiction over the Small LEC broadband affiliates and their revenues to require imputation. The Small LECs also made a takings argument that imputation of broadband revenue would be a takings of their property without just compensation. The legality of TURN's imputation proposal was a thread through the proceeding and was included in expert witness testimony of Dr. Roycroft for TURN and Elaine Duncan for the Small LECs.</p> <p>In the Final Decision, the Commission determined that it had jurisdiction to implement TURN's imputation proposal. As the Commission stated, "We do not accept the Small LECs' narrow reading of Section 275.6 and agree with ORA and TURN that the legislature did not intend to limit the Commission's ratemaking authority on this issue." The Commission rejected the Small LECs' legal arguments opposing TURN's imputation proposal and finds that it is in the Commission's discretion to order imputation.</p>	<p>Reply Testimony of Elaine Duncan, August 15, 2014.</p> <p>Small LEC Opening Brief, September 26, 2014 at pg 13-20.</p> <p>Final Decision at p. 22.</p>	
<p><i>3. Imputation- Implementation</i></p> <p>As discussed above, TURN consistently advocated for the Commission to revise the CHCF-A by including a contribution fee or an imputation requirement so that Small LEC broadband affiliate revenues offset regulated rate base of the Small LECs for the use of regulated assets and facilities in the provision of broadband service. Dr. Roycroft used a data-driven analysis, through significant discovery and analysis of data, to provide information on the record to support TURN's proposal. ORA also made a more narrow and higher level imputation proposal as an alternative to eliminating the A-Fund, relying on the data analysis of Dr. Roycroft. Through comments, the May 2014 workshop, and testimony, TURN advocated for its proposal and revised and adjusted the proposal over the course of the proceeding to take into account the data it received from the Small LECs and comments from other parties.</p>	<p>OIR at p. 33-34</p> <p>Amended Scoping Memo, May 22, 2013 at p. 8</p> <p>TURN Opening Comments on the OIR, February 1, 2012 at p. 19-23</p> <p>TURN Opening on Amended Scope, July 19, 2013 at p. 6-8.</p> <p>Opening Testimony of Trevor Roycroft, July 11, 2014.</p> <p>DRA Reply Comments on OIR, March 30, 2012 at p. 17-18.</p> <p>Small LEC Reply on</p>	<p>Verified.</p>

<p>The Small LECs not only opposed TURN’s proposal for legal reasons, as discussed above, they also argued such a proposal would cause disincentives for carriers to invest in broadband, thereby harming customer access to high speed advanced communications. The Small LECs also argued that TURN’s proposal was unnecessary because the Small LECs’ regulated entity was already compensated for the use of regulated facilities through federal funding mechanisms, a claim that TURN disputed.</p> <p>The issue of imputation, including whether to adopt an imputation of broadband revenues and, if so, how much should be imputed, was the subject of settlement discussions between TURN and the Small LECs. While the parties did not ultimately settle, TURN believes the talks were productive and helped flesh out each parties’ position and understanding of the issues. The parties exchanged proposals, reviewed data and explored elements of each other’s proposals that may not have otherwise been analyzed. These discussions provided guidance as the parties pursued litigation on the issue and strengthened both parties’ contributions to the record through increased understanding of the issue, thus contributing to TURN’s substantial contribution to the Final Decision.</p> <p>The Commission noted in the Final Decision that, “The Small LECs, TURN and ORA spent a significant amount of testimony and briefs on this one issue [imputation] and thus clearly have a keen interest in how it is resolved.” The Commission concluded that it is “premature to adopt imputation across the board at this time” based, in part, “on the lack of information available on broadband networks in Small LEC areas.” The Commission also found a “nascent regulatory climate” and the risk that broadband deployment would be negatively impacted, as reasons to defer TURN’s proposal.</p> <p>The Commission stated that it did not adopt TURN’s proposal “at this time.” Instead, it called for further study and investigation into rural broadband practices, including the outcome of work at the FCC on this issue. It then stated that “it plans to revisit the issue in Phase 2” when more information is available. The Commission should find that TURN’s advocacy on</p>	<p>Scoping Memo, March 30, 2012 at p. 34</p> <p>Small LEC Reply on Amended Scope, August 16, 2013 at p. 47-50.</p> <p>Final Decision at p. 21-24</p>	
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<p>this issue represents a substantial contribution because, even though it was left unresolved, the discussion of the issue, the next steps, and the record on this issue are, in part, the result of TURN’s efforts to date.</p>		
<p><i>4. Rate Benchmarks</i></p> <p>Through use of the A-Fund mechanism, the Commission maintains capped basic service rates for Small LEC customers while also ensuring that Small LECs receive their full revenue requirement. Any change in the A-Fund could mean a change in the way that the Commission sets Small LEC basic service rates. The OIR asked for comments on changes to the mechanism the Commission has used to cap rates since 1991.</p> <p>One of TURN’s objectives in this docket was to ensure that Small LEC basic service customers would not unfairly shoulder the burdens of any possible reduction in A-Fund subsidy. In comments, TURN urged a move away from the current practice of looking at AT&amp;T basic service rates as a proxy for reasonable rates and proposed mechanisms to continue the cap on basic service rates with small increases to reflect inflation to be coordinated with changes in the A-Fund and periodic reviews of rate reasonableness.</p> <p>The parties to the docket, including the Small LECs, ORA, and TURN, were generally in agreement on the principle that Small LEC ratepayers should not experience large rate increases as a result of changes to the A-Fund. While parties proposed slightly different mechanisms, including ORA, each anticipated gradual increases over time with TURN proposing the most limited increases. Ultimately, as a result of discussions and filed comments, parties all supported the proposal initially introduced by the Small LECs of using a \$30 benchmark tied to federal subsidy levels.</p> <p>The Proposed Decision agreed that the mechanism for setting basic service rates should not rely on AT&amp;T voice service rates and discussed the \$30 benchmark, but did not appear to adopt the proposal supported by TURN. Instead, the PD called for significant rate increases over a five-year period based on the principle of 150% of the average URF LEC rate and a misinterpretation of the federal benchmark included in</p>	<p>OIR at 27, 32-33</p> <p>Final Decision at p. 67-68</p> <p>TURN Opening Comments on OIR, February 2, 2012 at p. 31.</p> <p>DRA Opening Comments on Revised Scoping Memo, July 19, 2013 at p. 13.</p> <p>TURN Opening Brief, September 26, 2014 at p. 35.</p> <p>TURN Opening Comments on the Proposed Decision, December 8, 2014 at p. 5-9.</p> <p>TURN Reply Comments on the Proposed Decision, December 15, 2014 at p. 2.</p>	<p>Verified.</p>

<p>the parties’ proposal.</p> <p>TURN filed comments opposing the PD’s conclusions on this issue, raising the procedural deficiencies of setting rates in a non-noticed, quasi-judicial proceeding. Further TURN disputed the Proposed Decision’s reliance on an outdated benchmark of 150% of unregulated rates to set Small LEC rates, and urged specific revisions to ensure Small LEC customers were protected.</p> <p>The Final Decision generally reflects the comments by TURN on this issue. It no longer made the rate increases mandatory or automatic, and it cited to TURN’s comments to clarify that carrier-specific rates will be set in GRCs. It clarified that the \$30 rate floor is “inclusive,” reflecting TURN’s and other comments asking for clarification, and as a result reducing the level of overall potential rate increase. It also revised language about using the outdated 150% benchmark, minimizing its importance to the Commission’s rationale. Therefore, although the Final Decision does not adopt the \$30 benchmark as a cap on rates as proposed by TURN and other parties, it still used the benchmark as a barometer of reasonable rates and revised the Proposed Decision to follow proper due process procedures and mitigate the impact on basic service customers.</p>		
<p><i>6. Standardizing Costs</i></p> <p>The OIR asked for comments about “standardizing accepted costs among carriers” as a way to limit the size of the A-Fund. The OIR also discussed the interrelationship of A-Fund policy with efforts at the FCC to standardize costs. The Commission recognized the effort to standardize costs as an important step to a common understanding of reasonableness when calculating subsidy amounts.</p> <p>TURN’s initial proposals for revisions to the A-Fund included a proposal to create a “model” set of capital and operating expenses to be applied in GRCs for subsidy calculation. TURN suggested this could be done through reliance on the FCC’s work or through Commission-specific work, including an audit and development of state-specific standards or both.</p> <p>TURN used its discovery and data analysis to demonstrate concerns about variation and high levels</p>	<p>OIR at p. 33.</p> <p>TURN Opening Comments on OIR, February 1, 2012 at p. 32, 38-40.</p> <p>TURN Reply Comments on Amended Scope, August 1, 2013, p. 9</p> <p>Opening Testimony of Trevor Roycroft on behalf of TURN, July 11, 2014 at p. 25-33.</p> <p>DRA Opening on Revised Scope, July 19, 2013 at p. 16-17</p> <p>Final Decision at p. 24-29.</p>	<p>Verified.</p>



<p>of Small LEC expenses, especially related to broadband affiliates, thus suggesting an audit and eventual standardization.</p> <p>ORA also advocated for creating a cost benchmark using FCC standard cost levels for rural carriers.</p> <p>To avoid duplication, TURN worked with ORA to understand their cost proposal, and, using Dr. Roycroft’s work in comparing the federal and state expense caps, moved towards ORA’s reliance on the FCC’s expense cap levels.</p> <p>The Final Decision does not set “model” expense levels as TURN proposed, but acknowledged the need to cap and standardize Small LEC expenses to then judge reasonableness and eventual subsidy levels. The Final Decision adopted ORA’s proposal to use the FCC’s corporate expense caps that TURN supported, but then created a rebuttable presumption so the Small LECs can challenge the level of a specific expense cap based on CA specific considerations. This resulting proposal took the simplicity of ORA’s FCC model and incorporates TURN’s proposals of developing expenses using CA specific criteria.</p>		
<p><i>5. Impact of Federal Subsidy</i></p> <p>The Commission cannot create policies regarding the A-Fund in a vacuum. The OIR spoke to the interconnection between the A-Fund and the FCC’s work on high cost universal service issues and national broadband policies. For example, the Amended Scoping asked whether the Commission should adjust A-Fund subsidy levels in specific response to changes in federal subsidy.</p> <p>Throughout this proceeding each party brought in relevant cases, policies, practices and possible changes to FCC high cost funding to either support or oppose the proposals on the record.</p> <p>Through Dr. Roycroft’s experience working with FCC high cost funding mechanisms and policies for nationwide organizations, TURN provided specific and detailed analysis of federal funding and tariff structures to demonstrate how parties’ proposals for changes to the A-Fund would impact federal funding and how changes in federal funding in turn impact the A-Fund.</p>	<p>OIR at p. 5, 11-15.</p> <p>Amended Scoping Memo, May 22, 2013, at p. 17.</p> <p>TURN Opening Comments on OIR, February 1, 2012, at p. 26</p> <p>TURN Opening on Amended Scoping Memo, July 19, 2012 at p. 5-6, 14.</p> <p>DRA Reply Comments on OIR, March 30, 2012 at p. 19</p> <p>Final Decision at p. 62-63.</p>	<p>Verified.</p>

<p>These issues are complicated. Significant discovery and data analysis was required for TURN to fully explain the role of federal policies and funding. While parties necessarily were in agreement with the facts, the Small LECs disputed TURN’s interpretation and application of federal policies on issues related to this case. Both TURN and ORA argued that the A-Fund should not be adjusted to “make up,” dollar-for-dollar, losses in federal subsidy by the Small LECs.</p> <p>However, TURN did not advocate for an absolute bar against the adjustment of A-Fund subsidies in the case of reductions in federal funding. Instead, it proposed that the Commission analyze the FCC’s rationale for its reduction and the circumstances for the reduction to determine the impact on California ratepayers through the means test process to ensure such requests are reasonable. TURN’s discussion on this issue, and the resulting record, was supported by detailed data and analysis.</p> <p>The Final Decision reflected the importance of FCC universal service funding and broadband policy to state CHCF-A policies. Specifically the Final Decision noted the need to “balance multiple objectives” and did not reject the need to use A-Fund subsidy to make up for changes in federal funding. However, while not explicitly citing to TURN, the Final Decision reflected its substantial contribution by imposing a reasonableness criteria and test for ensuring requests to increase A-Fund subsidy are reasonable, including the requirement that such subsidy supports facilities used for voice services and not broadband only thus ensuring California voice customers do not shoulder the full burden for broadband only deployment as advocated by TURN.</p>		
<p><i>6. Competition</i></p> <p>The OIR requested comments on whether the Commission should require the Small LECs to open up their serving territories to competition for wireline voice communication. Beyond the request for comments, the OIR also referenced a staff report that found conditions in the Small LEC territory supportive of possible competitive entry. Several parties, including ORA, urged the Commission to “promptly and formally” open the territories of the Small LECs</p>	<p>Final Decision at p. 38, 52-58</p> <p>TURN Opening Comments on OIR, February 1, 2012 at p. 7-10</p> <p>TURN Reply Comments on OIR, March 30, 2012 at p. 22-24.</p>	<p>Verified.</p>

<p>to wireline competition.</p> <p>The Small LECs opposed opening their territories to competition. TURN once again used a data-driven analysis through discovery and publicly available data of existing competition and customer demand to rebut the staff findings and argue that the Small LEC territory would not support additional competitors at this time. TURN also warned that along with competition came the inevitable loss of price protections and a potential loss of the reliability of service.</p> <p>In a subsequent ruling, the Assigned Commissioner asked if availability of alternative communications should be considered when evaluating levels of competition. TURN provided specific evidence and data in comments that alternative communications like wireless and VoIP are not adequate substitutes for rural customers.</p> <p>TURN’s early advocacy as the only intervenor opposing competitive entry provided parties and the Commission with additional material on the record regarding the impact and risks of competition in rural areas for Small LEC customers.</p> <p>The Final Decision declined to require the Small LECs to open up their markets to competition at this time, in part echoing TURN’s comments (without specifically citing to them) regarding the “unique characteristics” of the Small LEC territories that make widespread competitive entry difficult. The Final Decision also found that alternative technologies such as wireless services, are less than useful in light of topography and population density thus questioning the value of competitive entry into the market. Just as TURN urged caution by the Commission before allowing competitive entry, the Final Decision deferred the determination for more study and fact finding.</p>	<p>TURN Opening on Amended Scope, July 16, 2013 at p. 10-11</p> <p>DRA Reply Comments on OIR, March 30, 2012 at p. 3-4.</p> <p>DRA Opening Comments on Amended Scope, July 16, 2013 at p. 26-27.</p>	
<p><i>7. Impact of Section 710</i></p> <p>The Commission’s OIR initially inquired whether the A-Fund subsidy should be expanded to VoIP services. However, after subsequent legislative intervention, the amended scope asked specifically about the impact of the new Section 710 and the availability of A-Fund</p>	<p>OIR at p. 34-35.</p> <p>Amended Scoping Memo, p. 17</p> <p>TURN Opening Comments on OIR,</p>	<p>Verified.</p>

<p>subsidy for these services.</p> <p>TURN argued in opening comments, prior to the legislation, that it would be a bad policy decision to expand the A-Fund subsidy to VoIP services because of the risk to A-Fund customers and the burden on those paying the surcharge. At the time the legal classification of these services was unclear and new entrants to the market offering VoIP were resisting any attempt by the Commission to impose standards or regulations. So as to avoid a carrier from receiving subsidy untethered by any responsibility for Commission rules, TURN argued against expanding the A-Fund.</p> <p>In subsequent comments and its brief filed in the docket, TURN provided legal and policy analysis urging the Commission to find that carriers cannot use Section 710 to limit the Commission's regulatory authority over voice services while still receiving A-Fund subsidy for those services. Further, TURN argued that Section 275.6, which specifies legislative mandates for A-Fund administration and requires Commission authority over A-Fund carriers, preempts any narrowing of authority by Section 710. Other parties agreed with TURN's position.</p> <p>The Final Decision accepts TURN's position and finds that any entity providing VoIP service as an unregulated and untariffed offering would not be eligible for A-Fund subsidy for those services and that Section 275.6 prevails over Section 710. The Final Decision further states, "As TURN rightfully suggests, there is a distinction between untariffed, unregulated VoIP providers and companies that submit to regulation and provision tariffed basic service."</p>	<p>February 1, 2012 at p. 48-49.</p> <p>TURN Opening on Amended Scoping Memo, July 19, 2013 at p. 12.</p> <p>TURN Opening Brief, September 26, 2014 at p. 37.</p>	
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**B. Duplication of Effort (§ 1801.3(f) and § 1802.5):**

	<b>Intervenor's Assertion</b>	<b>CPUC Discussion</b>
<b>a. Was the Office of Ratepayer Advocates (ORA) a party to the proceeding?<sup>1</sup></b>	<b>Yes</b>	Verified.
<b>b. Were there other parties to the proceeding with positions similar to yours?</b>	<b>No</b>	Yes.
<b>c. If so, provide name of other parties:</b>		Office of Ratepayer Advocates.
<p><b>d. Intervenor's claim of non-duplication:</b></p> <p>In addition to the Small LECs, TURN and ORA, the other parties to the case were potential competitive entrants to the rural territories. While each party to the proceeding argued that their proposals would benefit rural customers in Small LEC serving areas, TURN and ORA were the only parties with no economic interest in the outcome of the docket.</p> <p>TURN worked closely with ORA to avoid duplication of effort. On several issues, ORA took positions that were different or in some instances in direct conflict with positions taken by TURN. For example, on the issue of whether the Small LEC territories should be open to competition, ORA and TURN took different positions. (<i>Compare:</i> TURN Reply Comments on OIR, March 30, 2012 at p. 22-24 and TURN Opening on Amended Scope, July 16, 2013 at p. 10-11 with DRA Reply Comments on OIR, March 30, 2012 at p. 3-4 and DRA Opening Comments on Amended Scope, July 16, 2013 at p. 26-27.) On issues related to structure and elimination of the Fund, TURN and ORA also provided very different proposals for the Commission's consideration. (<i>Compare:</i> TURN Reply on OIR, March 30, 2012 at 18 and TURN Reply on Amended Scope, August 16, 2013 at p. 10-13 with DRA Opening on OIR, February 1, 2012 at p. 10-11 and DRA Opening on Amended Scope, July 19, 2013 at p. 19-20, 27-28.)</p> <p>As the proceeding moved through some unique procedural and external events, TURN and ORA continued to coordinate and discuss case strategy. While this cooperation eventually led to increasing similarity in the positions each party took, TURN and ORA continued to emphasize different issues. For example, ORA focused on proposals for uniform Small LEC cost analysis while TURN provided detailed data driven analysis of individual Small LEC company operations and revenues in support of imputation. (<i>Compare:</i> Opening Testimony of Trevor Roycroft on behalf of TURN, July 11, 2014 with ORA Report into the Review of the CHCF-A Program, July 11, 2014.)</p>		Verified.

<sup>1</sup> The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

TURN urges the Commission to find that the parties limited duplication of effort and that any duplication that may have existed ultimately provided benefit to the record and the Commission’s overall decision-making processes.	
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**PART III: REASONABLENESS OF REQUESTED COMPENSATION**

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

**a. Intervenor’s claim of cost reasonableness:**

TURN’s substantial contribution in this docket resulted in significant benefits for ratepayers of Small LECs in addition to the millions of ratepayers in California that contribute to the program through the CHCF-A surcharge. Therefore, TURN urges the Commission to find that its cost of participation, \$396,225, is reasonable. The record in this multi-year docket was large and complicated, consisting of hundreds of pages of comments, public participation hearings, a workshop, three PHCs, numerous procedural motions, multiple days of hearings and lengthy briefs. TURN recognized the importance of the A-Fund to protecting the affordability of phone service for rural customers in California. Yet, TURN also recognized the risk that, if unchecked, the A-Fund could grow too large thereby putting undue burden on those customers paying the A-Fund surcharge. TURN was an active participant during the entire proceeding, advocating for changes to the A-Fund that would protect consumer interests in affordability and fairness while still ensuring the A-Fund companies maintained their ability to offer high quality reliable voice service and advanced capabilities. TURN also served the role of ensuring there was a balance between the interests of the Small LEC basic service ratepayer and ratepayers throughout California that contribute to the A-Fund through end user surcharges.

While some parties to the proceeding advocated for an elimination of the A-Fund and an introduction of competition into the Small LEC territories, TURN used a data-driven analysis to determine that both outcomes would be detrimental for Small LEC basic service customers. TURN’s proposals included elements to keep basic service rates affordable, arguing against proposed rate increases for Small LEC basic service customer ratepayers, and to ensure that Small LEC customers are protected by Commission regulation. Further, TURN argued for funding mechanisms that would have kept the \$33 million budget of the A-Fund within reasonable levels thereby protecting those ratepayers that support the Fund through surcharges.

The Final Decision represents incremental steps in key issues to California ratepayers in rural areas, as well as those across the state

**CPUC Discussion**

Verified, *but see* CPUC Disallowances and Adjustments, below.

<p>paying to support the Fund. TURN's work in the docket, with the coordination of other parties, brought the interests and the voices of these ratepayers to this proceeding and TURN urges the Commission to find the cost of its participation was reasonable in light of these benefits.</p>	
<p><b>b. Reasonableness of hours claimed:</b></p> <p><i>TURN Advocates and Coordination of Effort</i></p> <p>TURN took a team approach to working on this technical and complex proceeding. Ms. Mailloux was TURN's lead attorney on this case. She translated TURN policy into pleadings, worked on legal issues and statutory interpretation, represented TURN on discovery matters, in hearings, and on the myriad of procedural discussions that arose in this proceeding.</p> <p>Ms. Costa, TURN's Policy Director on telecommunications matters, was primarily responsible for researching and analyzing TURN's positions and proposals and analyzing and critiquing the other parties to the proceeding, including review of discovery to support TURN's positions. Ms. Costa took primary drafting responsibility for many of the substantive policy pleadings submitted in this case, worked with Dr. Roycroft on numerous discovery issues, and was instrumental in hearing preparation.</p> <p>Dr. Roycroft was TURN's consultant and expert witness throughout this case. Dr. Roycroft used his familiarity with federal universal service policy, broadband deployment, technology developments and economic theory to represent TURN in multiple capacities. Not only did Dr. Roycroft perform the data-intensive analysis and draft the resulting testimony and appear as an expert at the hearings, he was critical to TURN's process of drafting policy proposals throughout the proceeding, drafting discovery requests and analyzing responses, plus appearing at the Commission-sponsored workshop where he presented a detailed proposal on imputation.</p> <p>Mr. Nusbaum also represented TURN primarily during the multiple Prehearing Conferences, with the help of Ms. Costa. TURN's lead attorney would have had to travel for these short meetings. TURN has found it is more efficient to brief a local attorney on the case and have that local attorney attend the PHCs thereby saving time and money on attorney travel. Mr. Nusbaum, already generally familiar with the issues, billed a reasonable amount for his time spent familiarizing himself with the agenda issues (1.5 and 2.5 hours) for the PHCs and his attendance.</p>	<p>Verified, <i>but see</i> CPUC Disallowances and Adjustments, below.</p> <p>TURN's claim is excessive because of internal duplication.</p> <p>TURN's timesheet show many hours reading and reviewing documents or discussing or e-mailing issues, with little substantive output offered before the Commission. We find this process inefficient and it resulted in excessive hours claimed given the level of intervenor's contributions to this proceeding.</p> <p>Because TURN's work in this proceeding was often inefficient a 15% reduction for excessive hours claimed is appropriate. <i>See</i> D.15-01-017 (<i>noting</i> similar problems and a similar reduction in a recent TURN compensation claim).</p>

Finally, the hours show small amounts of time for other TURN advocates who worked on specific issues where they had experience to bring to the case. For example, Mr. Hawiger recorded less than an hour to discuss energy affiliate transaction policies of the Commission due to his expertise from years of energy related work. Mr. Finkelstein most recently helped to draft responses to Small LEC discovery questions on energy affiliate transactions and Mr. Long addressed a time-sensitive procedural issue in Ms. Mailloux's absence.

Each TURN advocate had a specific role in developing and implementing TURN's advocacy by relying on their own specific expertise and background.

A number of hours and hourly entries reflect internal and external meetings involving two or more of TURN's attorneys and expert witnesses. Occasionally, the Commission has deemed such entries as reflecting internal duplication and not eligible for an award of intervenor compensation. This is not the case here. TURN's attorney, policy director and consultant met among themselves to develop and execute case strategy, and otherwise as necessary to coordinate their work on the different issues on which each had primary responsibility. Such meetings are essential to the effective development and implementation of TURN's strategy for this complicated and data-heavy proceeding. None of the attendees is there in a duplicative role – each is an active participant, bringing his or her particular knowledge and expertise to bear on the discussions. As a result, TURN is able to identify issues and angles that would almost certainly never come to mind but for the “group-think” achievable in such settings.

There were also some meetings with other parties at which more than one TURN advocate represented TURN. The Commission should understand that this is often essential in a case such as this one, with a wide range of issues that no single person is likely to master. The other parties in these meetings, primarily ORA and the Small LECs, also often had multiple representatives in attendance for similar reasons. TURN's requested hours do not include any for a TURN attorney or expert witness where his or her presence at a meeting was not necessary in order to achieve the meeting's purpose. TURN submits that such meetings are part of an intervenor's effective advocacy before the Commission, and that intervenor compensation can and should be awarded for the time of all participants in such meetings where, as here, each participant needed to be in the meeting to advance the intervenor's advocacy efforts.

*Legislative Intervention*

The OIR requested comment on many proposed alternative structures for the A-Fund. (OIR at p. 25-28, 31-32). These proposals included



possible elimination of the Fund, capping the subsidy, switching to a per-access line subsidy, or implementing an incentive regulation structure for the Small LECs. Many, although not all, of the hours coded “ST” for Structure, reflect TURN’s work responding to the OIR and to other parties’ proposals for radical changes to the A-Fund. Some parties, such as CCTA and Verizon, called for elimination of the Fund. ORA advocated for the eventual elimination of the Fund, but proposed a detailed incentive regulation proposal as a transition to elimination of the Fund. The Small LECs, on the other hand, opposed any changes to the Fund itself and advocated for maintenance of the status quo. However, during the pendency of this docket, the Legislature explicitly limited the Commission’s options for revisions of the A-Fund. While parties continued to stand by their original proposals, the focus of the comments and testimony shifted to more modest changes in the Fund while still addressing concerns in the OIR. In complying with the new legislative mandates, the Final Decision does not adopt any party’s specific proposals for major changes to the structure of the Fund. However, TURN’s work to analyze and address the various proposals put forth in early comments was a necessary and reasonable effort as an active party to the proceeding.

#### *Settlement Efforts*

TURN’s hours reflect time for settlement discussions (marked by code “SETT”). Although no settlement was reached, TURN urges the Commission to find these hours reasonable in light of the Commission’s policy encouraging settlement efforts. Only after due diligence by both the Small LECs and TURN, including review of hundreds of pages of comments, did the parties approach each other with possible settlement. These settlement talks were in good faith and productive in clarifying and shaping both parties’ positions on the issues related to the settlement. As the time records reflect, TURN and the Small LECs met several times and, when not meeting, were conducting data requests and analysis to try to move the settlement talks forward. Ms. Costa was TURN’s primary representative for the settlement talks, however Dr. Roycroft and Ms. Mailloux also participated with specific tasking on proposal analysis, data and document review, and drafting. While the talks themselves did not result in a proposed settlement for the group, TURN urges the Commission to find that the number of hours TURN advocates spent on settlement talks was reasonable and that the overall effort contributed to the parties’ litigation efforts going forward in the case.

#### *Procedural Issues*

TURN dedicated a significant number of hours in this case to issues primarily described as “procedural” (marked by code “PROC”). This case was unusual in terms of the number of procedural motions, outside

events, and revised scoping memos that occurred during the litigation and impacted the scope of the issues under consideration. TURN's time records adequately describe each individual motion or change in Commission proposal. While many of the motions were procedural in nature, they had a substantive impact on the scope and process of the docket. As the time entries describe, each procedural Motion required coordination among various combinations of parties, discussion internally, and drafting processes. Further, many of these motions or events, such as pending legislation that directly impacted the issues in this case, generally resulted in significant changes in either the scope or procedure of the case, which, in turn, generated more meetings and discussion. As an active participant in the case, with limited resources and a stake in the outcome of these procedural issues, TURN worked closely with the other parties and Commission staff to resolve the issues to ensure the case moved forward and thus TURN urges the Commission to find these hours reasonable.

*Discovery*

This case was very data driven. The OIR encouraged parties to "examine historical data" and provide "specific" proposals that explicitly address "cost effectiveness" among other goals. Therefore, TURN developed and supported its proposals by conducting extensive discovery and analyzing the results. TURN also coordinated with ORA on its discovery efforts. The time sheets contain significant hours marked as "DIS" to reflect the time spent on drafting, propounding and analyzing discovery requests and responses. This code also represents time spent on issues related to discovery and confidentiality of the data provided to TURN from the Small LECs. During the first round of comments in 2012, the ALJ initially declined to allow TURN to file purportedly confidential data it received during discovery under seal. This issue, along with numerous other issues regarding Protective Orders and confidentiality, are reflected in the time TURN dedicated overall to discovery related issues.

**Hourly Rates of TURN Staff**

This docket spanned the course of four years. For each of the TURN advocates and expert witnesses, TURN is using their approved rates for each of the years between 2011 and 2013. TURN has cited to the relevant Commission decision for support for its requested rates for 2011-2013. For the work performed in 2014, TURN is only requesting COLA adjustments of 2.56% as approved in Resolution ALJ-303. For example, for Ms. Mailloux we are requesting a COLA adjustment to increase her rate to \$440 from her approved rate of \$430 in 2013. The requested COLA increases for each TURN advocate are included below. The requested rates for the two expert witnesses used by TURN are

<p>previously approved.</p> <p><b>Reasonableness of Expenses</b></p> <p>TURN requests that the Commission approve its expenses associated with its participation in this case. As discussed above, this was a long, complicated and data-intensive proceeding. TURN’s expenses are reasonable and reflect its ongoing and dedicated participation in the docket. For example, TURN incurred travel expenses for Ms. Mailloux and Dr. Roycroft to participate in the May 2014 workshop and September 2014 hearings. Although this case has been active since 2011, TURN minimized its travel expenses by assigning local attorneys to represent TURN at small meetings and by keeping travel expense reasonable. Further, TURN incurred expenses to photocopy the numerous sets of pleadings and voluminous set of hearing exhibits for this case. These copies were done in-house when possible and TURN keeps its copying expenses as reasonable as possible. TURN has been cautious when incurring expenses in this docket and, therefore the Commission should find TURN’s direct expenses reasonable.</p>																		
<p><b>c. Allocation of hours by issue:</b></p> <table border="1"> <tr> <td><b>GP</b></td> <td><b>General Preparation:</b> Work that generally does not vary with the number of issues that TURN addresses in the case</td> </tr> <tr> <td><b>DIS</b></td> <td><b>Discovery:</b> Work on discovery-related issues including drafting and propounding discovery, analysis of discovery responses, coordination with other parties on discovery issues and work to address issues of confidentiality including responses to Motions and ALJ Rulings.</td> </tr> <tr> <td><b>SCP</b></td> <td><b>Scope:</b> Work focused on response to a 2014 Motion to Amend the Scope and subsequent work to design and revise procedural steps in the case through party coordination and consensus.</td> </tr> <tr> <td><b>PRO C</b></td> <td><b>Procedure:</b> Work addressing a significant number of procedural motions and events in the case introduced by other parties, including TDS SURF proposal, or the ALJ and Assigned Commissioner.</td> </tr> <tr> <td><b>ST</b></td> <td><b>Structure:</b> Proposals for changes to the structure and administration of the CHCF-A. This code focuses on work to research, propose and respond to other proposals on large policy and overarching structural changes to the program that were proposed in response to the OIR’s questions.</td> </tr> <tr> <td><b>FED</b></td> <td><b>Federal Impact:</b> issues related to the connection between the CHCF-A and FCC universal service and broadband policies with a focus on how proposals to revise the Fund’s mechanisms are limited or influenced by work at the FCC</td> </tr> <tr> <td><b>IMP</b></td> <td><b>Imputation:</b> work to research, analyze, design and propose an imputation or contribution of broadband revenues. This includes both legal issues related to imputation, statutory interpretation as well as proposals for logistics to implement imputation</td> </tr> <tr> <td><b>RB</b></td> <td><b>Rate Benchmark:</b> work on issues related to the use of AT&amp;T and GRC LEC rates as benchmark for Small LEC rates, review FCC Benchmark for rates; rate increases and rate reasonableness</td> </tr> </table>		<b>GP</b>	<b>General Preparation:</b> Work that generally does not vary with the number of issues that TURN addresses in the case	<b>DIS</b>	<b>Discovery:</b> Work on discovery-related issues including drafting and propounding discovery, analysis of discovery responses, coordination with other parties on discovery issues and work to address issues of confidentiality including responses to Motions and ALJ Rulings.	<b>SCP</b>	<b>Scope:</b> Work focused on response to a 2014 Motion to Amend the Scope and subsequent work to design and revise procedural steps in the case through party coordination and consensus.	<b>PRO C</b>	<b>Procedure:</b> Work addressing a significant number of procedural motions and events in the case introduced by other parties, including TDS SURF proposal, or the ALJ and Assigned Commissioner.	<b>ST</b>	<b>Structure:</b> Proposals for changes to the structure and administration of the CHCF-A. This code focuses on work to research, propose and respond to other proposals on large policy and overarching structural changes to the program that were proposed in response to the OIR’s questions.	<b>FED</b>	<b>Federal Impact:</b> issues related to the connection between the CHCF-A and FCC universal service and broadband policies with a focus on how proposals to revise the Fund’s mechanisms are limited or influenced by work at the FCC	<b>IMP</b>	<b>Imputation:</b> work to research, analyze, design and propose an imputation or contribution of broadband revenues. This includes both legal issues related to imputation, statutory interpretation as well as proposals for logistics to implement imputation	<b>RB</b>	<b>Rate Benchmark:</b> work on issues related to the use of AT&T and GRC LEC rates as benchmark for Small LEC rates, review FCC Benchmark for rates; rate increases and rate reasonableness	<p>Verified.</p>
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<b>VOIP</b>	<b>VoIP/Section 710:</b> issues related to the statutory interpretation of Section 710 and its connection with Section 275.6 , plus policy determinations on treatment of VoIP services
<b>GRC</b>	<b>General Rate Case:</b> parties work on addressing the impact of this pending docket on related issues of individual company GRCs, including impact on waterfall mechanisms that might limit company A-Fund subsidies during this docket.
<b>CLEC</b>	<b>Competition:</b> issues researching and analyzing Small LEC communications markets for impacts of possible competitive entry and policy issues regarding competition in Small LEC territories; TURN had very limited time related to legal issues or more technical issues on competitive entry
<b>SETT</b>	<b>Settlement:</b> time spent preparing for and attending settlement discussions, analyzing specific settlement proposals and counter-proposals,
<b>GH</b>	<b>General Hearing:</b> Hearing related preparation and participation that does not vary with the number of issues presented by TURN, such as scheduling and time spent in the hearing room as a participant but not directly related to preparation for witness specific work
<b>#</b>	<b>Combined Efforts:</b> Time entries that cover substantive work that cannot easily be identified with a specific activity code. TURN attempts to identify each entry with a specific issue and therefore entries with a “#” are limited. TURN does not believe allocation of these entries is required, but if the Commission chooses to allocate these entries to specific issues they would roughly break down as: IMP- 30% RB- 20%; VoIP- 10%; ST- 15% FED- 20%; CLEC- 5%
<b>COMP</b>	<b>Compensation:</b> work spent on compensation request related matters including draft the Notice of Intent to Claim compensation and this compensation request

**B. Specific Claim:\***

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Christine Mailloux	2011	1.25	\$390	D.12-03-053	\$487.50	1.25	\$390	\$487.50
Christine Mailloux	2012	63.50	\$420	D.13-11-020	\$26,670	60.75 [1]	\$420	\$25,515.00
Christine Mailloux	2013	43.50	\$430	D.14-04-021	\$18,705	43.25	\$430	\$18,597.50
Christine Mailloux	2014	198.75	\$440	Resolution ALJ-303	\$87,450	195.3	\$440	\$85,932.00
Regina	2011	37.0	\$275	D.11-10-013	\$10,175	37.0	\$275	\$10,175.00

Costa								
Regina Costa	2012	154.50	\$285	D.13-06-020	\$44,032.50	154.50	\$285	\$44,032.50
Regina Costa	2013	89.0	\$290	D.14-04-021	\$25,810	89.00	\$290	\$25,810.00
Regina Costa	2014	277.75	\$295	Resolution ALJ-303	\$81,936.25	277.75	\$295	\$81,936.25
Trevor Roycroft	2011	5.75	\$230	D. 13-05-031	\$1,322.50	5.75	\$230	\$1,322.50
Trevor Roycroft	2012	83.0	\$230	D.13-05-031	\$19,090	83.0	\$230	\$19,090.00
Trevor Roycroft	2013	25.75	\$230	D.13-12-051	\$5,922.50	25.75	\$235 <i>See Res. ALJ-287</i>	\$6,051.25
Trevor Roycroft	2014	222.50	\$230	D.13-12-051	\$51,175	222.50	\$240 <i>See Res. ALJ-303</i>	\$53,400.00
William Nusbaum	2012	4.0	\$445	D.13-12-051	\$1,780	2.0	\$445 [2]	\$890.00
William Nusbaum	2014	7.5	\$465	Resolution ALJ-303	\$3,487.50	3.75	\$465	\$1,743.75
Robert Finkelstein	2012	1.75	\$480	D.13-08-022	\$840	1.75	\$480	\$840.00
Robert Finkelstein	2014	1.75	\$500	Resolution ALJ-303	\$875	1.75	\$505	\$875.00
William Marcus	2014	6.75	\$265	D.14-05-015	\$1,788.75	6.75	\$270	\$1,822.50
Marcel Hawiger	2014	.75	\$410	Resolution ALJ-303	\$307.50	0.75	\$410	\$410.00
Tom Long	2014	1.50	\$570	Resolution ALJ-303	\$855	1.50	\$570	\$855.00
<b>Subtotal: \$382,710.00</b>						<i>Subtotal:</i> \$379,785.75		
						<i>15% reduction:</i> (\$56,967.86)		
						<b>Revised Subtotal: \$322,817.89</b>		

<b>OTHER FEES</b>								
<b>Describe here what OTHER HOURLY FEES you are Claiming (paralegal, travel **, etc.):</b>								
<b>Item</b>	<b>Year</b>	<b>Hours</b>	<b>Rate \$</b>	<b>Basis for Rate*</b>	<b>Total \$</b>	<b>Hours</b>	<b>Rate</b>	<b>Total \$</b>
Christine Mailloux	2014	14.0	\$220	Half Approved Hourly rates for travel	\$3,080	0	\$220 [3]	\$00.00
<b>Subtotal: \$3,080.00</b>						<b>Subtotal: \$00.00</b>		
<b>INTERVENOR COMPENSATION CLAIM PREPARATION **</b>								
<b>Item</b>	<b>Year</b>	<b>Hours</b>	<b>Rate \$</b>	<b>Basis for Rate*</b>	<b>Total \$</b>	<b>Hours</b>	<b>Rate</b>	<b>Total \$</b>
Christine Mailloux	2012	1.25	\$210		\$262.50	1.25	\$210	\$262.50
Christine Mailloux	2015	21	\$220		\$4,840.00	21	\$220	\$4,620.00
<b>Subtotal: \$5,102.50</b>						<b>Subtotal: \$4,882.50</b>		
<b>COSTS</b>								
<b>#</b>	<b>Item</b>	<b>Detail</b>			<b>Amount</b>	<b>Amount</b>		
	Photocopy	Copies made of TURN pleadings for service, and distribution to ALJ and Commissioners and hearing exhibits and testimony			\$833.39	\$694.91 [4]		
	Lexis	Computerized research costs associated with preparation of TURN's strategy and pleadings			\$519.28	\$519.28		
	Phone Charges	Charges associated with TURN's work in this proceeding, including costs of conference calls			\$51.67	\$51.67		
	Postage	Expense related to service and transmittal to Commission			\$77.04	\$77.04		
	Travel and hotel	Plane fare, hotel expenses, parking/tolls for TURN attorney and expert witness preparation in workshop and three days of hearings			\$3,851.14	\$2,306.85		
<b>Subtotal: \$5,332.52</b>						<b>Subtotal: \$3,649.75</b>		
<b>TOTAL REQUEST: \$396,225.02</b>						<b>TOTAL AWARD: \$331,350.14</b>		
<p>**We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor's records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall</p>								

be retained for at least three years from the date of the final decision making the award.  
 \*\*Travel and Reasonable Claim preparation time typically compensated at ½ of preparer’s normal hourly rate

ATTORNEY INFORMATION			
Attorney	Date Admitted to CA BAR <sup>2</sup>	Member Number	Actions Affecting Eligibility (Yes/No?) If “Yes”, attach explanation
Christine Mailloux	12/10/1993	167918	No
William Nusbaum	6/7/1983	108835	No. Inactive from 1/1/1997 until 10/4/2002.
Robert Finkelstein	6/13/1990	146391	No
Marcel Hawiger	1/23/1998	194244	No
Tom Long	12/86	124776	No

**C. CPUC Disallowances and Adjustments:**

Item	Reason
[1]	<p>The Commission does not compensate attorneys for work that is clerical in nature, as such work has been factored into the established rate. The following hours are disallowed from Mailloux’s submitted claim:</p> <p>02/01/2012 – 1 hour for finalizing opening comments; 02/08/2012 – 1 hour for finalizing Motion for Reconsideration; 03/02/2012 – 0.25 hour for finalizing and filing NOI; 10/30/2012 – 0.5 hour for finalizing filing; 09/16/2013 - 0.25 hour for finalizing response to Motion for Hearings; 06/09/2014 – 0.25 hour for finalizing Set 13 discovery; 07/25/2014 – 0.6 hour for finalizing Set 16 and responses to Set 3; 07/31/2014 – 0.6 hour for finalizing reply to Motion to Strike; 08/10/2014 – 0.25 hour for finalizing errata; 10/10/2014 – 1 hour for finalizing brief; 12/08/2014 – 0.25 hour for finalizing A fund comments; 12/15/2014 – 0.5 hour for finalizing reply comments; and 2/17/2015 – 1 hour for finalizing compensation request (removed from appropriate heading).</p> <p>As we warned TURN in D.11-05-044, “[t]he finalizing of documents is clerical in nature and is non-compensable.” D.11-05-055 at p. 15. <i>See also</i> D.15-06-18 at p. 27, D.15-06-021 at p. 33, D.15-07-19 at p. 23.</p>
[2]	<p>Nusbaum’s work in this proceeding consisted of preparing for and attending pre hearing conferences. Such work could have been completed by a less experienced attorney, therefore saving ratepayers from compensating TURN for excessive charges.</p> <p>The Commission disallows half of TURN’s claimed hours related to Nusbaum’s claim, as excessive.</p>
[3]	<p>The Commission disallows Mailloux’s travel-related hours and \$1,544.29 of associated</p>

<sup>2</sup> This information may be obtained through the State Bar of California’s website at <http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch>.

	<p>expenses. As stated in D.07-05-050, “[t]he Commission reimburses the reasonable costs of necessary travel. It does not reimburse the costs of an employee’s commute to and from the Bay Area, which is TURN’s place of business and the location of the Commission’s main offices. Law firms and consulting firms do not bill their clients for such routine commuting costs. We will continue to reimburse travel costs associated with witnesses and advocates who have special expertise and live out of the area. We will also continue to reimburse the costs of travel to and from our hearings and workshops which are conducted outside of the Bay Area. However, we disallow all expenses for Mailloux’s travel from her home in San Diego to San Francisco.” D.07-05-050 at 13. <i>See also</i> D.09-05-015 at 12 (<i>stating</i> “[d]isallowance of [] travel time [for Mailloux]. Travel deemed to be related to routine commuting and non-compensable, despite TURN’s rationale. . . . Disallow costs for attorney airfare, parking, BART, hotel and meals, also deemed to be related to routing commuting and non-compensable, despite TURN’s rationale.”); D.09-04-029 at 13; and D.15-06-018 at 27-28.</p>
[4]	<p>The Commission notes that bulk printing rates are available for less than the cost quoted by TURN. TURN paid 12 cents per page. Many options are available for printing at 10 cents per page. As such, TURN’s printing and photocopying costs have been reduced by 16.67% to reflect current pricing.</p>

**PART IV: OPPOSITIONS AND COMMENTS**

**Within 30 days after service of this claim, Commission Staff or any other party may file a response to the claim (See § 1804 (c))**

<b>A. Opposition: Did any party oppose the Claim?</b>		Yes.
<b>Party</b>	<b>Reason for Opposition</b>	<b>CPUC Discussion</b>
The Independent Small LECs	<p>The Independent Small LECs filed a response to TURN’s claim for intervenor compensation on March 19, 2015. The Independent Small LECs contend that the Intervenor Compensation Fund should be utilized to satisfy any award of compensation to TURN. The Independent Small LECs state that because the proceeding is a quasi-legislative rulemaking initiated by the Commission that addresses generic operational functions and sets industry-wide policy, the Intervenor Compensation Fund is the appropriate method of payment of any award. As a secondary argument, the Independent Small LECs state that if the Intervenor Compensation Fund is not utilized for payment of the award, the payment should come directly from the CHCF-A, which would avoid restricting the cash flow of the Independent Small LECs, avoid harm to end users, and ensure “administrative efficiency.” If the Independent Small LECs are directed to pay the award, they will need to recover the costs from their ratepayers, as</p>	<p>The award will be paid from the Intervenor Compensation Fund.</p>



	described in Section 1807(a) of the Public Utilities Code.	
The Independent Small LECs	The Independent Small LECs filed Comments on the proposed decision of Commissioner Sandoval, mailed September 30, 2015. The Independent Small LEC's support the conclusion of the proposed decision to be paid from the Commission's Intervenor Compensation Fund.	The award will be paid from the Intervenor Compensation Fund.
<b>B. Comment Period: Was the 30-day comment period waived (see Rule 14.6(c)(6))?</b>		No.

**FINDINGS OF FACT**

1. TURN has made a substantial contribution to D.14-12-084.
2. The requested hourly rates for TURN's representatives, as adjusted herein, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$331,350.14.

**CONCLUSION OF LAW**

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

**ORDER**

1. The Utility Reform Network shall be awarded \$331,350.14.
2. Within 30 days of the effective date of this decision, the Commission's Fiscal Office shall disburse the awarded compensation from the Commission's Intervenor Compensation Fund. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning May 3, 2015, the 75<sup>th</sup> day after the filing of The Utility Reform Network's request, and continuing until full payment is made.

3. The comment period for today's decision is not waived.

This decision is effective today.

Dated November 5, 2015, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners

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

<b>Compensation Decision:</b>	D1511015	<b>Modifies Decision?</b>	No
<b>Contribution Decision(s):</b>	D1412084		
<b>Proceeding(s):</b>	R1111007		
<b>Author:</b>	ALJ Colbert		
<b>Payer(s):</b>	CPUC Intervenor Compensation Fund		

**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 (TURN)	02/17/2015	\$396,225.00	\$331,350.14	No	See Part III.B and CPUC Disallowances and Adjustments.

**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	TURN	\$390	2011	\$390
Christine	Mailloux	Attorney	TURN	\$420	2012	\$420
Christine	Mailloux	Attorney	TURN	\$430	2013	\$430
Christine	Mailloux	Attorney	TURN	\$440	2014	\$440
Regina	Costa	Expert	TURN	\$275	2011	\$275
Regina	Costa	Expert	TURN	\$285	2012	\$285
Regina	Costa	Expert	TURN	\$290	2013	\$290
Regina	Costa	Expert	TURN	\$295	2014	\$295
Trevor	Roycroft	Expert	TURN	\$230	2011	\$230
Trevor	Roycroft	Expert	TURN	\$230	2012	\$230
Trevor	Roycroft	Expert	TURN	\$230	2013	\$235
Trevor	Roycroft	Expert	TURN	\$230	2014	\$240
William	Nusbaum	Attorney	TURN	\$445	2012	\$445
William	Nusbaum	Attorney	TURN	\$465	2014	\$465
Robert	Finkelstein	Attorney	TURN	\$480	2012	\$480
Robert	Finkelstein	Attorney	TURN	\$500	2014	\$505
William	Marcus	Attorney	TURN	\$265	2014	\$270
Marcel	Hawiger	Attorney	TURN	\$410	2014	\$410
Tom	Long	Attorney	TURN	\$570	2014	\$570

**(END OF APPENDIX)**