

Decision **PROPOSED DECISION OF ALJ STEVENS (Mailed 3/1/2023)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2020 and to Partially Reset the Annual Cost of Capital Adjustment Mechanism.

Application 19-04-014

And Related Matters.

Application 19-04-015

Application 19-04-017

Application 19-04-018

DECISION GRANTING COMPENSATION TO THOMAS R. DEL MONTE FOR SUBSTANTIAL CONTRIBUTION TO DECISION 19-12-056

Intervenor: Thomas R. Del Monte	For contribution to Decision (D.) 19-12-056
Claimed: \$199,897.45	Awarded: \$84,149.99
Assigned Commissioner: Alice Reynolds ¹	Assigned ALJ: Brian Stevens

PART I: PROCEDURAL ISSUES

A. Brief description of Decision:	Decision 19-12-056 establishes the 2020 ratemaking cost of capital for Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas).
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¹ This proceeding was reassigned to President Alice Reynolds on March 2, 2022.

	The decision also continues the previously authorized cost of capital mechanism through the 2020 test year cycle.
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B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812:²

	Intervenor	CPUC Verification
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference:	6/17/2019	Verified
2. Other specified date for NOI:		
3. Date NOI filed:	7/17/2019	Verified
4. Was the NOI timely filed?		Yes
Showing of eligible customer status (§ 1802(b) or eligible local government entity status (§§ 1802(d), 1802.4):		
5. Based on ALJ ruling issued in proceeding number:	A.19-04-014 et al.	Verified
6. Date of ALJ ruling:	9/25/2019	Verified
7. Based on another CPUC determination (specify):	N/A	
8. Has the Intervenor demonstrated customer status or eligible government entity status?		Yes
Showing of “significant financial hardship” (§ 1802(h) or § 1803.1(b)):		
9. Based on ALJ ruling issued in proceeding number:	A.19-04-014 et al.	Verified
10. Date of ALJ ruling:	9/25/2019	Verified
11. Based on another CPUC determination (specify):	NA	
12. Has the Intervenor demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.19-12-056	Verified
14. Date of issuance of Final Order or Decision:	12/20/2019	Verified

² All statutory references are to California Public Utilities Code unless indicated otherwise.

	Intervenor	CPUC Verification
15. File date of compensation request:	12/25/2020 (late file requested)	Del Monte's request was tendered for filing after 5:00 p.m. on February 18, 2020 and was given the filing date of February 19, 2020, consistent with Rule 1.15 of the Commission's Rules of Practice and Procedure. Del Monte tendered an amended claim on February 25, 2020.
16. Was the request for compensation timely?	<p>Pursuant to Pub. Util. Code § 1804(c), intervenors must file and serve requests for compensation within 60 days after the issuance of a final decision. The 60th day following the issuance of D.19-12-056 was February 18, 2020. However, Rule 1.15 of the Commission's Rules of Practice and Procedure (Rules) provides: "If an act occurs after 5:00 p.m., it is deemed as having been performed on the next day."</p> <p>According to the Commission's records, Del Monte tendered his claim at 11:53 p.m., after the 5:00 p.m. deadline had passed on February 18, 2020. Del Monte did not perform service of the claim prior to the 5:00 p.m. cutoff. Pursuant to Rule 1.15, the filing was deemed as having been filed on the next day and, therefore, after the statutory deadline. Del Monte filed an amended claim on February 25, 2020 acknowledging that his prior claim was not complete and that he had made a calendaring error in the filing date.</p> <p>We previously addressed a somewhat similar situation in Application 10-07-009, when San Diego Gas & Electric Company (SDG&E) tendered for filing an application for rehearing shortly after 5:00 p.m. on the last day set in statute for such filings. SDG&E subsequently filed a motion requesting that the Commission accept the application for rehearing as timely filed. D.14-12-034 denied SDG&E's motion, and in doing so states (at 6): "The purpose of Rule 1.15 was to establish a defined cut-off time because we determined that it is important to establish a common understanding of the deadline by which an act must be performed... Without strict compliance we would be in the position of having to consider how late or what reasons amount to good cause, something that could lead to claims of unfair treatment or bias." Although</p>	

	Intervenor	CPUC Verification
	<p>Rule 1.2 permits the Commission to deviate from Rules within the extent permitted by statute in special cases and for good cause shown, as explained in D.14-12-034, we do not lightly consider deviations from Rule 1.15.</p> <p>However, there are important differences between the present situation and that addressed by D.14-12-034. This situation is more akin to situations addressed by D.16-04-038 and D.16-05-051 where we granted deviation from Rule 1.15 of the Rules of Practice and Procedure for intervenors who served their claims prior to the 5:00 p.m. cutoff but did not complete the efilings process until shortly after the 5:00 p.m. cutoff. First, D.14-12-034 addressed the filing of an application for rehearing, which implicates a party's right to appeal, while Del Monte's compensation request does not. Perhaps more importantly, the Legislature intended that the Intervenor Compensation Program "be administered in a manner that encourages the effective and efficient participation of all groups that have a stake in the public utility regulation process." (§ 1801.3(f)). This statutory directive distinguishes intervenor compensation-related matters from other matters which we might not be as inclined to liberally construe the Rules.</p> <p>Therefore, we find that this is a special case that justifies deviating from our Rules. There is good cause to waive the portion of Rule 1.15 that would deem Del Monte's filing as having been filed on the next day and after the statutory deadline because Del Monte was a new intervenor and has provided additional basis for why his filing was filed after the 5:00 p.m. deadline. While Del Monte did not timely serve its request, as had occurred in D.16-04-038 and D.16-05-051 where we previously granted a deviation, no party was harmed by the tardiness of the filing. Unlike D.15-07-017, where we denied compensation because the claim was not tendered for filing until the 61st day, Del Monte submitted its request on the 60th day following the issuance of D.19-12-056 and, but for the 5:00 p.m. deadline set in Rule 1.15, Del Monte's request would be timely. Deviating from the portion of Rule 1.15 that would deem Del Monte's filing as having been filed on the next day will secure a just result in this case. Therefore, pursuant to Rule 1.2, we waive the portion of Rule 1.15 that would deem Del Monte's filing as having been filed on the following day, and find that Del Monte timely filed its request by the statutory deadline. However, to be clear, our deviation from Rule 1.15 is "within the extent permitted by statute" because Del Monte submitted his request on the 60th day following the issuance of D.19-12-056, consistent with § 1804(c). We do not have discretion to waive or extend the 60-day statutory filing deadline in cases where an intervenor submits a request more than 60 days after the issuance of a final decision. As noted above, we do not lightly consider deviations from Rule 1.15. Intervenors are not required to wait until the statutory deadline to file requests, and we</p>	

	Intervenor	CPUC Verification
	encourage Del Monte to file and serve requests before the statutory deadline in order to avoid similar situations in the future. In light of the knowledge that Del Monte has gained from this experience, Del Monte will be hard pressed to demonstrate good cause for deviating from our Rules for any future untimely requests. Thomas R. Del Monte's motion to waive Rule 1.15 and accept the late-filed claim and amended claim as timely filed on February 25, 2020, should be granted.	

C. Additional Comments on Part I:

#	Intervenor's Comment(s)	CPUC Discussion
1.	<p>Thomas Del Monte, JD, MBA participated in this proceeding as both an attorney and also as witness drawing on legal, policy, and economic knowledge to inform his witness testimony. For clarity, this claim will use the term "Witness Del Monte" when speaking about witness activities. Use of "Del Monte" signify activities and assertions made on behalf of Thomas Del Monte as a party to this proceeding.</p> <p>Del Monte requests that an Efficiency Adder be considered for his time as discussed in D.98-04-059 for the efforts taken to prepare non-duplicative and supplemental testimony to Del Monte's expert witness, Mr. Ron Knecht ("Knecht").</p>	Efficiency adders typically are considered when a participant acts as the sole attorney and expert for a party because it allows the party to forgo the additional expense of having two representatives for the proceeding. Because that is not the case here, we decline to consider an efficiency adder.
2.	<p>Del Monte was the only party to focus exclusively on PG&E matters in this proceeding. Del Monte sought to provide a valuable, more focused perspective on PG&E issues to balance out the advocacy of PG&E and its surrogate, Institutional Equity Investors.</p> <p>Del Monte heard well and understood President Picker's comments at the prehearing conference, "[T]hese cost of capital proceedings aren't really followed closely and don't attract large crowds, but</p>	Noted

#	Intervenor's Comment(s)	CPUC Discussion
	they probably should.” President Picker recognizes that the utility representatives will always be involved at full strength in cost-of-capital proceedings and without balance, the scale of what is determined to be a “just rate” can end up weighted against ratepayer interests.	
3.	While this proceeding was Mr. Del Monte's first, he and Mr. Knecht diligently participated in a robust way in every hearing, filing opportunity, and oral argument in this proceeding from the PHC to Final Decision.	Noted

PART II: SUBSTANTIAL CONTRIBUTION

A. Did the Intervenor substantially contribute to the final decision (*see* § 1802(j), § 1803(a), 1803.1(a) and D.98-04-059):

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>1. Economic Modeling</p> <p>The Decision chose to not include detailed descriptions of any financial models and instead cites to the record. Yet each major modeled result provided by Del Monte's expert witness, Knecht, was referenced in the Decision.</p> <p>Del Monte's witness Knecht used standard methods, model implementations and data sources to get his modeling results. He also produced and Empirical CAPM estimate of 7.32%. By using the full universe of firms for which</p>	<p>Del Monte Specific References in Final Decision</p> <ul style="list-style-type: none"> CAPM Model Result of 6.64% cited in D.19-12-056 at 23. DCF Model result of 7.37% cited at D.19-12-056 at 24. Final Proposed ROE of 8.58% cited in D.19-12-056 at 41. <p>D.19-12-056</p> <p>“Detailed descriptions of these financial models are contained in the record and are not repeated here.” . (D.19-12-056 at 20)</p>	<p>Verified, in part.</p> <p>As Del Monte notes, no specific modeling was adopted but the Commission viewed the models as helpful to gauge the realm of reasonableness.</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>data are available for the three models, his analysis recognizes both the systematic business risks and financial risks facing PG&E and do not provide for returns on non-systematic or diversifiable risks, which should not be compensated in the COC. And they satisfy the legal, economic and policy standards for COC determination.</p> <p>Finally, his three models are the same as those used by PG&E's witness Vilbert and three of those Knecht used in his testimony in PG&E's TY2013 COC case (in which the Commission awarded party Reid compensation for Knecht's work). – (Exh's Del Monte-01R, pp. 3-4 and Del Monte-04R, p. 7.)</p>	<p>“[W]e found no reason to adopt the financial modeling of any one party. The models are helpful as rough gauges of the realm of reasonableness.” (D.19-12-056 at 25)</p>	
<p>2. Proxy Groups</p> <p>Del Monte's witness Knecht employed the full universe of firms for which data are available for the three models he used, a practice the Commission expressly approved in PG&E's TY2013 COC case (in which the Commission awarded party Reid nearly full compensation for Knecht's work). Knecht's showing helped show that PG&E's use of non-utility firms in its proxy group was inappropriate.</p>	<p>Del Monte Specific References</p> <p>Del Monte Opening Brief at pp. 26-27.</p> <p>Del Monte Exhibit-01 at pp. 54, 57.</p> <p>D.19-12-056</p> <p>“Del Monte asserts that it is inappropriate for PG&E to include non-energy utility firms in its sample. Del Monte asserts that the nature of a cost of service rate regulated firm is substantially different than other firms without this characteristic.” (D.19-12-056 at 19-20)</p> <p>“We agree that PG&E's inclusion of CINI companies was inappropriate and</p>	<p>Verified</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
	counter to established policy for developing a proxy group of comparison companies. Further, we agree that the applicants selectively established a proxy group of companies and will review the model results with this in mind.” (D.19-12-056 at 20)	
<p>3. Wildfire Risk Premiums on ROE in light of passage of AB 1054.</p> <p>Del Monte made arguments against PG&E Wildfire Risk Premium proposal in several filings including testimony by Witness Del Monte and Knecht and briefing.</p> <p>In response to Institutional Equity Investors data analysis and arguments, Witness Del Monte argued against IEI’s conclusion claiming that changes seen in Total Returns of CA IOUs compared to Non-CA IOUs demonstrated a wildfire risk premium was required due to CA’s inverse condemnation policy. Witness Del Monte researched and compiled the historical record of events corresponding to the major price movements in IEI data to show that the showed that the far more plausible interpretations of the data presented was that they were investor reactions to publicly available information that implicated negligence and fault</p>	<p>D.19-12-056</p> <p>“Thomas Del Monte concludes that, regarding residual risk to shareholders that remains from catastrophic wildfires, this is a risk ‘that is the fault of management controlled by the stockholders, it should not be compensated via ROE adders...” (D.19-12-056 at 20, quoting Del Monte Opening Brief at 41)</p> <p>“We find that the passage of AB 1054 and other investor supportive policies in California have mitigated wildfire exposure faced by California’s utilities. <u>Accordingly, the Commission will not authorize a specific wildfire risk premium in the adopted ROE.</u> In addition to the reasons summarized above, this is further supported by the August 15, 2019 S&P Global RRA Regulatory Focus that acknowledges that any residual factors of risk that may exist for investor owned utilities in California post the adoption of AB 1054 are more or less offset by the more constructive aspects of the California regulatory framework, which accounts for California’s placement within a balanced category.” (D.19-12-056 at 34, emphasis added)</p>	Verified

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>by CA IOUs corresponding to each major fire. For instance, for the 2017 Fire Siege the PG&E's stock price only dropped after when CPUC sent PG&E a letter reminding it that it is legally required to preserve all evidence related to the fire 4 full days of the fire. (See Exhibit Del Monte – 05 at pp. 4-6).</p> <p>Knecht points out that PG&E's Wildfire Adder proposals distorts the forward-looking regulatory compact by asking the Commission to assume in this case that tens of billions of dollars of potential wildfire liabilities that it incurred prior to filing bankruptcy are costs that were and will be incurred prudently, justly, reasonably, non-negligently and with exercise of due care – even though PG&E has made no showing here to support such a conclusion and the Commission has made no such findings of fact, conclusions of law or orders supporting it. (See Exhibit Del Monte – 05 at pp. 8-10).</p> <p>Knecht also described how AB1054 expressly allows for possible recovery of some costs incurred imprudently or unreasonably from ratepayers. This undercuts PG&E's smaller post-AB 1054 Wildfire Adder proposal in that it shows that the post-AB 1054 wildfire</p>		

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>risk is actually far lower in that it allows imprudently incurred costs to be recovered.</p> <p>(See Exhibit Del Monte – 05 at pp. 8-10).</p>		
<p>4. Appropriate Return on Equity (ROE) for PG&E.</p> <p>The economic modeling and proxy groups used by Del Monte's witness Knecht and the explanation about incrementalism produced Del Monte's recommended 8.58% ROE for PG&E. The further showings by witnesses Del Monte and Knecht definitively concluded that no wildfire-based or other modification to the modeling results is appropriate.</p>	<p>Del Monte Specific References</p> <p>Exhibit's Del Monte-01R, -02R, -03R, -04R, -05R and -06R throughout.</p>	<p>Verified, in part.</p> <p>Del Monte recommended a ROE of 8.58% or less and the Commission ultimately authorized a ROE of 10.2%.</p> <p><i>See</i> CPUC Discussion in Part III D [12] below.</p>
<p>5. Automatic Cost of Capital Adjustment Mechanism ("ACCAM" or "CCM").</p> <p>Del Monte was the only party to affirmatively oppose continuation of the ACCAM as is the on grounds that way it currently designed and implemented leaves high authorized COC numbers unchanged despite consistent decline in overall nationwide COC and declines in interest rates. Del Monte characterized</p>	<p>Del Monte References in Final Decision</p> <p>"The only opposition to continuing the cost of capital mechanism came in Witness Knecht's testimony for Del Monte.¹⁰⁸ Knecht notes that '[i]t has kept allowed ROEs and rates unduly high for nearly a decade. It shifts to customers risks that should be carried by stockholders.'" (D.19-12-056 at 45, quoting Exhibit Del Monte-01 at 59.)</p> <p>D.19-12-056</p> <p>"There may be some merit to the proposal of SDG&E and SoCalGas to</p>	<p>Not verified.</p> <p>The Decision reference provided by Del Monte is selective.</p> <p>D.19-12-056 at 45 goes on to state "However, the record does not strongly support this statement. The record strongly supports continuing the existing structure of the CCM. There may</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>this as shifting the risk of capital costs changes generally to ratepayers.</p> <p>The Final Decision did not find Del Monte's witness Knecht's statement couching the ACCAM issue in terms of having kept the allowed ROE's and rates unduly high and shifting shareholder risks to ratepayers as being strongly supported in the record. ((D.19-12-056 at 45)</p> <p>However, the Decision then goes on to discuss the merits and suggesting follow up actions of the arguments by SDG&E's witness Bruce MacNeil emphasizing the fact that ACCAM never triggers because the triggering deadband is so wide that it never triggers can impose unnecessary costs on shareholders or ratepayers depending on which direction interest rates move.</p> <p>This is the same point witness Knecht was making to about in that nationwide COC figures have been on a long decline around the county but staying relatively flat in California due to non-operation of the ACCAM. The point of the ACCAM is to maintain "just and reasonable" COC rates without having to conduct regularly scheduled COC proceedings. An ACCAM's approved design is such that</p>	<p>narrow the dead band from the current 100 basis points in the existing and approved CCM. The applicants shall coordinate with the Commission's Energy Division, to the extent the Commission's Energy Division deems necessary, to assist with analysis that will determine the impact of modifying the dead band in the CCM." (D.19-12-056 at 45)</p> <p>SDG&E's Quote</p> <p>"The Commission has made clear that a dead band that is set at a level that <i>never</i> results in triggering of a change is problematic, observing that '[a] deadband that is overly sensitive to interest rates cause needless volatility in revenues and rates. Conversely, a deadband that never triggers can impose unnecessary costs on shareholders or ratepayers, depending on which direction interest rates move.'" (Exhibit SDG&E 10 at BM 3 - BM – 4, quoting D.08-05-035 at 11 (<i>emphasis added by SDG&E witness</i>)).</p>	<p>be some merit to the modifications suggested by SDG&E and SoCalGas, however the Commission will not adopt these modifications at this time. The existing CCM shall remain in place for the four applicants in this proceeding".</p> <p>See CPUC Discussion in Part III D [12] below.</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>never operates in the face of long-term, significant downward trends in capital markets available to the utilities, it is strong evidence that the ACCAM, as designed, is failing to maintain just and reasonable COC rates. The fact that the ACCAM has not triggered is in the record. The point is that while IOUs and ratepayers alike may both have the right to file an application to hold a new COC proceeding, the reality is that the vast majority (if not all) of COC proceedings are IOU initiated when it is to the IOUs' benefit. Because of this reality, Del Monte believes that under these circumstances a non-triggering ACCAM does actually favor IOUs at the expense of ratepayers. Del Monte will ensure that this point is made more clearly in future COC proceedings.</p>		
<p>6. Should PG&E be required to file a new Cost of Capital Application once it emerges from Chapter 11 bankruptcy proceedings? Also, Handling of Post-Bankruptcy Adjustments to Long-term Debt and Preferred Equity Costs.</p>	<p>D.19-12-056</p> <p>“Del Monte does not support the Commission directing a re-litigation of PG&E’s 2020 Test Year Cost of Capital once the utility emerges from bankruptcy.” (D.19-12-056 at 46)</p> <p>“The Commission has an active docket to evaluate issues specifically pertaining to PG&E and its current bankruptcy proceeding, and that is the more appropriate proceeding within which to consider this issue. This decision does</p>	<p>Verified, in part. The Commission ultimately did not take a position on this issue.</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>Del Monte's witness Knecht noted that adoption of the ATWACC methods for determining COC would obviate the Commission having to do anything to PG&E's allowed ROR except to make a simple computation he demonstrated when PG&E emerges from bankruptcy. That would be economical as well as appropriate because it would obviate a substantive COC hearing at that time. – Del Monte Reply Brief, pp. 12-13.</p> <p>The Decision chose to not take a position on the whether or not PG&E should be required to submit a new COC application post-bankruptcy largely due to the fact that since this question was raised in this COC proceeding other proceedings were opened by the Commission that will likely address approval of COC figures for the remainder of the 2020 test year.</p> <p>Should PG&E's post-bankruptcy COC capital structure need adjustment, Knecht's arguments for using ATWACC remain valuable to the record here.</p>	<p>not take a position or establish any orders pertaining to whether PG&E should be required to submit a new cost of capital Application following its emergence from Chapter 11 bankruptcy.” (D.19-12-056 at 47)</p>	
<p>7. PG&E Customer Deposits</p>	<p>D.19-12-056</p> <p>“Del Monte also supported the existing treatment of customer deposits.”</p>	<p>Not verified.</p> <p>Del Monte's Opening Brief at 44 includes one</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>After researching, Del Monte took no issue with the current treatment customer deposits.</p>	<p>(D.19-12-056 at 48, citing Exhibit Del Monte-1 at 60).</p> <p>“It appears these parties agree that the ratemaking treatment adopted in D.14-08-032 should be continued.</p> <p>PG&E has fulfilled its obligation to provide a comprehensive review of the ratemaking treatment for customer deposits, as directed in D.14-08-032. There is no compelling information in the record to suggest a modification from the direction provided for the ratemaking treatment of customer deposits in D.14-08-032.” (D.19-12-056 at 48)</p>	<p>sentence about customer deposits, stating “We take no issue with PG&E’s proposed ratemaking treatment of customer deposits”. Subsequent filings by Del Monte repeat this position.</p> <p>We find that Del Monte did not make a unique or distinctive analysis on this issue. Simply agreeing with, or lacking opposition to, other parties on an issue does not amount to a substantial contribution.</p> <p><i>See</i> CPUC Discussion in Part III D [12] below.</p>
<p>8. Answers to the Commissions Bulleted Scoping Memo Questions from D1707005</p> <p>Witness Knecht answered all questions requested in D1707005.</p>	<p>Del Monte Specific References</p> <p>Exhibit Del Monte 01R at pp. 56-60.</p>	<p>Noted</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>9. Oral Argument</p> <p>Del Monte coordinated the time allotments for oral arguments for the similarly aligned non-utility parties and presented/argued his position that the PD's PG&E ROE of 10.25% was too high because it is inconsistent with the large reductions in costs of capital for utilities seen over the last decade.</p> <p>Further Del Monte argued that PD's Hope and Bluefield analysis rejecting alleged new risk factors claimed by PG&E leaves no basis for choosing the high end of a determined the just and reasonable ROE range of 9.65% to 10.45%. Ultimately, the Final Decision choose 10.25% despite PG&E's pressure to push it upward. While actual contribution in these matters is near impossible to prove from the record, it is reasonable to assume that Del Monte's arguments and the disciplined modeling provided by Knecht assisted in balancing out PG&E and IEI's requests.</p>	<p>Del Monte Specific References</p> <p>Oral arguments were held on December 4, 2019. Del Monte's oral argument transcript can be seen on pages 33-34 of the transcript.</p>	<p>Verified, in part.</p> <p>Del Monte recommended a ROE of 8.58% in his oral argument and the Commission ultimately authorized a ROE of 10.2%.</p> <p><i>See CPUC Discussion in Part III D [12] below.</i></p>

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

	Intervenor's Assertion	CPUC Discussion
a. Was the Public Advocate's Office of the Public Utilities Commission (Cal Advocates) a party to the proceeding?³	Yes	Verified
b. Were there other parties to the proceeding with positions similar to yours?	Yes.	Verified
c. If so, provide name of other parties: TURN; EPUC and IS; UCAN; POC; FEA		Verified
d. Intervenor's claim of non-duplication: Del Monte's compensation in this proceeding should not be reduced for duplication of the showings of other parties. In a proceeding involving multiple participants, it is virtually impossible for Del Monte to completely avoid some duplication of the work of other parties. Del Monte participated in several coordination calls to discuss issues with other intervenors, including CalAdvocates, TURN, EPUC, and EDF, so as our efforts minimized unnecessary duplication. Del Monte thus includes a certain about 11 hours for "coordination." Del Monte believes that this time resulted in a decrease in total time devoted to the proceeding. Any incidental duplication that may have occurred here was more than offset by Del Monte's unique contribution to the proceeding. Under these circumstances, no reduction to our compensation due to duplication is warranted given the standard adopted by the Commission in D.03-03-031 and consistent with the conditions set forth in Section 1802.5. Further, Del Monte's compensation in this proceeding should not be reduced for duplication of the showings between Witness Del Monte's expert witness work and that of Del Monte's expert witness Knecht. Witness Del Monte and Knecht coordinated their internal efforts to avoid undue duplication. (See for example Exhibit Del Monte – 03 at p. 3 describing the limited scope of Witness Del Monte testimony and how it would not unduly duplicate the efforts of Del Monte's witness, Knecht.)		Noted

³ The Office of Ratepayer Advocates was renamed the Public Advocate's Office of the Public Utilities Commission pursuant to Senate Bill 854, which the Governor approved on June 27, 2018.

PART III: REASONABLENESS OF REQUESTED COMPENSATION

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

				CPUC Discussion
a. Intervenor’s claim of cost reasonableness: Del Monte requests a total intervenor compensation claim of \$197,908. This is reasonable for the scale of the proceeding, number of issues presented, duration of hearings, and the required research, evidence, testimony and briefing that could not otherwise be shared across intervenors.				Noted
b. Reasonableness of hours claimed: Del Monte and Knecht’s hours expended are reasonable. This is Thomas Del Monte’s first proceeding at the Commission. While his hours did go over his original estimate, witness Knecht’s were under expected. The complexity of the cost-of-capital proceedings and the uniqueness of this proceeding given PG&E situation in bankruptcy and the historically catastrophic wildfires merited extra efforts on behalf of intervenors.				With the reductions and adjustments made in this decision, the claimed costs are reasonable.
c. Allocation of hours by issue:				We note that Del Monte utilizes the # sign as a catch-all allocation code accounting for 17.1% of time claimed. <i>See</i> CPUC Comments, Disallowances and Adjustments in Part III D [11].
Code	Issue	Description	%	
GP	General	General work necessary for participation which does not necessarily vary with the number of issues.	24.93%	
Admin	Administrative	Icomp related admin such as NOI, Claim, motion to file financial hardship documentation under seal, etc. Billed at 1/2 time rate.	5.99%	
Test	Testimony	Witness Thomas Del Monte's time researching and drafting testimony filed under Del Monte's own name in this proceeding. This category is included to distinguish Del Monte's	4.54%	

				CPUC Discussion
		efforts as an expert witness in this proceeding as opposed to Del Monte's activities as an attorney.		
Trav	Travel	Time spent traveling to and from prehearing conferences and hearings. Billed at 1/2 time rate.	2.89%	
#	Multiple Issues	Work covering multiple issues that cannot be easily segregated.	17.01%	
ROE	ROE Advocacy	Research, modeling, and drafting related to appropriate ROE advocacy, including financial model assumptions such as proxy group and others.	7.82%	
Debt	Debt and Equity Treatment	Long-term Debt and Preferred Equity treatment. Mostly related to PG&E bankruptcy.	1.58%	
WR	Wildfire Risk	Evaluation of any unique risks to electric utilities that require an equity adder due to inverse condemnation and wildfire risk in California after the passage of AB 1054	5.00%	
Coord	Coordination	Coordination with other intervenors re. issues and to minimize duplication	2.99%	
Disc	Discovery	Discovery issues that cannot be easily categorized - writing data requests; addressing discovery disputes, responding to data requests.	2.31%	

				CPUC Discussion
CA Risk	California Business and Regulatory Risks	Evaluation of any unique risks in California that warrant increased equity returns due to California regulatory and energy policies that impact cost recovery	2.40%	
GH	Hearings	Attending prehearing conference and evidentiary hearings; other work related to hearings not easily allocable to issues	22.54%	

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Thomas R. Del Monte	2019	333 [6]	\$400.00	See Del Monte Resume and Rate Justification Explanation for Thomas Del Monte (Ruling or decision needed).	\$133,200 ⁴	66.76 [6, 11, 12]	\$380.00 [1]	\$25,368.80
Thomas R. Del Monte (1/2 time Admin/Travel)	2019	31.3	\$200.00	“”	\$6,260	N/A [2]	N/A	N/A
Ron Knecht	2019	12.6 ⁵	\$400.00	\$275 in A.12-04-015 et al. (ruling filed	\$51,040	125.8 [9, 11]	\$400.00 [5]	\$50,320.00

⁴ Total reflecting hours claimed in timesheet provided is \$136,480.00.

⁵ Timesheets reflect 127.6 hours.

CLAIMED						CPUC AWARD		
				7/20/12) + Plus interim relevant experience including Controller for the State of Nevada. See Knecht Bio.				
Ron Knecht (1/2 time Admin/Travel)	2019	16	\$200.00	“”	\$3,200	N/A [2]	N/A	N/A
Jan Reid help for Del Monte	2019	14.2	\$240.00	D1809043 + \$5.00 for COLA to 2019.	\$3,408	0 [3]	N/A [3]	\$0.00 [3]
Jan Reid help for Knecht	2019	7.3	\$240.00	“”	\$1,752	0 [3]	N/A [3]	\$0.00 [3]
Subtotal: \$199,292.00						Subtotal: \$75,688.80		
OTHER FEES								
Describe here what OTHER HOURLY FEES you are Claiming (paralegal, travel **, etc.):								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Accounted for above in timesheets at ½ time								
Thomas R. Del Monte	2019					0 [7]	N/A	\$0.00
Ron Knecht	2019					12.0 [9]	\$200.00	\$2,400.00
Subtotal: \$0.00						Subtotal: \$2,400.00		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Accounted for above in timesheets at ½ time								
Thomas R. Del Monte	2019					16.7 [2, 8]	\$190.00 [1]	\$3,173.00
Thomas R. Del Monte	2020					8.2 [2, 8]	\$195.00 [1]	\$1,599.00

CLAIMED						CPUC AWARD		
Ron Knecht	2020					4.0 [9]	\$205.00 [5]	\$820.00
Subtotal: \$0.00						Subtotal: \$5,592.00		
COSTS								
#	Item	Detail		Amount	Amount			
1.	Hotel	Evidentiary Hearing Hotel Stay for Knecht on 9/2 - 9/4, 9/8 - 9/10		\$463.19	\$463.19			
2.	Parking & Tolls	Parking & Tolls for Knecht on 9/3, 9/4x2, 9/10		\$84.00	\$6.00 [10]			
3.	Travel Meals	Travel Meals for Knecht on 9/3, 9/4, 9/9x2		\$58.26	\$0.00 [4]			
Subtotal: \$605.45						Subtotal: \$469.19		
TOTAL REQUEST: \$199,897.45						TOTAL AWARD: \$84,149.99		
<p>*We remind all intervenors that Commission staff may audit the records and books of the intervenors to the extent necessary to verify the basis for the award (§ 1804(d)). Intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor’s records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Travel and Reasonable Claim preparation time are typically compensated at ½ of preparer’s normal hourly rate</p>								
ATTORNEY INFORMATION								
Attorney		Date Admitted to CA BAR ⁶		Member Number	Actions Affecting Eligibility (Yes/No?) If “Yes”, attach explanation			
Thomas Del Monte		2009		265275	No			

C. Attachments Documenting Specific Claim and Comments on Part III:
(attachments not attached to final Decision)

Attachment or Comment #	Description/Comment
1	Certificate of Service
2	Resume of Thomas R. Del Monte
3	Requested Justification of Thomas Del Monte's rate.
4	Del Monte Coded Timesheets

⁶ This information may be obtained through the State Bar of California's website at <http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch>.

Attachment or Comment #	Description/Comment
5	Professional Bio of Ron Knecht
6	Knecht Coded Timesheets
7	Jan Reid Invoices.
8	Receipt copies for Knecht expenses.

D. CPUC Comments, Disallowances, and Adjustments

Item	Reason
[1]	D.22-01-006 adopted a 2019 hourly rate of \$380 and a 2020 hourly rate of \$390 for Del Monte.
[2]	These hours are reviewed in the proper subset of activity – Other Fees or Intervenor Compensation Preparation.
[3]	Reid’s invoices provided insufficient detail to be able to evaluate how his work contributed to Del Monte’s substantial contribution and therefore cannot be reimbursed. As an experienced intervenor himself, Reid is familiar with the level of detail necessary to support an award of hours. We do not evaluate the requested hourly rate.
[4]	The Commission does not compensate Intervenor for meals. <i>See</i> IComp Program Guide at 23 and D.07-12-040 at 21. \$58.26 is disallowed.
[5]	<p>Cited ruling did not establish an hourly rate, only what the intervenor intended to claim for the hourly rate. D.14-12-072 established a 2013 hourly rate for Knecht of \$280. Applying the adopted annual escalation rates between 2013 and 2019, we arrive at an hourly rate of \$305 for 2019. We acknowledge that Knecht has gained substantial experience since the last hourly rate was awarded, including serving as the Controller for the State of Nevada. For this reason and based on the updated resume provided, we approve the requested 2019 hourly rate of \$400.</p> <p>We apply the 2.55% COLA authorized by Resolution ALJ-387 to the established 2019 rate and round to the nearest five dollars for an approved 2020 hourly rate of \$410.</p>
[6]	Del Monte claims 333 hours in 2019, however, Del Monte’s timesheets reflect 341.2 hours of work performed in 2019 (excluding IComp/ NOI, admin, and travel related hours). We therefore adjust Del Monte’s hours in 2019 to be consistent with the timesheet provided.

Item	Reason
[7]	<p>Del Monte's timesheets reflect 3.4 hours travel and 0.4 hours of admin/ clerical work in 2019⁷. The Commission does not compensate travel that occurs within a 120-mile radius of the claimant's starting base. <i>See</i> D.10-11-032. The Commission does not compensate attorneys for clerical work, which is assumed as part of their hourly rate. <i>See</i> D.98-11-049 and D.08-09-034.</p> <p>We therefore disallow 3.8 travel and admin hours.</p>
[8]	<p>Del Monte's timesheet reflects 8.2 hours in 2020 for intervenor compensation time and 19.7 hours in 2019. We disallow 3 hours of clerical work claimed in the 2019 IComp prep hours⁸ as the Commission does not compensate attorneys for clerical work, which is assumed as part of their hourly rate. Though the 2019 hours remain high, they reflect the fact that Del Monte was a new intervenor working to establish eligibility.</p>
[9]	<p>Knecht's time sheets reflect 4 hours associated with intervenor compensation claim preparation and 12 hours of travel that meets our standards.</p>
[10]	<p>We note that Knecht's hotel stay already includes charges for 24-hour valet parking. This hotel is located 0.5 miles from 505 Van Ness. It would have been reasonable to walk the short distance, or use ride share services. The additional \$78.00 claimed for parking is disallowed. The \$6.00 claimed in toll fees is allowed.</p>
[11]	<p>Some of the categories and descriptions in Del Monte's <i>allocation of hours by issue</i> chart match word for word that of another intervenor in this proceeding. The issues included in this chart and timesheet codes should represent the issues on which Del Monte claims a substantial contribution, but they do not.</p> <p>Time records submitted by Del Monte for Del Monte and Knecht label 2019 hours with the code: #. In this category, Del Monte claimed 74.22 hours, and Knecht claimed 17.8 hours - accounting for 17% of all hours claimed. Per the</p>

⁷ The following timesheet entries are labeled travel: 6/17/2019 "Driving time to and from Sacramento" 2.7 hours; 9/9/19 "Travel home on Bart no post rep for following day" 0.7 hours. The following timesheet entries are labeled admin and do not appear to relate to Del Monte's NOI or Intervenor Compensation Claim: 8/2/19 "Sending attachments in multiples emails. Resending testimony files to SCE due to their internal restrictions on opening Google Drive links on their computers. Replying to bounce back regarding files too big to email. Sending attachments in multiples emails." 0.3 hours; 9/4/19 "Started at 6:30 – 7:30 printing" 0.1 hours.

⁸ The following timesheet entries are labeled admin and appear clerical in nature: 7/16/19 "Finalizing and serving motion for leave to file under seal." 1 hour; 7/17/19 "Finalizing, efilings, printing, mailing Motion for Leave to File Under Seal and NOI." 1.5 hours; 9/23/19 "Follow-up regarding I-comp ruling (requesting ruling)." 0.5 hour.

Item	Reason
	<p>IComp program guide at 21, these hours should be apportioned among the issues on which Del Monte claims a substantial contribution.</p> <p>Accordingly, we make a 10% reduction to hours claimed by Del Monte and Knecht labeled with the code: #. This amounts to a reduction in 2019 hours as follow: Del Monte 7.4 hours reduced; Knecht 1.8 hours reduced.</p>
[12]	<p>Del Monte claims a total of 341.20 hours attorney/expert hours (\$136,480.00). We find Del Monte's claimed hours to be excessive and unproductive. Specific examples of unproductive or excessive hours include:</p> <p>(a) Failure to demonstrate that claimed hours made a substantial contribution to the final decision. As discussed in Part II.A., above, Del Monte made a substantial contribution to the issue of <i>ROE</i> and <i>Proxy Groups</i> but Del Monte's contributions on other issues did not result in a substantial contribution to the final decision. As a result, analysis of the records demonstrates that only small portions of Del Monte's pleadings substantially contributed to the final decision.</p> <p>(b) Time spent for investigation and discovery. Del Monte fails to explain how time spent on investigation and discovery resulted in a substantial contribution to the final decision.</p> <p>(c) Time spent on general participation and coordination. Del Monte fails to provide adequate description regarding the time spent on general participation and coordination and fails to explain how these claimed hours resulted in a substantial contribution to the final decision. Moreover, tasks such as time spent emailing PG&E regarding data requests, Del Monte's signing of an NDA with Jones Day, and clerical or administrative tasks (e.g., addressing email issues, serving and filing documents, emails with witness Knecht confirming arrangement, setting up file sharing)⁹ are not compensable. (See, e.g., D.17-04-008, D.17-01-017.) Based on the foregoing, Del Monte has failed to demonstrate that all of the time claimed in the submitted timesheets were for efforts in preparing or presenting contentions or recommendations that made a substantial contribution to the final decision. (Pub. Util. Code Section 1802 (j).) Del Monte's failure to claim hours that would be adequate to make his actual substantial contribution precludes the Commission from granting him the full compensation requested.</p> <p>In addition, Del Monte's timesheets do not appropriately allocate time by issue (i.e., by claimed contributions set forth in Part II.A), and instead code</p>

⁹ See timesheets entries dated: 7/12/19, 7/14/19, 7/15/19, 7/16/19, 7/17/19, 8/1/19, 8/9/19, 8/12/19, 8/16/19. These are several examples of this practice and does not represent a comprehensive list.

Item	Reason
	timesheets using the same claimed contribution issue areas as another intervenor in this proceeding, creating a mismatch between the contributions claimed in Part II.A. of this claim and the time records provided. The Commission is unable to verify how much of Del Monte's time was spent on issues that made a substantial contribution to the final decision. Given the lack of detail in Del Monte's timesheets and other factors listed above, we find it reasonable to award Del Monte 20% of the claimed attorney hours.

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))

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(c)(6))?	No

Party	Comment	CPUC Discussion
	No comments filed.	

FINDINGS OF FACT

1. Thomas R. Del Monte has made a substantial contribution to D.19-12-056.
2. The requested hourly rates for Thomas R. Del Monte'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 \$84,149.99.

CONCLUSION OF LAW

1. Thomas R. Del Monte's request for Intervenor Compensation was filed late pursuant to Rule 1.15 of the Commission's Rules of Practice and Procedure.
2. Thomas R. Del Monte's motion to waive Rule 1.15 and accept the late-filed claim and amended claim as timely filed on February 25, 2020, should be granted.

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

ORDER

1. Thomas R. Del Monte is awarded \$84,149.99.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company shall pay Thomas R. Del Monte their respective shares of the award, based on their California-jurisdictional electric and gas revenues for the 2019 calendar year, to reflect the year in which the proceeding was primarily litigated. If such data is unavailable, the most recent electric and gas revenue data shall be used. 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 4, 2020, the 75th day after the filing of Thomas R. Del Monte's request, and continuing until full payment is made.
3. The comment period for today's decision is not waived.
4. Application (A.) 19-04-014, A.19-04-015, A.19-04-017, and A.19-04-018 are closed.

This decision is effective today.

Dated _____, at San Francisco, California.

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision?	No
Contribution Decision(s):	D1912056		
Proceeding(s):	A1904014, et al.		
Author:	ALJ Stevens		
Payer(s):	Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company		

Intervenor Information

Intervenor	Date Claim Filed	Amount Requested	Amount Awarded	Multiplier?	Reason Change/ Disallowance
Thomas R. Del Monte	2/18/2020	\$197,908 ¹⁰	\$84,149.99	N/A	See CPUC Comments, Disallowances and Adjustments in Part III D

Hourly Fee Information

First Name	Last Name	Attorney, Expert, or Advocate	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Thomas	Del Monte	Attorney	\$400	2019	\$380
Thomas	Del Monte	Attorney	\$400	2020	\$390
Ron	Knecht	Expert	\$400	2019	\$400
Ron	Knecht	Expert	\$400	2020	\$410
Jan	Reid	Expert	\$240	2019	N/A

(END OF APPENDIX)

¹⁰ This amount differs from the amount requested on page one and in the table in Part III. Both list the claim total as \$199,897.45.