

Decision **PROPOSED DECISION OF ALJ GERSTLE** (Mailed 3/20/2026)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2023 and to Reset the Cost of Capital Adjustment Mechanism (U39M).

Application 22-04-008

And Related Matters.

Application 22-04-009

Application 22-04-011

Application 22-04-012

**DECISION GRANTING COMPENSATION TO  
THE PROTECT OUR COMMUNITIES FOUNDATION  
FOR SUBSTANTIAL CONTRIBUTION TO  
DECISION (D.) 24-10-008, D.23-08-028, AND D.22-12-031**

<b>Intervenor:</b> The Protect Our Communities Foundation (PCF)	<b>For contribution to Decision (D.) 24-10-008, D.23-08-028, D.22-12-031 (as modified by D.23-01-002)</b>
<b>Claimed:</b> \$596,586.50	<b>Awarded:</b> \$230,256.75
<b>Assigned Commissioner:</b> John Reynolds	<b>Assigned ALJ:</b> Brandon Gerstle <sup>1</sup>

**PART I: PROCEDURAL ISSUES**

<b>A. Brief description of Decision:</b>	D.24-10-008 modified the Cost of Capital Mechanism and authorized returns on equity for each applicant and declined without prejudice to implement modeling and other constraints.
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<sup>1</sup> This proceeding was reassigned to ALJ Brandon Gerstle on March 16, 2026.

	D.23-08-028 denied PCF’s application for rehearing of D.22-12-031 and recognized that “The cost of capital is the minimum rate of return necessary to attract capital to an investment.” D.22-12-031 established the 2023 ratemaking cost of capital for PG&E, SCE, SoCalGas, and SDG&E and kept the proceeding open to conduct a second phase. D.22-12-031 was modified by D.23-01-002 which corrected several inadvertent errors in D.22-12-031. <sup>2</sup>
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**B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812<sup>3</sup>:**

	<b>Intervenor</b>	<b>CPUC Verification</b>
<b>Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):</b>		
1. Date of Prehearing Conference:	07/06/2022	Verified
2. Other specified date for NOI:	n/a	
3. Date NOI filed:	08/04/2022	Verified
4. Was the NOI timely filed?		Yes
<b>Showing of eligible customer status (§ 1802(b)) or eligible local government entity status (§§ 1802(d), 1802.4):</b>		
5. Based on ALJ ruling issued in proceeding number:	A.21-05-011, -014	Verified
6. Date of ALJ ruling:	10/28/2021	Verified
7. Based on another CPUC determination (specify):	n/a	
8. Has the Intervenor demonstrated customer status or eligible government entity status?		Yes
<b>Showing of “significant financial hardship” (§ 1802(h) or § 1803.1(b)):</b>		
9. Based on ALJ ruling issued in proceeding number:	A.21-05-011, -014	Verified
10. Date of ALJ ruling:	10/28/2021	Verified
11. Based on another CPUC determination (specify):	n/a	

<sup>2</sup> References herein to D.22-12-031 refer to D.22-12-031 as modified by D.23-01-002.

<sup>3</sup> All statutory references are to California Public Utilities Code unless indicated otherwise.

	<b>Intervenor</b>	<b>CPUC Verification</b>
12. Has the Intervenor demonstrated significant financial hardship?		Yes
<b>Timely request for compensation (§ 1804(c)):</b>		
13. Identify Final Decision:	D.24-10-008	Verified
14. Date of issuance of Final Order or Decision:	10/22/2024	Verified
15. File date of compensation request:	12/23/2024	Verified
16. Was the request for compensation timely?		Yes

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

<b>#</b>	<b>Intervenor’s Comment(s)</b>	<b>CPUC Discussion</b>
5-7	<p>The Protect Our Communities Foundation (“PCF”) meets the definition of a Category 3 customer under the Public Utilities Code as a “representative of a group or organization authorized pursuant to its articles of incorporation or bylaws to represent the interests of residential customers...” (Pub. Util. Code § 1802, subd. (b)(1)(C).) Article 3, Section 3.3 of PCF’s Bylaws specifically authorizes the organization to represent the interests of Southern California residential utility ratepayers in proceedings before the Commission and to seek intervenor compensation for doing so. PCF advocates for just and reasonable rates and against unreasonably costly or unnecessary utility projects. PCF advocates for fair and reasonable energy practices, policies, rules, and laws, for the protection of natural resources from the impacts of largescale energy and industrial infrastructure projects, and in support of sustainable, clean, locally-based energy systems. PCF is a San Diego, California based nonprofit public benefit corporation organized for charitable and public purposes within the meaning of Section 501(c)(3) of the Internal Revenue Service Code.</p> <p>PCF also qualifies as an environmental group within the scope of Section 1802(b)(1)(C) because it represents the interests of customers with a concern for the environment.</p> <p>A copy of PCF’s current Bylaws are on file with the Commission in R.13-12-010. In R.13- 12-010, PCF was found to have satisfied eligibility requirements in the September 26, 2014, Administrative Law Judge’s Ruling on Protect Our Communities Foundation’s Amended Showing of Significant Financial Hardship. A copy of PCF’s current Bylaws, as well as</p>	Noted

#	Intervenor's Comment(s)	CPUC Discussion
	<p>a copy of PCF's current Articles of Incorporation, is also on file in A.15-09-013. In A.15-09-013, PCF was found to have satisfied eligibility requirements in D.19-04-031, Decision Granting Compensation to Protect Our Communities for Substantial Contribution to Decision 18-06-028 (April 25, 2019).</p>	
9-11	<p>PCF continues to meet the Commission's longstanding definition of significant financial hardship. PCF is a nonprofit public benefit corporation organized exclusively for charitable, educational and public purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. PCF represents the interests of a specific constituency: San Diego and other Southern California area residential utility ratepayers, the majority of whom do not have the financial ability to represent themselves in the application, and whose interests are often not adequately represented in Commission proceedings. Although PCF's constituents' rates are among the highest in the nation, the rates for any one household remains small when compared to the resources necessary to participate effectively before this Commission. Pursuant to Public Utilities Code section 1802(h), PCF certifies that the economic interest in the proceeding of any individual PCF constituent is small compared to the cost of effective participation in this proceeding.</p> <p>Moreover, the Commission has repeatedly determined that PCF's participation without an award of intervenor compensation imposes a significant financial hardship, including in proceeding A.21-05-011/014 on October 28, 2021. PCF's circumstances have not changed in any relevant respect since the above determination was made. Pub. Util. Code, § 1803, subd. (b)(1) ("A finding of significant financial hardship shall create a rebuttable presumption of eligibility for compensation in other commission proceedings commencing within one year of the date of that finding.").</p>	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):**

<b>Intervenor's Claimed Contribution(s)</b>	<b>Specific References to Intervenor's Claimed Contribution(s)</b>	<b>CPUC Discussion</b>
<p><b><u>ROEs Should Not Continue to Spiral Upward.</u></b> D.22-12-031 adopted PCF's and other parties' position that shareholders are not entitled to ever-increasing authorized Returns on Equity (ROEs); reduced authorized ROEs from those authorized in the previous COC proceeding; and concluded that SDGE's and SoCalGas's requested ROEs were higher than the ROEs that should be approved.</p>	<p>"SoCalGas seeks a Test Year 2023 ROE authorization of 10.75%." D.22-12-031, p. 46 (FOF 17).</p> <p>"SDG&amp;E seeks a Test Year 2023 ROE authorization of 10.55%." D.22-12-031, p. 46 (FOF 18).</p> <p>"The intervenors generally sought Test Year 2023 ROE authorizations for the applicants that were lower than the ROE authorizations the utilities proposed." D.22-12-031, p. 46 (FOF 19).</p> <p>A test year 2023 ROE of 9.80% and ROR of 7.10% is just and reasonable for SoCalGas. D.22-12-031, p. 52 (COL 22).</p> <p>"A test year 2023 ROE of 9.95% and ROR of 7.18% is just and reasonable for SDG&amp;E. D.22-12-031, p. 52 (COL 23).</p> <p>May 27, 2022 PCF Protest, p. 2-3.</p> <p>PCF-01 (Ellis Testimony), p. 7-78; <i>id.</i> at p. 23 ("The executive management teams of the California Utilities, like the leadership of all publicly traded companies, seek to maximize shareholder value. The primary driver of the value of a utility stock its expected future earnings. Earnings, in turn, are directly linked to the authorized ROE. So the most straightforward way to sustain or increase a utility's stock price is to sustain or increase its ROE.") (citations omitted).</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 1-25.</p>	<p>Verified.</p> <p>However, we note that for many of these claimed contributions, PCF primarily cites to its own comments, briefs, and testimony, rather than identifying specific portions of the decisions where the Commission expressly references PCF or states that it adopted or relied on PCF's arguments in making its decision.</p>

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
	<p>September 12, 2022 Evidentiary Hearing Transcript, p. 89-91, 93-94, 104-105, 109-110.</p> <p>September 23, 2022 PCF Opening Brief, p. 3-16;</p> <p>September 30, 2022 PCF Reply Brief, p. 4-5, 9-12, 20; <i>id.</i> at p. 11(“SoCalGas does not and cannot refute the fact that Mr. Ellis’ recommended ROE of 5.45 for SDG&amp;E and ROE of 5.40 for SoCalGas exceed even the Utilities’ own inflated claims about their costs of debt.”)(citation omitted).</p> <p>November 29, 2022 PCF Comments on PD, p. 1-7; <i>id.</i> at p. 4 (“Additional undisputed evidence establishes that authorized ROEs far exceed the Utilities’ cost of equity consists of the divergence between authorized ROEs and interest rates. Mr. Ellis’ testimony establishes that the gap between authorized ROEs and investors’ expected returns has nearly tripled since the 1980s.”)(citations omitted).</p> <p>December 5, 2022 PCF Reply Comments on PD, p. 1-5.</p> <p>December 5, 2022 Oral Argument Transcript, p. 292, 295.</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 2, 7-34.</p> <p>PCF-10 (Ellis Phase 2 Rebuttal Testimony), p. 9, 15-18.</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 11-20, 36-37.</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 4-6, 11-13.</p>	

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	<p>September 30, 2024 PCF Comments on Phase 2 PD, p. 9-11.</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 4-5.</p>	
<p><b><u>ROEs Exceed the Utilities’ Costs of Capital.</u></b> PCF enriched the record and deliberations by presenting detailed evidence and analysis that authorized ROEs exceed the Utilities’ COCs throughout the nation, and that the CA utilities’ ROEs are even higher, including presenting evidence about high market to book ratios and citing to Alfred Kahn. PCF thus recommended major adjustments and that the Utilities’ authorized ROEs should not be based on ROEs nationwide. The Commission acknowledged that ROEs for the CA Utilities are even higher than ROEs nationwide. Although the Commission did not adopt PCF’s point that ROEs are too high nationwide, the Commission revised the PD to avoid suggesting that the Utilities’ ROEs should be based on the national average ROEs. D.24-10-008 allows the Commission to consider</p>	<p><del>“Recognizing the interests of California ratepayers, this decision attempts to work towards the goal of bringing the returns on equity for California utilities closer to the national average over ...”</del> PD Rev. 1 (Redline) (Dec. 13, 2022), p. 33.</p> <p><u>“Having addressed the generic factors used in setting an ROE we now address a fair and reasonable return for the individual utilities.”</u> PD Rev. 1 (Redline) (Dec. 13, 2022), p. 34.</p> <p>“There has been a general downward trend in the authorization of ROE for similarly situated electric and gas utilities in the United States for the past decade.” D.22-12-031, p. 49 (FOF 49).</p> <p>Commissioner Houck: “...turning back to the record in the preceding several parties recommend changes to the Commission’s cost of capital proceeding and among those recommendations was a suggestion that the Commission consider price to book ratios while setting authorized ROEs. A price to book ratio is a simple comparison of a utility share price to its book value per share. These data are publicly available and some parties, including Environmental Defense Fund and Protect Our Communities Foundation argued that price to book ratios above 1.0 indicate that authorized ROE’s have been set above cost of equity. So, quoting from Alfred Kahn, ‘The source of the discrepancy between market and book value has been that commissions have been</p>	<p>Verified. We note that the Intervenor made edits to portions of the specific references here. No changes were made to the edits.</p>

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<p>PCF’s recommendations in future COC proceedings, and Commissioners considered and commented on PCF’s evidence that ROEs are higher than the Utilities’ costs of capital, including referring to Alfred Kahn as PCF had cited. At the hearing when the Commission decided D.24-10-008, PCF’s evidence and arguments about ROEs exceeding COCs (including regarding market-to-book ratios and profit incentives) were discussed and flagged for consideration in future proceedings.</p>	<p>allowing ROEs in excess of cost of equity. If instead they had set ROEs equal to cost of equity, the discrepancy between market and book value would never have arisen. Setting ROEs above the cost of equity has led to prolonged periods of utilities maintaining price to book ratios above 1.0.’ And, as was true in 1970 when Kahn published this book, share prices are now well above book values. When we take up cost of capital again, I would encourage my colleagues to look closely at these ratios as one factor of consideration among the others that that we examine in the cost of capital proceeding.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 1-2.</p> <p>“And then one final consideration is that setting ROEs well above the cost of equity distorts utility profit incentives. So basically, utilities have an extra incentive to acquire additional capital if the allowable rate of return exceeds the cost of capital. The utilities in this proceeding are all decoupled, which means their sole way to increase profits year to year is to add to rate base, and this creates incentives for utilities to expand rate base as much as possible to benefit shareholders. And we know this because increasing profits is the fiduciary duty of the firm’s management, and it’s our job to ensure that these returns are fair and rates are just and reasonable.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>“For example, cumulatively, across the four IOU’s, the impact of each basis point of ROE above cost of equity is \$6 million. So we need to be clear in our understanding that while the utilities have ROEs set above their cost of equity, which is strongly</p>	

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	<p>supported by their current price to book ratios, they will be strongly incentivized to add as much capital as they can, which increases the difficulty for all of us in dispensing with GRC applications.” See Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>“...the evidence in front of us suggests that we have more to do as we examine cost of capital in future proceedings, and I encourage the Commission to consider in more depth some of the suggestions of the parties that were not addressed in the decision. . . .” See Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>May 27, 2022 PCF Protest, p. 2-3, 8.</p> <p>PCF-01 (Ellis Testimony), p. 7-9, 11-26; <i>id.</i> at p. 16 (“Kahn was referring to the period of the late 1940s to 1965, but the observation that utilities trade above book value is equally valid today. As seen in Figure 3, the utility sector average M/B ratio has exceeded 1.0 for nearly thirty years and, except for a short period after the global financial crisis, has exceeded 1.5 since 1995. The current average M/B ratio of Mr. Coyne’s proxy groups for SDG&amp;E and SoCalGas are even higher, at 2.0 and 1.9, respectively. As Kahn observed, the utility sector trading at 1.5 to 2.0 times book value for decades clearly demonstrates that utilities have once again been ‘permitted to earn considerably more than their cost of capital.’”)(citations omitted).</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 5-6, 8-10, 22.</p>	

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	<p>September 12, 2022 Evidentiary Hearing Transcript, p. 89-91, 93-94, 104-105, 109-110; <i>id.</i> at p. 72-73, l. 21-24 (Dickenson: “Can you think of any company in your sample that does not have a market value greater than book value?” Coyne: “No.”).</p> <p>September 23, 2022 PCF Opening Brief, p. 2-3, 7-20; <i>id.</i> at p. 18 (“The observation that utilities trade above book value is now even more pronounced. The utility sector average market-to-book ratio has exceeded 1.0 for nearly thirty years and, except for a short period after the global financial crisis, has exceeded 1.5 since 1995. The current average market-to-book ratio of Mr. Coyne’s proxy groups for SDG&amp;E and SoCalGas are even higher, at 2.0 and 1.9, respectively. Utility sector trading at 1.5 to 2.0 times book value for decades clearly demonstrates that utilities have been “permitted to earn considerably more than their cost of capital.”) (citations omitted).</p> <p>September 30, 2022 PCF Reply Brief, p. 5-13.</p> <p>November 29, 2022 PCF Comments on PD, p. 2-6; Appendix, p. 4, 5.</p> <p>December 5, 2022 PCF Reply Comments on PD, p. 1-4; <i>id.</i> at p. 4. (“While the PD claims to seek alignment with national trends, the PD sets the Utilities’ ROEs above national trends. Multiple parties agree with PCF that the Commission should not rely on national trends, including the utilities. Reliance on national trends reflects what other regulatory agencies are awarding – it does not reflect investor’s expectations.”).</p>	

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	<p>December 5, 2022 Oral Argument Transcript, p. 293.</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 7-34; <i>id.</i> at p. 16 (“Just as legendary regulatory economist Alfred Kahn observed in 1970, M/B ratios consistently above 1.0 indicates that utilities have been “permitted to earn considerably more than their cost of capital” for decades.”)(citations omitted).</p> <p>PCF-10 (Ellis Phase 2 Rebuttal Testimony), p. 2-4, 9, 11, 15-18.</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 11-16, 21-27, 35-37.</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 4-18; <i>id.</i> at p. 6 (“In particular, PCF’s expert witness Mark Ellis (Mr. Ellis) detailed how utility market-to-book ratios reveal that utilities’ cost of equity is substantially lower than authorized ROEs. The market to book ratio (M/B) is a measure of the present value, discounted at utilities’ actual cost of equity, of the market’s forecast for that excess net income. Using the M/B and the Utilities’ current market capitalization, the expected wealth transfer from customers to utility shareholders can be calculated. The resulting numbers are shocking.”)(citations omitted).</p> <p>September 30, 2024 PCF Comments on Phase 2 PD, p. 4, 9-11.</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 1, 4-5.</p>	
<p><b><u>RORs Should Be Set Equal to COCs.</u></b> PCF enriched the record and</p>	<p>“On the question of affordability, the Commission agrees that affordability is of paramount importance. Cost of capital</p>	<p>Verified</p>

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<p>the Commission's deliberations by presenting detailed evidence and analysis and advocating that affordability concerns and Hope and Bluefield requirements should be addressed by setting authorized RORs equal to the Utilities' COC. PCF presented evidence showing the incentives involved and the impacts of COC decisions on rates. Although the Commission denied PCF's AfR in D.23-08-028 on the grounds that PCF did not show legal error, the Commission recognized for the first time the fundamental finance principal that PCF advocates: "The cost of capital is the minimum rate of return necessary to attract capital to an investment." The Commission in D.24-10-008 acknowledged the importance of affordability, and D.24-10-008 allows the Commission to consider PCF's recommendation in future COC proceedings. At the hearing when the Commission decided D.24-10-008, PCF's</p>	<p>proceedings address affordability in that they set an allowed – but not guaranteed – rate of return for public utilities in exchange for exclusive rights to serve ratepayers in a defined geographic area. . . . The issue of affordability as it relates to the cost of capital is subsumed under the Hope and Bluefield standards." D.24-10-008, p. 29-30.</p> <p>"TURN, PCF, UCAN, EDF, and EPUC/IS provided recommendations on ROE calculation methodologies and modeling. . . . PCF, EPUC/IS, EDF, and TURN provided recommendations on affordability considerations." D.24-10-008, p. 29.</p> <p>Commissioner Houck: "...the cost of equity is the equity yield that an investor requires in order to maintain an investment. So this is an intuitive idea. If you made an investment and it did not behave as you would hope, you would seek to reinvest. And quoting from NARUC's guide on rate making, setting the authorized base ROE equal to the cost of equity is integral to conventional cost of service regulation. The Supreme Court precedent also supports this approach and Hope and Bluefield are the most cited Supreme Court decisions governing Commission conduct and setting authorized rates of [return on] capital and our duty under Bluefield is to set rates [of return] on equities, such as that the utilities are able to attract investment and that [investors have] assurance and confidence in financial soundness of the utility. . . . <b>In setting an authorized ROE we should strive to set one as close to the cost of equity as possible.</b>" See Attachment 2</p>	

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<p>evidence, legal analysis, and recommendation that ROEs should be set equal COCs were discussed and flagged for consideration in future proceedings.</p>	<p>(excerpt of October 17, 2024 Commission Meeting, Item 14), p. 1 (emphasis added).</p> <p>“So beyond Hope and Bluefield, there are other reasons we should be concerned with authorizing ROEs close to the utilities’ cost of equity. Less cited but [no] less germane Supreme Court decision is FPC versus Natural Gas Pipeline Company. This decision says that once we’ve set a rate of return that allows the company to operate successfully and attract capital we have satisfied our duty of setting a just and reasonable rate. But it goes on to say that consumers’ interest must be considered when setting a rate of return. Setting an authorized return on equity that’s equal to a utility’s cost of equity would thus satisfy all these Supreme Court decisions by properly balancing shareholder and ratepayer interest.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>“And then one final consideration is that setting ROEs well above the cost of equity distorts utility profit incentives. So basically, utilities have an extra incentive to acquire additional capital if the allowable rate of return exceeds the cost of capital. The utilities in this proceeding are all decoupled, which means their sole way to increase profits year to year is to add to rate base, and this creates incentives for utilities to expand rate base as much as possible to benefit shareholders. And we know this because increasing profits is the fiduciary duty of the firm’s management, and it’s our job to ensure that these returns are fair and rates are just and reasonable.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p>	

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	<p>“For example, cumulatively, across the four IOU’s, the impact of each basis point of ROE above cost of equity is \$6 million. So we need to be clear in our understanding that while the utilities have ROEs set above their cost of equity, which is strongly supported by their current price to book ratios, they will be strongly incentivized to add as much capital as they can, which increases the difficulty for all of us in dispensing with GRC applications.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>“So while the decision properly notes that the issue of affordability as it relates to cost of capital is subsumed under the Hope and Bluefield standards, I feel the evidence warrants us taking a closer look at the ROEs we are authorizing, especially given the ongoing affordability crisis confronting ratepayers in California. I also agree with ALJ Lakey that it would be improper to set a lower ROE solely in consideration of ratepayer interest. And this decision does not do that and is reasonable. That said, the evidence in front of us suggests that we have more to do as we examine cost of capital in future proceedings, and I encourage the Commission to consider in more depth some of the suggestions of the parties that were not addressed in the decision. . . .” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>“As quoted by PCF, Tennessee Gas Pipeline Company noted that in determining such returns, and to compensate investors for the risks assumed, the Federal Energy Regulatory Commission (FERC) attempts to</p>	

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	<p>set the return on equity at the utility’s cost of equity capital:</p> <p>Recognizing that utility investors must be allowed an opportunity to earn returns sufficient to ‘attract capital,’ Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 605, 64 S. Ct. 281, 88 L. Ed. 333 (1944), and ‘to compensate [the] investors for the risks assumed,’ <i>id.</i>, the Commission endeavors to set a utility’s rate of return on equity at its cost of equity capital. ‘The cost of capital is the minimum rate of return necessary to attract capital to an investment.’ A. Lawrence Kolbe et al., <i>The Cost of Capital: Estimating the Rate of Return for Public Utilities</i> 13 (1984).</p> <p>This discussion does not establish the conclusion that PCF propounds: that adopting authorized returns on equity that do not constitute the minimum rate of return necessary to attract capital constitutes legal error. The D.C. Circuit merely notes FERC’s ‘endeavor’ in that regard. ... Thus, the rehearing application fails to identify any regulation, statute, or caselaw that <i>requires</i> this Commission to set the return on equity for any utility at its actual cost of capital or the minimum rate of return necessary to attract capital...” D.23-08-028, p. 3-4.</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 4-5, 7-35; <i>id.</i> at p. 9 (“The National Association of Regulatory Utility Commissioners (NARUC) explains: For a utility, a fair rate of return must be provided to investors and must be included in the revenue requirement in order to adequately cover the cost of</p>	

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	<p>doing business in ratemaking and tariff-setting. Fundamental financial concepts demonstrate that the fair rate of return to use in ratemaking for a utility is its cost of capital in order to achieve the proper balance between customers and investors.”); <i>id.</i> at p. 11 (“Regulatory economists and cost of capital practitioners have recognized the ROR=COC standard for decades. MIT finance professor and Brattle Group colleague of PG&amp;E and SCE witnesses Vilbert and Villadsen, Stewart C. Myers articulated this standard as far back as 1972...”)(citations omitted); <i>id.</i> at p. 30 (“The primary driver of the value of a utility stock is its expected future earnings. Earnings, in turn, are directly linked to the authorized ROE. So the most straightforward way to sustain or increase a utility’s stock price is to sustain or increase its ROE. But the relationship between ROE and stock value is not linear, i.e., a 10% increase in ROE, from, say 10% to 11%, does not result in an increase in the stock price of 10%, but of 12% to 20%. So utility executives face strong incentives to keep ROEs as high as possible.”)(citations omitted).</p> <p>PCF-10 (Ellis Phase 2 Rebuttal Testimony), p. 9, 15-18; <i>id.</i> at p. 17 (“As demonstrated in my Phase 2 opening testimony, setting the rate of return – ROE and equity ratio – equal to utilities’ actual cost of capital would realize customer savings of approximately 10%”).</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 3, 4, 6-17.</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 2-25.</p>	

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
	<p>September 30, 2024 PCF Comments on Phase 2 PD, p. 2-4; <i>id.</i> at p. 3 (“The PD fails to address the unrefuted evidence presented by PCF establishing that setting the rate of return equal to the cost of capital – as Hope requires – directly addresses the affordability crisis by both (1) immediately reducing rates and (2) by eliminating perverse incentives for utility executives to continually grow rate base.”)(citation omitted); <i>id.</i> at p. 4 (“As the United States Courts and the Federal Energy Regulatory Commission (FERC) recognize, Hope and fundamental finance principles require regulators to endeavor to authorize rates of return equal to the cost of capital...”).</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 5.</p>	
<p><b><u>SDG&amp;E’s and SoCalGas’s Proposed Capital Structures Lack Evidentiary Support.</u></b>                      PCF provided detailed legal and expert analysis and other evidence that SDG&amp;E and SoCalGas had not provided sufficient evidence to support their capital structure and that their capital structures should not be adopted. PCF also provided detailed evidence and argument demonstrating why in future cost of capital proceedings capital structure and ROE should be determined jointly. D.21-12-031 agreed with</p>	<p>“PCF argues that the Commission has previously rejected instances where the argument was made that the Commission should adopt a proposed capital structure that matches the existing actual capital structure of a regulated utility rather than analyzing what capital structure would be most in the public interest.” D.22-12-031, p. 11.</p> <p>“It is not beneficial to ratepayers for SoCalGas and SDG&amp;E to increase its authorized leverage as a result of this proceeding.” D.22-12-031, p. 46 (FOF 11).</p> <p>“The capital structures proposed by SoCalGas and SDG&amp;E should not be adopted because they are do not sufficiently balance ratepayer interests with the intention to maintain an investment grade rating and attract capital.” D.22-12-031, p. 50 (COL 4).</p>	<p>Verified</p>

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
<p>PCF that the capital structures proposed by SoCalGas and SDG&amp;E should not be adopted and relied on its prior cost of capital decision to approve capital structures for SDG&amp;E and SoCalGas. D.24-10-008 allows the Commission to consider PCF’s recommendations in future COC proceedings, and Commissioners considered and commented on PCF’s evidence.</p>	<p>“SoCalGas and SDG&amp;E should not be authorized to increase the leverage in the capital structures of these two companies as a result of this proceeding.” D.22-12-031, p. 50 (COL 5).</p> <p>Commissioner Houck: “. . . As I mentioned before, parties made substantial contributions to this proceeding, including many recommendations for changes to the Commission’s cost of capital proceedings. Many parties suggested we substantially reevaluate how we conduct these proceedings, and while this decision does not adopt those recommendations beyond the aforementioned change in the CCM. I want to emphasize that that we are listening, and to take a minute to just discuss some of the underlying work of the cost of capital proceedings.” <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 1.</p> <p>PCF-01 (Ellis Testimony), p. 7-9, 26-30.</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 4.</p> <p>September 12, 2022 Evidentiary Hearing Transcript, p. 88-90, 92-93, 1. 23-12 (Mr. Coyne admitting he did not conduct an analysis of the different capital structure options available because it was beyond the scope of his analysis), 100-102.</p> <p>September 13, 2022 Evidentiary Hearing Transcript, p. 100-101, 170, 198-199, 200-201.</p> <p>September 23, 2022 PCF Opening Brief, p. 3-5, 21-24.</p> <p>September 30, 2022 PCF Reply Brief, p. 6, 14, 16-20.</p>	

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	<p>November 29, 2022 PCF Comments on PD, p. 2, 13; Appendix p. 5-6.</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 3, 5, 35-52.</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 3-4, 17-20, 36-37 <i>id.</i> at p. 20 (“In general, reducing the ROE, even if it requires a higher equity ratio, is a much more effective way to reduce customer costs than reducing the equity ratio. As the Commission has recognized in the past, capital structure should ‘be in the public interest of the ratepayers of California.’ The potential savings to customers from optimizing the ROE and capital structure are significant – more than 10% of total customer costs.”)(citations omitted).</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 2, 14.</p> <p>September 30, 2024 PCF Comments on Phase 2 PD, p. 2-3, 5, 9; Appendix p. 3, 6</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 1.</p>	
<p><b><u>Only Market-Based Financial Models – Not the EEA and RPM – Estimate the Utilities’ COCs.</u></b> PCF provided detailed evidence and comprehensive briefing demonstrating that the Expected Earnings Analysis (EEA) and the Risk Premium Model (RPM) are not market-based models and should not be utilized to</p>	<p>“ROE is most effectively set at a level of return commensurate with market returns on investments having corresponding risks and adequate to enable a utility to attract investors to finance the replacement and expansion of a utility’s facilities to fulfill its public utility obligation while ensuring there is ratepayer protection from unreasonable costs.” D.22-12-031, p. 46 (FOF 20).</p> <p>“The United States Supreme Court Bluefield and Hope decisions set the standard that the utilities should be</p>	<p>Verified</p>

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
<p>determine authorized returns on equity, nor should they be used in future cost of capital proceedings.                      D.21-12-031 did not adopt PCF’s recommendation in full, but it acknowledged that the ROE should be set based on investor’s market-based expectations; and                      D.24-10-008 allows the Commission to consider PCF’s recommendations in future COC proceedings, and Commissioners considered PCF’s evidence and recommendations.</p>	<p>authorized an ROE at a level for which they can attract capital to raise money for the proper discharge of their public utility duties and maintain creditworthiness.”                      D.22-12-031, p. 49 (FOF 50).</p> <p>“TURN, PCF, UCAN, EDF, and EPUC/IS provided recommendations on ROE calculation methodologies and modeling.”                      D.24-10-008, p. 29.</p> <p>“On the broader question of constraining future cost of capital applications in their use of particular models or assumptions (i.e., issues 5(a) through 5(e)) above, we decline to implement these constraints at this time but do so without prejudice...”                      D.24-10-008. p. 29.</p> <p>Commissioner Houck: “As I mentioned before, parties made substantial contributions to this proceeding, including many recommendations for changes to the Commission’s cost of capital proceedings. Many parties suggested we substantially reevaluate how we conduct these proceedings, and while this decision does not adopt those recommendations beyond the aforementioned change in the CCM. I want to emphasize that that we are listening, and to take a minute to just discuss some of the underlying work of the cost of capital proceedings. <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 1.</p> <p>PCF-01 (Ellis Testimony), p. 7, 10, 33-34; <i>id.</i> at p. 7 (“Two of those models, the Risk Premium Analysis (RPA) and Expected Earnings Analysis (EEA), both suffer a severe, invalidating conceptual flaw: they confuse the cost of equity and the return on equity. Thus, these models are deeply</p>	

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	<p>flawed in their basic concept: they are circular, in that they are based on utilities’ authorized or forecast return on equity, not their actual cost of equity.”).</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 6, 14.</p> <p>September 12, 2022 Evidentiary Hearing Transcript, p. 61-66, 68, 70-74, 97-98.</p> <p>September 23, 2022 PCF Opening Brief, p. 5, 12-14.</p> <p>September 30, 2022 PCF Reply Brief, p. 5, 7-9.</p> <p>November 29, 2022 PCF Comments on PD, p. 4-6, Appendix, p. 4.</p> <p>December 5, 2022 PCF Reply Comments on PD, p. 2-3.</p> <p>December 5, 2022 Oral Argument Transcript, p. 293-294 (“The D.C. Circuit recently determined FERC’s use of the risk premium model was arbitrary and capricious because it was not in line with general financial logic because investors don’t use the model and because of the model’s circularity.”)</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 3-6, 8-9, 52-57, 101.</p> <p>PCF-10 (Ellis Phase 2 Rebuttal Testimony), p. 1-9, 11, 13, 18.</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 4-5, 20-27.</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 2-3, 15-19; id. at p. 2 (“Second, in determining the COC, the Commission should consider only those financial models</p>	

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	<p>that actually estimate the Utilities’ costs of capital – the Discounted Cash Flow model (DCF) and the Capital Asset Pricing Model (CAPM) – and not the Risk Premium model (RMP) and Expected Earnings Analysis (EEA), which are based on book value instead of what an investor expects based on what the investor would actually pay in the market.”).</p> <p>September 30, 2024 PCF Comments on Phase 2 PD, p. 2, 6-7, 9.</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 4.</p>	
<p><b><u>The Utilities Use Economically Implausible DCF and CAPM Inputs.</u></b> PCF enriched the record by providing detailed briefing and financial analysis and other evidence showing why the Utilities’ Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM) results should be rejected and require much lower ROEs than suggested by the utilities and other intervenors. PCF presented evidence of clear action steps that the Commission can take to ensure the results of CAPM and DCF models are reliable in the future. D.22-12-031 did not adopt PCF’s recommendation in full, but it considered</p>	<p>“The CAPM model produces significantly higher results than the other models, particularly for SDG&amp;E and SoCalGas. The material outlier was offered by SDG&amp;E/SoCalGas witness Coyne, who relied on market risk premium estimates in the range of 12.22% to 13.4%.” D.22-12-031, p. 22.</p> <p>Commission “found no reason to adopt the financial modeling of any one party.” D.22-12-031, p. 23.</p> <p>The Commission considered PCF’s evidence. D.23-08-028, p. 8 (“the Commission weighed the various evidence of many qualified expert witnesses (including PCF’s) to reach its conclusions”).</p> <p>“The parties used variations of the CAPM, DCF and RPM financial models to support their respective ROE recommendations.” D.21-12-031, p. 47 (FOF 29).</p> <p>“Each party used different subjective inputs and variations of the CAPM, RPM and DCF financial models as a basis for their</p>	<p>Verified</p>

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<p>PCF’s evidence and briefs and did not adopt SDG&amp;E’s and SoCalGas’s DCF and CAPM results; and D.24-10-008 allows the Commission to consider PCF’s recommendations in future COC proceedings.</p>	<p>recommended ROEs.” D.21-12-031, p. 47 (FOF 30).</p> <p>“EPUC/IS/TURN and PCF both adopted the proxy group put forth by SoCalGas’s witness.” D.22-12-031, p. 16.</p> <p>“The DCF model results for the intervenors, SCE, SoCalGas, and SDG&amp;E are also within on hundred basis points of each other, with the exception that the PCF proposed results for SDG&amp;E and SoCal Gas of 5.83 percent and 5.98 percent are extraordinarily lower than all of the other results and not given weight.” D.22-12-031, p. 22.</p> <p>D.22-12-031, p. 20 (PCF CAPM results equaling 4.90% for SDG&amp;E and 4.90% for SoCalGs); D.22-12-031, p. 21 (PCF DCF results equaling 5.83% for SoCalGas and 5.98% for SDG&amp;E); D.22-12-031, p. 37 (PCF Final Proposed ROE for SoCalGas: 5.40%; D.22-12-031, p. 38 (PCF Final Proposed ROE for SDG&amp;E: 5.45%).</p> <p>“TURN, PCF, UCAN, EDF, and EPUC/IS provided recommendations on ROE calculation methodologies and modeling.” D.24-10-008, p. 29.</p> <p>“On the broader question of constraining future cost of capital applications in their use of particular models or assumptions (i.e., issues 5(a) through 5(e)) above, we decline to implement these constraints at this time but do so without prejudice...” D.24-10-008. p. 29.</p> <p>Commissioner Houck: “. . . As I mentioned before, parties made substantial contributions to this proceeding, including many recommendations for changes to the</p>	

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	<p>Commission’s cost of capital proceedings. Many parties suggested we substantially reevaluate how we conduct these proceedings, and while this decision does not adopt those recommendations beyond the aforementioned change in the CCM. I want to emphasize that that we are listening, and to take a minute to just discuss some of the underlying work of the cost of capital proceedings. <i>See</i> Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 1.</p> <p>PCF-01 (Ellis Testimony), p. 8-11, 32-76.</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 2-3, 6, 14-16, 20-21.</p> <p>September 23, 2022 PCF Opening Brief, p. 14-16; <i>id.</i> at p. 14 (“In implementing the CAPM, Mr. Coyne uses an interest rate forecast long and widely known to be systematically upwardly biased; and he cherry-picks a beta calculation methodology that does not reflect current investor risk perceptions and applies the “Blume” adjustment that is not valid for utilities.”)(citations omitted).</p> <p>September 30, 2022 PCF Reply Brief, p. 9.</p> <p>November 29, 2022 PCF Comments on PD, 6-9.</p> <p>December 5, 2022 PCF Reply Comments on PD, p. 3.</p> <p>PCF-09 (Ellis Phase 2 Testimony), p. 4-6, 39, 41, 53-54, 58-94, 101; <i>id.</i> at p. 59 (“The most critical common flaw in the implementation of the CG DCF is the assumption that analysts’ EPS growth forecasts are valid into perpetuity. This</p>	

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	<p>assumption is not reasonable. The results of the CG DCF are particularly sensitive to the perpetuity growth rate assumption. The inaccuracy introduced by assuming a relatively short-term growth rate will be sustained forever therefore invalidates the results of the CG DCF as commonly implemented using analysts’ EPS growth forecasts.”).</p> <p>PCF-10 (Ellis Phase 2 Rebuttal Testimony), p. 2, 13-15.</p> <p>April 22, 2024 PCF Phase 2 Opening Brief, p. 5, 29-32, 38-39.</p> <p>May 6, 2024 PCF Phase 2 Reply Brief, p. 3, 18-20.</p> <p>September 30, 2024 PCF Comments on Phase 2 PD, p. 2, 7, 9; Appendix p. 4, 6.</p>	
<p><b><u>Utilities’ Claims of High Risk Lack Support.</u></b> PCF enriched the record and deliberations by eliciting testimony and providing detailed arguments showing that the Utilities’ claims of risk were exaggerated and unsupported. D.21-12-031 adopted PCF’s position in large part, agreeing with PCF that the Utilities’ wildfire and other risks have been mitigated by AB 1054 and regulatory mechanisms.</p>	<p>“Financial risk is tied to the utility’s capital structure.” D.22-12-031, p. 48 (FOF 32).</p> <p>“AB 1054 has substantially mitigated wildfire liability exposure as well as liquidity concerns.” D.22-12-031, p. 48 (FOF 35).</p> <p>“There are regulatory mechanisms in place to mitigate cashflow risks that arose in response to disconnection moratoriums that were applied in response to the COVID-19 pandemic.” D.22-12-031, p. 48 (FOF 37).</p> <p>“There were generally no new regulatory risks presented for the Test Year 2023 Cost of Capital cycle that were not previously addressed by the Commission in prior Cost of Capital cycles.” D.22-12-031, p. 48 (FOF 40).</p>	<p>Verified</p>

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	<p>December 5, 2022 Oral Argument Transcript, p. 294; <i>id.</i> at p. 303, 305 (Cmmr. Rechtschaffen agreeing that wildfire risk has been de-risked and questioning the Utilities about decarbonization risks); <i>id.</i> at p. 322-323 (Pres. Reynolds asking about “how we think about risk from a quantitative perspective”); <i>id.</i> at p. 325-236 (PCF counsel responding to question by identifying specific cross-examination testimony elicited by PCF of SDG&amp;E’s and SoCalGas’s witness that admitted the Utilities did not quantify risks).</p> <p>May 27, 2022 PCF Protest, p. 8</p> <p>PCF-01 (Ellis Testimony), p. 8, 13-15, 18-20, 33, 50-76.</p> <p>PCF-02 (Ellis Rebuttal Testimony), p. 3, 6, 14, 16-17, 20-21.</p> <p>September 12, 2022 Evidentiary Hearing Transcript, p. 89, 103-105, 117-120, 127; <i>id.</i> at p. 177, 16-20 (SDG&amp;E-Beer) (“Q: Did you perform any type of quantification of SDG&amp;E’s wildfire mitigation activities when you were preparing your testimony? A: I did not.”); <i>id.</i> at p. 89, 1.21-23 (SDG&amp;E – Coyne) (“Q: But you didn’t actually quantify any credit quality risks; right? A: No, I did not.”).</p> <p>September 13, 2022 Evidentiary Hearing Transcript, p. 165, 167, 169, 171, 177, 178, 180, 181, 184-185, 188, 190, 232.</p> <p>September 23, 2022 PCF Opening Brief, p. 2-3; 9-10, 14, 17-21; <i>id.</i> at p. 20 (“SDG&amp;E presents no evidence of increased wildfire risk in SDGE’s service area since the Commission decided D.19-12-056. SDG&amp;E continues to ignore</p>	

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	<p>the Commission’s findings that ‘AB 1054 has substantially mitigated wildfire liability exposure’ and ‘there are no remaining significant unmitigated risks that warrant investor compensation through a higher ROE.’”) (citations omitted).</p> <p>September 30, 2022 PCF Reply Brief, p. 4-5, 13-16.</p> <p>November 29, 2022 PCF Comments on PD, p. 2, 9-12; Appendix p. 3, 6</p> <p>December 5, 2022 PCF Reply Comments on PD, p. 1-4.</p>	
<p><b><u>Commission’s Duty to Protect Ratepayers Exists Independent of Intervenor’s.</u></b> PCF provided detailed legal analysis showing that the Commission’s duty to protect the public does not depend on intervenors and the Commission revised the PD to remove a sentence suggesting to the contrary.</p>	<p>“Although the PD concludes that it is ‘incumbent upon the Joint Utilities to file applications with empirically accurate and reasonable assumptions about past, present, and future states of the world,’ the PD should be revised to provide express direction to the Utilities to ensure that future cost of capital proceedings applications do so.” PCF Comments on Proposed Phase 2 Decision (September 30, 2024), p. 7.</p> <p>“The PD errs in disclaiming responsibility for ensuring its cost of capital decisions protect ratepayers’ interests and erroneously placing on intervenors the total responsibility for negating the Utilities’ flawed cost of capital applications. The California Supreme Court has made clear, contrary to the PD, that “[i]t should not be necessary for any private party to rouse the Commission to perform its duty” to consider the public interest.” PCF Comments on Proposed Phase 2 Decision (September 30, 2024), p. 8.</p> <p><del>“It is incumbent upon the intervenor parties to provide testimony and argument to the</del></p>	<p>Verified. We note that the Intervenor made edits to portions of the specific references here. No changes were made to the edits.</p>

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
	<p><del>extent the Joint Utilities do not do so.</del>”                      Proposed Phase 2 Decision: Rev. 1, Redline (October 15, 2024) p. 29.</p> <p>“Comments were filed on September 30, 2024, by UCAN, SCGC, PCF, EPUC/IS, TURN, EDF, the Joint Utilities, and Wild Tree. Reply comments were filed on October 7, 2024, by Cal Advocates, TURN, UCAN, EPUC/IS, the Joint Utilities, EDF, and PCF. We reviewed the comments and changes have been made throughout the decision in response to these comments.”                      D.24-10-008, p. 31-32.</p> <p>Commissioner Houck: “And then one final consideration is that setting ROEs well above the cost of equity distorts utility profit incentives. So basically, utilities have an extra incentive to acquire additional capital if the allowable rate of return exceeds the cost of capital. The utilities in this proceeding are all decoupled, which means their sole way to increase profits year to year is to add to rate base, and this creates incentives for utilities to expand rate base as much as possible to benefit shareholders. And we know this because increasing profits is the fiduciary duty of the firm’s management, and it’s our job to ensure that these returns are fair and rates are just and reasonable.” <i>See Attachment 2</i> (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</p> <p>September 30, 2024 PCF Comments on Phase 2 PD, 6-9.</p>	
<p><b><u>No Retroactive Ratemaking.</u></b> The Commission adopted PCF’s (and others’) argument that</p>	<p>“The modification to the CCM adopted in the proposed decision takes effect in 2025 and is thus prospective, not retroactive.</p>	<p>Verified</p>

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
<p>modification to the CCM is not retroactive ratemaking.</p>	<p>The prospective changes to ROE in 2025 are the logical effect of modifications to the CCM and, as correctly noted by TURN, Cal Advocates, and PCF, do not constitute retroactive ratemaking.” D.24-10-008, p. 32 &amp; fn. 76 (citing to PCF Reply Comments on Phase 2 Proposed Decision at 2-3); October 7, 2024 PCF Reply Comments on Proposed Phase 2 Decision, p. 2-3.</p> <p>October 7, 2024 PCF Reply Comments on Phase 2 PD, p. 2-3.</p>	
<p><b><u>Increased Transparency for the Public.</u></b> The Commission considered all, and granted some, of PCF’s procedural and evidentiary motions. PCF motions enriched the deliberations and the record by promoting transparency and the public’s right to access information and to understand the way that business is conducted on its behalf.</p>	<p>September 16, 2022 PCF Opposition to IOU Confidentiality Motion, p. 2-6; September 13, 2022 Evidentiary Hearing Transcript, p. 207-208 (PCF counsel arguing that credit agency reports should be made public); p. 209 (SDG&amp;E counsel agreeing that ALJ could order the documents to be made public); p. 213-228 (discussion about public access); Email Ruling Responding to Pacific Gas and Electric Company September 15, 2022 Joint Motion Regarding Confidential Exhibits (September 16, 2022), p. 2.</p> <p>September 23, 2022 PCF Motion for Oral Argument; Email Ruling Regarding Request to Present (November 22, 2022), p. 2; December 15, 2022 Oral Argument Transcript.</p> <p>March 1, 2024 PCF Motion for Evidentiary Hearings, p. 1-13; Administrative Law Judge’s Ruling Denying Motion for Evidentiary Hearing (March 19, 2024), p. 2.</p> <p>August 8, 2022 PCF and UCAN Motion for Evidentiary Hearings, p. 1-15; August 31, 2022 Email ruling granting three motions seeking evidentiary hearing.</p>	<p>Verified</p>

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

	<b>Intervenor's Assertion</b>	<b>CPUC Discussion</b>
<b>a. Was the Public Advocate's Office of the Public Utilities Commission (Cal Advocates) a party to the proceeding?</b>	Yes.	Verified
<b>b. Were there other parties to the proceeding with positions similar to yours?</b>	Yes.	Verified
<b>c. If so, provide name of other parties:</b> EPUC, TURN, WTF, EDF, UCAN, Cal Advocates		Verified
<b>d. Intervenor's claim of non-duplication:</b> <p>While Cal Advocates and other intervenors in this proceeding agreed that the Utilities TY23 cost of capital applications requested rates of returns that were too high, PCF was the only party to provide expert testimony from a uniquely qualified former utility top economic executive – Sempra's former head of strategy who personally developed, implemented, and oversaw the company's enterprise-wide cost of capital function. The techniques and methodologies Mr. Ellis used to produce analyses and evidence are the type Mr. Ellis routinely employed in support of Sempra's most important and consequential strategy, investment, policy, and regulatory decisions at Sempra, a unique and relevant perspective not provided by any other party. PCF's non-duplicative, detailed, and thorough testimony entailed novel approaches to the evidence specific to SDG&amp;E's and SoCalGas's TY23 cost of capital applications and to the cost of capital analysis that can be used in future cost of capital decisions. PCF made numerous, diverse, and robustly supported arguments and recommendations that other parties did not make, including detailing the corrections necessary to conform SDG&amp;E's and SoCalGas's financial assumptions utilized in the DCF and CAPM financial models to sound financial logic, and the reasons why the EEA and the RPM inherently cannot produce authorized costs of capital equal to the utilities' actual costs of capital and therefore should not be utilized in cost of capital proceedings.</p> <p>PCF met with other intervenors in this proceeding on multiple occasions both to avoid duplication of effort to produce the most efficient and effective joint advocacy despite PCF's distinct constituencies and interests. PCF collaborated with UCAN to file the August 24, 2024 PCF and UCAN Motion for Evidentiary Hearings. PCF coordinated with other intervenors via email for the evidentiary hearings and oral arguments and regarding the substantive issues. To the extent PCF's arguments were similar to other parties' arguments, they supplemented, complemented, and</p>		Noted

	<b>Intervenor's Assertion</b>	<b>CPUC Discussion</b>
	<p>contributed to the presentations by other parties; and they were neither unproductive nor unnecessary because the interests PCF represents, the interests of San Diego and Southern California residential ratepayers, are not otherwise adequately represented at the Commission. All of PCF's participation was necessary for a fair determination of the decisions in this proceeding because PCF responded directly to the Utilities' applications and arguments and the questions in the Commission's Scoping Memo throughout the proceeding in both Phase 1 and Phase 2 in its comments, its briefs, its testimony, and in its cross-examination.</p>	

### C. Additional Comments on Part II:

<b>#</b>	<b>Intervenor's Comment</b>	<b>CPUC Discussion</b>
II(A)	<p><b>Substantial Contribution.</b> Pursuant to Section 1802(j), "Substantial contribution" means that, in the judgment of the commission, the customer's presentation has substantially assisted the commission in the making of its order or decision because the order or decision has adopted in whole or in part one or more factual contentions, legal contentions, or specific policy or procedural recommendations presented by the customer."</p>	Noted
II(A)	<p><b>Substantial Contribution Includes Enriching Deliberations or the Record.</b> Past Commission decisions instruct that intervenors substantially contribute when they have "provided a unique perspective that enriched the Commission's deliberations and the record." (D.05-06-027, p. 5); when they have "assisted the Commission in the decision-making process" (D.19-10-019, p. 3-4); when they provide a full discussion of the matters at issue so as to allow the Commission "to fully consider the consequences of adopting or rejecting" the parties' proposals (D.08-04-004, p. 5-6); and when they offer alternative evaluations of the disputes addressed (D.19-10-019, p. 5-6).</p>	Noted
II(A)	<p><b>Substantial Contribution Includes Procedural Recommendations.</b> The Commission recognizes that "[p]rocedural outcomes are statutorily recognized as substantial contribution." (D.19-10-019, p. 7; p. 4 [adoption of "procedural recommendations related to scheduling and evidence."].)</p>	Noted
II(B)(d)	<p><b>No Duplication.</b></p>	Noted

#	Intervenor’s Comment	CPUC Discussion
	<p>No reduction to PCF’s compensation due to duplication is warranted given the standard adopted by the Commission in D.03-03-031 and consistent with Public Utilities Code Sections 1801.3(b) &amp; (f), 1802(j), 1802.5, and 1803. Section 1803 sets forth the requirements for awarding intervenor compensation. Pub. Util. Code, § 1803; D.03-03-031, p. 12-14. An award of compensation for reasonable fees for participation in a proceeding is required when an intervenor (1) complies with Section 1804 and (2) “satisfies both of the following requirements: (a) The customer’s presentation makes a substantial contribution to the adoption, in whole or in part, of the commission’s order or decision. (b) Participation or intervention without an award of fees or costs imposes a significant financial hardship.” Pub. Util. Code, § 1803. Section 1801.3(f) seeks to avoid only (1) “unproductive or unnecessary participation that duplicates the participation of similar interests otherwise adequately represented” or (2) “participation that is not necessary for a fair determination of the proceeding.” Pub. Util. Code, § 1801.3, subd. (f); D.03-03-031, p. 15-18. The “duplication language contained in the first dependent clause requires the compensation opponent to establish three elements – duplication, similar interests, and adequate representation.” D.03-03-031, p. 18. Section 1802.5 provides for full compensation where participation “materially supplements, complements, or contributes to the presentation of another party.” Pub. Util. Code. § 1802.5; <i>see also</i> D.03-03-031, p. 14.</p>	

**PART III: REASONABLENESS OF REQUESTED COMPENSATION**

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

	CPUC Discussion
<p><b>a. Intervenor’s claim of cost reasonableness:</b></p> <p>PCF’s representatives’ knowledge gained from their respective professional experiences uniquely allowed PCF to efficiently refute claims made by the utilities and present novel arguments and recommendations.</p> <p>By virtue of PCF’s expert’s directly relevant finance background, PCF’s participation provided the Commission with an unparalleled</p>	<p>Noted</p>

	<b>CPUC Discussion</b>
<p>expert analysis of the financial principles and models utilized in the Commission’s cost of capital proceedings, and a unique window into the financial priorities of utility executives.</p> <p>PCF’s Legal &amp; Executive Director’s litigation and legal background allowed PCF to efficiently present the relevant legal principles in the context of and as they relate to finance principles and the facts established by PCF’s expert’s testimony.</p> <p>Where it would conserve resources to do so, PCF’s Legal &amp; Executive Director utilized PCF consultant Loretta Lynch, an attorney and former CPUC President who also participated in previous cost of capital proceedings on behalf of PCF.</p> <p>While it is impossible in this case to provide an actual dollar value of the benefit to ratepayers of PCF’s participation, application of the financial principles which PCF advocated for would, if implemented by the Commission in the future as D.24-10-008 contemplates, save ratepayers hundreds of millions of dollars. As Commissioner Houck discussed at the hearing, “across the four IOU’s, the impact of each basis point of ROE above cost of equity is \$6 million.” <i>See Attachment 2 (excerpt of October 17, 2024 Commission Meeting, Item 14), p. 2.</i></p>	
<p><b>b. Reasonableness of hours claimed:</b></p> <p>PCF’s Legal &amp; Executive Director has a background in litigation and public law that allowed her to participate in this proceeding efficiently and effectively; and she sparingly used the expertise of a former Commission President which further reduced the hours spent in this proceeding. PCF provided testimony directly in response to claims made by utilities and on the issues in the scoping memo. PCF focused on the areas where PCF had unique expertise, and did not spend time on issues where other intervenors focused their efforts unless PCF’s perspective was important to ensure the Commission had the information it needed for informed decision-making.</p> <p>PCF engaged with SDG&amp;E and SoCalGas to streamline the contested issues and reduce the time needed to cross-examine witnesses, and entered into stipulations in which PCF agreed not to cross-examine multiple witnesses in exchange for an agreement on facts. <i>9/6/2022 Stipulation Between Southern California Gas Company, San Diego Gas &amp; Electric Company, and The Protect Our Communities Foundation (September 13, 2022), p. 1-2; 9/9/2022 Stipulation Between Southern</i></p>	<p>Noted</p>

	CPUC Discussion																				
<p>California Gas Company, San Diego Gas &amp; Electric Company, and The Protect Our Communities Foundation (September 13, 2022), p. 1-2.</p> <p>PCF does <u>not</u> claim time spent on any administrative matters, such as time spent filing and serving comments. Nor did PCF claim its time to prepare, serve, submit, and resubmit exhibits. In an additional effort to minimize costs, PCF staff attorney Andrea White, whose rates are significantly lower than Ms. Dickenson’s, assisted in preparing this request for intervenor compensation.</p> <p>All of the hours claimed in this request were reasonably necessary to PCF’s participation towards the decisions in this proceeding.</p>																					
<p><b>c. Allocation of hours by issue:</b></p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Comments/Protest</td> <td>8.12%</td> </tr> <tr> <td>AfR</td> <td>2.79%</td> </tr> <tr> <td>Briefs</td> <td>16.88%</td> </tr> <tr> <td>Discovery</td> <td>3.29%</td> </tr> <tr> <td>Testimony</td> <td>48.08%</td> </tr> <tr> <td>Evidentiary hearing</td> <td>15.06%</td> </tr> <tr> <td>Oral argument</td> <td>0.78%</td> </tr> <tr> <td>General participation</td> <td>5.01%</td> </tr> <tr> <td>Total</td> <td>100.00%</td> </tr> </tbody> </table>	Topic	Percentage	Comments/Protest	8.12%	AfR	2.79%	Briefs	16.88%	Discovery	3.29%	Testimony	48.08%	Evidentiary hearing	15.06%	Oral argument	0.78%	General participation	5.01%	Total	100.00%	Noted
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**B. Specific Claim:\***

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Malinda Dickenson [Legal Director]	2024	110.2	\$730.00 + step increase = \$765	See comment #1.	\$84,303	44.08 [7]	\$725.00 [1]	\$31,958.00
Malinda Dickenson [Legal Director]	2023	23.9	\$700.00 + step increase = \$735	See comment #1.	\$17,566.50	9.56 [7]	\$665.00 [1]	\$6,357.40

CLAIMED						CPUC AWARD		
Malinda Dickenson [Legal Director]	2022	193.9	\$670.00 + step increase = \$705	See comment #1.	\$136,699.50	77.56 [7]	\$610.00 [1]	\$47,311.60
Loretta Lynch [Attorney]	2023	2.3	\$745.00	See comment #2.	\$1,713.50	.92 [7]	\$745.00 [2,9]	\$685.40
Loretta Lynch [Attorney]	2022	21.9	\$715.00	D.24-09-48, p. 36	\$15,658.50	8.76 [7]	\$715.00 [2,9]	\$6,263.40
Jonathan Webster [Attorney]	2024	25.3	\$260.00	See Comment #3.	\$6,578	10.12 [7]	\$260.00 [3]	\$2,631.20
Mark Ellis	2024	130.2	\$1,125.00	See Comment #4.	\$146,475	52.08 [7]	\$1,125.00 [4,9]	\$58,590.00
Mark Ellis	2023	6.5	\$1,080.00	See Comment # 4.	\$7,020	2.6 [7]	\$1,080.00 [4,9]	\$2,808.00
Mark Ellis	2022	170.5	\$1,035.00	D.24-09-048, p. 35-36	\$176,467.50	68.20 [7]	\$1,035.00 [4,9]	\$70,587.00
Julia Severson	2022	12	\$120.00	D.23-08-020, p. 20.	\$1,440	4.80 [7]	\$120.00 [5]	\$576.00
<b>Subtotal: \$593,921.50</b>						<b>Subtotal: \$227,768.00</b>		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Julia Severson	2022	3	\$60.00	½ of hourly rate.	\$180	3	\$60.00 [5]	\$180
Malinda Dickenson	2024	0.5	\$382.50	½ of hourly rate. See Comment #1.	\$191.25	0.5	\$362.50 [1]	\$181.25
Malinda Dickenson	2022	3.5	\$352.50	½ of hourly rate. See comment #1.	\$1,233.75	3.5	\$305.00 [1]	\$1,067.50
Andrea White	2024	8	\$132.50	½ of hourly rate. See Comment #5. D.24-12-021, p. 20	\$1,060	8	\$132.50 [6]	\$1,060
<b>Subtotal: \$2,665</b>						<b>Subtotal: \$2,488.75</b>		
<b>TOTAL REQUEST: \$596,586.50</b>						<b>TOTAL AWARD: \$230,256.75</b>		
<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. Intervenors' 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>								

CLAIMED			CPUC AWARD
ATTORNEY INFORMATION			
Attorney	Date Admitted to CA BAR <sup>4</sup>	Member Number	Actions Affecting Eligibility (Yes/No?) If "Yes", attach explanation
Malinda Dickenson	12/4/2002	222564	No
Loretta Lynch	12/14/1990	151206	No
Jonathan Webster	12/5/2023	351823	No
Andrea White	12/5/2023	351824	No

**C. Attachments Documenting Specific Claim and Comments on Part III<sup>5</sup>:**

Attachment or Comment #	Description/Comment
Attachment 1	Certificate of Service
Attachment 2	Excerpt of Transcript of October 17, 2024 Commission Meeting (Item 14 of Pubic Agenda 3553), available at <a href="https://www.adminmonitor.com/ca/cpuc/voting_meeting/20241017/">https://www.adminmonitor.com/ca/cpuc/voting_meeting/20241017/</a> (starting at 47:20).
Attachment 3	Timesheet and Categorization
Attachment 4	Malinda Dickenson Resume
Comment 1	<p><b>Malinda Dickenson basis for rates:</b></p> <p>\$730/hour + step increase = <b>\$765 for 2024;</b>                      \$700/hour + step increase = <b>\$735 for 2023;</b>                      \$670/hour + step increase = <b>\$705 for 2022.</b></p> <p>As of 2024, Ms. Dickenson has 14 years of experience in the legal director role, with 5 years as PCF’s General Counsel and Legal &amp; Executive Director. Ms. Dickenson’s 14 years of experience in the legal director role qualifies her for the upper range of Level IV, which applies to 10-15 years of legal director experience.</p> <p>The Commission’s hourly rate chart provides a median rate of \$699.57 and a high-end rate of \$860.03 for Level IV Legal Directors in 2024; a median rate of \$672.21 and a high-end rate of \$832.67 in 2023; and a median rate of \$643.51 and a high-end rate of \$803.97 for Level IV legal directors in 2022. PCF justifies Ms. Dickenson’s 2024, 2023, and 2022 rates of \$765, \$735, and \$705 based on her 12-14 years of experience in the legal director role, which is just above the median and far below the upper range for Level IV Legal Directors, and the rates of Legal Directors with comparable training and experience.</p>

Attachment or Comment #	Description/Comment
	<p>Legal directors with comparable and less experience than Ms. Dickenson have been awarded rates exceeding Ms. Dickenson’s proposed \$765/hour, \$735/hour, \$705 rates. Mr. Birkelund was awarded \$705/hour in 2022 (D.23-02-016) [equivalent to \$735/hour in 2023 and \$765/hour in 2024] and \$770 for 2023 rates (D.24-0-056) [equivalent to \$800/hour in 2024 rates]. Mr. Birkelund has two years less experience in the legal director role than Ms. Dickenson. (See D.22-08-046, p. 17.) Ms. Elliott, who had 14 years of legal director experience in 2022, was awarded a rate of \$725 for 2022 (D.24-03-064) [equivalent to \$755 in 2023 and \$785/hour in 2024] and \$755/hour in 2023.</p> <p>Ms. Dickenson’s rate is also justified by her experience as an Attorney. Ms. Dickenson’s resume is attached and has been updated from previous claims to clarify that Ms. Dickenson is a lawyer who as of 2024, has 22 years of experience that is directly related to her work before the Commission. The Commission hourly rate chart provides a median rate of \$680.95 and a high-end rate of \$773.67 in 2024, a median rate of \$654.32 and a high-end rate of \$747.04 in 2023, and a median rate of \$626.38 and a high-end rate of \$719.10 for Level V Attorneys in 2022. These rates include overhead costs. Ms. Dickenson’s 2024, 2023, and 2022 rates of \$765/hour, \$735/hour, and \$705/hour fall in between the median and high values for Level V Attorneys, which is conservative based on Ms. Dickenson’s 22 years of directly related experience as of 2024.</p> <p>Ms. Dickenson’s resume and this justification have been updated since Ms. Dickenson was awarded a 2022 rate of \$610 per hour in D.23-08-020 and D.23-10-018 which were in turn based on the 2021 rate of \$590 per hour in D.22-10-030. D.22-10-030 misinterpreted Ms. Dickenson’s number of years of experience. In D.23-11-050, the Commission identified the basis for its interpretation of Ms. Dickenson’s previous resume which led to D.22-10-030 and invited Ms. Dickenson to provide additional information by citing to the Intervenor Compensation Guide at page 22 which “advises intervenors seeking a higher hourly expert rate to identify a decision approving a higher rate or to provide updated credentials for its expert to supplement the record.” (D.23-11-043, p. 4.)</p> <p>Accordingly, Ms. Dickenson’s resume and this justification have been updated to clarify that Ms. Dickenson is currently a lawyer with 22 years of experience that is directly related to her work before the Commission and with 14 years of legal director experience.</p>
	<p><sup>4</sup> This information may be obtained through the State Bar of California’s website at <a href="http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch">http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch</a>.</p>

<sup>5</sup> Attachments not included in final Decision.

Attachment or Comment #	Description/Comment																																																															
	<p><b><u>Request for Step Increase.</u></b> Under Resolution ALJ-393, intervenors may request up to two 5% annual step increases per labor role experience level. PCF requests a step increase for Ms. Dickenson’s 2024, 2023, and 2022 rates. PCF has not yet requested a step increase for Ms. Dickenson.</p>																																																															
	<p>Provided below is a table listing the rates of other legal directors with comparable levels of experience as Ms. Dickenson.</p>																																																															
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Comment 2	<p><b>Loretta Lynch 2023 Hourly Rate: \$745</b>            In D.24-09-048, the Commission adopted a rate of \$715/hour for Ms. Lynch’s 2022 rate, recognizing her as a Level V Attorney. Applying the Commission’s approved escalation from ALJ-393 of 4.46% for 2023 equals \$745/hour.</p>				
Comment 3	<p><b>Jonathan Webster 2024 Hourly Rate: \$260/hour</b>            In D.24-12-064, the Commission adopted a rate of \$250/hour for Mr. Webster’s 2023 rate, recognizing him as a Level I Attorney who has been licensed by the California State Bar since December 5, 2023. Applying the Commission’s approved escalations of 4.07% for 2024 equals \$260/hour.</p>				
Comment 4	<p><b>Mark Ellis basis for rates: \$1,125/hour for 2024; \$1,080/hour for 2023.</b>            In D.24-09-048, the Commission adopted a rate of \$1,035/hour for Mr. Ellis’s 2022 rate, recognizing him as a Top Economic Executive V with over thirty years of experience in the energy industry, and fifteen years of experience as a utility finance executive at Sempra Energy.</p> <p>To calculate Mr. Ellis’s 2024 and 2023 hourly rates, PCF applied the annual escalation methodology adopted in Resolution ALJ-393 using the Commission-determined escalation rate. Applying the Commission’s approved escalations of 4.46% for 2023 and 4.07% for 2024 equals \$1,080/hour and \$1,125/hour. In 2024, the median range for Top Economic Executive Vs is \$1,101.90/hour and the high is \$1,238.64/hour. In 2023, the median for Top Economic Vs is \$1066.12/hour and the high is \$1,202.86/hour.</p>				
Comment 5	<p><b>Andrea White 2024 Hourly Rate: \$265 hour</b>            In D.24-12-021, the Commission adopted a rate of \$250/hour for Ms. White’s 2024 rate, recognizing her as a Level I Attorney who has been licensed by the California State Bar since December 5, 2023.</p> <p><b><u>Request for Step Increase.</u></b> PCF requests that Ms. White be awarded a step increase of 5%. Under Resolution ALJ-393, intervenors may request up to two 5% annual step increases within each labor role experience level. A step increase of 5% is \$262.50/hour, which rounded to the nearest \$5 increment, is \$265/hour.</p>				

**D. CPUC Comments, Disallowances, and Adjustments**

Item	Reason
<p>[1] Malinda Dickenson 2022, 2023, 2024 Hourly Rates</p>	<p>D.23-08-020 verified a 2022 rate of \$610.00 for Malinda Dickenson. We apply the same rate here. In response to PCF's request for step increases for Malinda Dickenson in Comment 1, a maximum of two step increases can be granted for Malinda Dickenson. The Commission has already applied the two step increases for Malinda Dickenson in 2023 and 2024 in D.25-04-017.</p> <p>D.25-04-017 verified a 2023 hourly rate of \$665.00 for Malinda Dickenson. D.25-04-017 verified a 2024 hourly rate of \$700.00 for Malinda Dickenson but did not apply the escalation factor to that 2024 rate pursuant to Resolution ALJ-393. We therefore apply the applicable 2024 escalation factor of 4.07% to the 2024 rate of \$700.00, and rounded to the nearest allowable five-dollar increment, we find:</p> <p>2024: <math>\\$700.00 \times 1.0407 = \\$725.00</math></p> <p>We find the <i>updated</i> 2024 rate of \$725.00 reasonable and adopt it here.</p>
<p>[2] Loretta Lynch 2022 and 2023 Hourly Rates</p>	<p>PCF has confirmed that Loretta Lynch is a consultant. Pursuant to Commission policy, the rate requested by an intervenor must not exceed the rate billed to that intervenor by any outside consultant it hires, even if the consultant's billed rate is below the floor for a given experience level. Per the IComp Program Guide at 24, the Commission may audit the records and books of the intervenors to the extent necessary to verify the basis for the award (§ 1804(d)).</p> <p>PCF has confirmed via supplemental filing that it paid Loretta Lynch \$715 an hour in 2022 and \$745 an hour in 2023. We find these rates reasonable based on Loretta Lynch's experience and approve them here.</p> <p>The award determined herein for the consultant's contribution in this proceeding shall be paid in full to the consultant, and no portion of this part of the award shall be kept by the intervenor. Additionally, the rates approved here are specific to work in this proceeding and the contract terms between the consultant and intervenor, as they are established in accordance with the Commission's policy on consultant compensation.</p> <p>We reiterate that it is the responsibility of the intervenor to be forthcoming about engaging consultants, to adhere to the Commission's policy on compensation for consultant fees, and to provide the appropriate documentation with the initial claim to ensure</p>

Item	Reason
	<p>efficient processing and thus avoid the need for the Commission to request supplemental documentation. In this instance, PCF did not provide all the documentation pertaining to the contract terms between PCF and Loretta Lynch in the initial claim and waited until the Commission requested supplemental documentation which delays the processing of the claim.</p>
<p>[3] Jonathan Webster 2024 Hourly Rate</p>	<p>PCF requests a 2024 hourly rate of \$260 for work conducted by Jonathan Webster. Based on the approved 2023 hourly rate of \$250.00 established in D.24-12-064, we apply the 2024 escalation factor of 4.07% and round to the nearest \$5 increment, for the following 2024 rate:</p> <p>2024: <math>\\$250.00 \times 1.0407 = \\$260.00</math></p> <p>We find the 2024 hourly rate of \$260.00 reasonable and correct this rate moving forward.<sup>6</sup> We note this change does not affect previous decisions.</p>
<p>[4] Mark Ellis 2022, 2023, 2024 Hourly Rates</p>	<p>PCF has confirmed that Mark Ellis is a consultant.</p> <p>Pursuant to Commission policy, the rate requested by an intervenor must not exceed the rate billed to that intervenor by any outside consultant it hires, even if the consultant's billed rate is below the floor for a given experience level. Per the IComp Program Guide at 24, the Commission may audit the records and books of the intervenors to the extent necessary to verify the basis for the award (§ 1804(d)).</p> <p>PCF has confirmed via supplemental filing that it paid Mark Ellis \$1,035 an hour in 2022, \$1,080 an hour in 2023, and \$1,125 an hour in 2024. Based on his experience level, we find these rates reasonable and approve them here.</p> <p>The award determined herein for the consultant's contribution in this proceeding shall be paid in full to the consultant, and no portion of this part of the award shall be kept by the intervenor. Additionally, the rates approved here are specific to work in this proceeding and the contract terms between the consultant and intervenor, as they are established in accordance with the Commission's policy on consultant compensation.</p>

<sup>6</sup> D.25-01-026 verified a 2024 hourly rate of \$280.00 for Jonathan Webster in error.

Item	Reason
	<p>We reiterate that it is the responsibility of the intervenor to be forthcoming about engaging consultants, to adhere to the Commission's policy on compensation for consultant fees, and to provide the appropriate documentation with the initial claim to ensure efficient processing and thus avoid the need for the Commission to request supplemental documentation. In this instance, PCF did not provide all the documentation pertaining to the contract terms between PCF and Mark Ellis in the initial claim and waited until the Commission requested supplemental documentation which delays the processing of the claim.</p>
<p>[5] Julia Severson 2022 Hourly Rate</p>	<p>PCF requests an hourly rate of \$120 for Julia Severson. D.24-09-048 verified a 2022 rate of \$120.00 for Julia Severson, therefore we adopt this rate here.</p>
<p>[6] Andrea White 2024 Hourly Rate</p>	<p>D.25-04-017 verified a 2024 hourly rate of \$265.00 for Andrea White, therefore we adopt this rate here. Preparation for Icomp is billed at 50%, therefore \$132.50 an hour is adopted here.</p>
<p>[7] Excessive Hours</p>	<p>Based on a review of the submitted timesheets, we find that many of the hours claimed reflect inefficiencies and unnecessary overlap among contributors. The time records show multiple representatives performing similar tasks, time devoted to activities with limited impact on the proceeding record and decisions, and substantial time on issues where other parties provided similar contributions.</p> <p>Although PCF presented testimony and participated actively, the hours requested are not proportionate to the contribution reflected in the final decisions. Portions of PCF's work were meaningful, but their overall impact was limited in scope compared to the time and compensation requested. PCF's request of nearly \$600,000 significantly exceeds what is expected for the level of participation demonstrated here. By comparison, TURN participated at a comparable level, with similar issue coverage, and participation across the same phases of the proceeding, yet requested approximately \$281,000, less than half of PCF's request (even after excluding PCF's hours related to D.23-08-028, (the decision denying the Application for Rehearing (AFR))). This comparison additionally provides an objective benchmark showing that PCF's claimed hours are excessive relative to the contribution demonstrated in the record.</p> <p>PCF also seeks compensation for 19.40 hours (\$12,901) associated with work on its AFR. The AFR was ultimately denied because:</p>

Item	Reason
	<p><i>“PCF’s allegations of error in the decision simply express differences of opinion. What the applicants are actually requesting is that the Commission reweigh the evidence, which constitutes an attempt to relitigate the issues. A rehearing application is not a permissible vehicle for a party to ask the Commission to reweigh the evidence; such a request does not constitute an allegation of legal error.”</i><sup>7</sup> The AFR did not introduce new evidence or demonstrate legal error but instead sought to have the Commission reweigh previously considered evidence and relitigate issues. Under these circumstances, the time devoted to that effort did not advance the proceeding or contribute effectively to the decision-making process.</p> <p>For these reasons, a 60 percent reduction to PCF’s substantive hours (excluding claim preparation hours) is reasonable and necessary. The adjustment reflects the scope of PCF’s demonstrated contribution and aligns the award with the level of participation supported by the record.</p>
<p>[8] Intervenor Responsibility for Transparency and Accuracy in Compensation Requests</p>	<p>The Commission takes this opportunity to remind all intervenors that they bear the burden of providing accurate, complete, and honest information in all compensation requests. The Commission relies on intervenors’ good faith representations, particularly regarding consultant agreements and payments, as it does not have the resources to review every contract or non-standard arrangement in detail.</p> <p>Intervenor compensation is funded by ratepayers, and the Commission takes seriously any effort to mislead or obscure the financial basis for a claim. Although no violation of Rule 1.1 has been found in this instance, we remind intervenors that under Rule 1.1, intent to deceive is not required for a violation, misstatements may still be actionable. Dishonest or misleading claims not only risk denial of compensation but may also subject the intervenor to penalties.</p> <p>The Commission has clear authority to audit intervenors’ books and records to verify the basis for any award. Intervenor must therefore ensure full transparency regarding actual time spent on issues, consultant fees, payment arrangements, and the actual disbursement of funds. Failure to meet this obligation undermines the integrity of the compensation process and may lead to denial of claims or further enforcement action.</p>

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<sup>7</sup> D.23-08-028 at 3.

**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>	No
<b>B. Comment Period: Was the 30-day comment period waived (see Rule 14.6(c)(6))?</b>	No

If not:

Party	Comment	CPUC Discussion
Protect Our Communities Foundation	<p><b>Reductions:</b></p> <p>Protect Our Communities Foundation argues that the Proposed Decision wrongly reduces it requested intervenor compensation by 60% without legal or factual support. PCF’s expert work was more extensive, unique and comparable to or less than parties. Additionally, PCF argues that the reduction based on PCF’s Application for Rehearing is unjustifiable.</p> <p>PCF contends the 60% reduction is arbitrary, unsupported by the record or law, and requests that the Commission revise the decision to award full compensation.</p>	<p>Rule 14.3 requires that comments shall focus on factual, legal or technical errors in the proposed or alternate decision and in citing such errors shall make specific references to the record or applicable law. Comments which fail to do so will be accorded no weight. The reductions reflect participation that did not materially supplement, complement, or contribute to resolving the issues of the case, unproductive or unnecessary participation, participation that duplicated similar interests, and participation that was not necessary for a fair determination of the proceeding. As highlighted in Part III.D, item [7], the Application for Rehearing offered no new factual support but rather sought reconsideration of the existing record and reopening of settled questions. Consequently, these hours were reduced because the time spent did not further the proceeding or materially assist in reaching a final determination.</p> <p>Additionally, PCF claims nearly 700 hours, including Intervenor Compensation claim preparation time, which is greater than the hours claimed by any other intervenor in this proceeding. We clarify that the comparison of hours accounts for totals including Intervenor Compensation</p>

Party	Comment	CPUC Discussion
	<p><b>Hourly Rates:</b></p> <p>The PD also contains mathematical error in calculation of Malinda Dickenson’s 2024 hourly rate. D.25-04-017 incorrectly calculated Ms. Dickenson’s market rate by applying the step increase for 2024 but omitting the Commission’s approved escalation rate. PCF requests the Commission to correct Dickenson’s 2024 rate and approve a rate of \$725.00 for Ms. Dickenson.</p>	<p>preparation hours between PCF’s claim and those of other intervenors.</p> <p>Given the totality of the circumstances described above, we find the award reduction of 60% assessed in Part III.D, item [7] to be reasonable, as compared to the value Protect Our Communities Foundation brought to this proceeding.</p> <p>In response to comments about the hourly rates, we have made non-substantive edits to the PD to clarify and correct Malinda Dickenson’s 2024 rate and align Jonathan Webster’s 2024 rate consistently with PCF’s request.</p>

**FINDINGS OF FACT**

1. The Protect Our Communities Foundation has made a substantial contribution to D.24-10-008, D.23-08-028, and D.22-12-031 (as modified by D.23-01-002).
2. The requested hourly rates for Intervenor’s representatives are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services, and/or reflect the actual rates billed to, and paid by the intervenor, for consultant services rendered.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$230,256.75.

**CONCLUSION OF LAW**

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

**ORDER**

1. The Protect Our Communities Foundation is awarded \$230,256.75.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company shall pay The Protect Our Communities Foundation the total award. 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 March 8, 2025, the 75<sup>th</sup> day after the filing of The Protect Our Communities Foundation's request, and continuing until full payment is made.
3. This proceeding is closed.

This decision is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

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

<b>Compensation Decision:</b>		<b>Modifies Decision?</b>	No
<b>Contribution Decision(s):</b>	D2410008, D2308028, D2212031		
<b>Proceeding(s):</b>	A2204008, et al.		
<b>Author:</b>	ALJ Gerstle		
<b>Payer(s):</b>	Pacific Gas and Electric Company		

**Intervenor Information**

<b>Intervenor</b>	<b>Date Claim Filed</b>	<b>Amount Requested</b>	<b>Amount Awarded</b>	<b>Multiplier?</b>	<b>Reason Change/ Disallowance</b>
The Protect Our Communities Foundation	12/23/2024	\$596,586.50	\$230,256.75	N/A	See Part III.D CPUC Comments, Disallowances and Adjustments.

**Hourly Fee Information**

<b>First Name</b>	<b>Last Name</b>	<b>Attorney, Expert, or Advocate</b>	<b>Hourly Fee Requested</b>	<b>Year Hourly Fee Requested</b>	<b>Hourly Fee Adopted</b>
Malinda	Dickenson	Attorney	\$730 + step increase = \$765	2024	\$725
Malinda	Dickenson	Attorney	\$700 + step increase = \$735	2023	\$665
Malinda	Dickenson	Attorney	\$670 + step increase = \$705	2022	\$610
Loretta	Lynch	Consultant	\$745	2023	\$745
Loretta	Lynch	Consultant	\$715	2022	\$715
Jonathan	Webster	Attorney	\$260	2024	\$260
Andrea	White	Attorney	\$250 + step increase = \$265	2024	\$265
Mark	Ellis	Consultant	\$1,125	2024	\$1,125
Mark	Ellis	Consultant	\$1,080	2023	\$1,080
Mark	Ellis	Consultant	\$1,035	2022	\$1,035
Julia	Severson	Advocate	\$120	2022	\$120

**(END OF APPENDIX)**