
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No: SB 1474 **Hearing Date:** 4/22/2024
Author: Allen
Version: 3/20/2024 Amended
Urgency: No **Fiscal:** Yes
Consultant: Nidia Bautista

SUBJECT: Public utilities: intervenor compensation

DIGEST: This bill proposes various changes to the intervenor compensation program at the California Public Utilities Commission (CPUC).

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities. (Article XII of the California Constitution)
- 2) Authorizes intervenors involving electric, water, and telephone utilities to be compensated for making a substantial contribution to proceedings of the CPUC, as determined by the CPUC. (Public Utilities Code §1801 *et seq.*)
- 3) Requires intervenor compensation to be awarded to eligible intervenors in a timely manner, within a reasonable period after the intervenor has made the substantial contribution to a proceeding that is the basis for the compensation award. (Public Utilities Code §1801.3)
- 4) Defines "compensation" to mean payments for all or part, as determined by the CPUC, of reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs of preparation for and participation in a proceeding, and includes the fees and costs of obtaining an award, as specified, and of obtaining judicial review, if any. (Public Utilities Code §1802(a))
- 5) Defines "customer" to mean any of the following: a) A participant representing consumers, customers, or subscribers of any electrical, gas, telephone, telegraph, or water corporation that is subject to the jurisdiction of the CPUC; b) A representative who has been authorized by a customer; or c) A representative of a group or organization authorized pursuant to its articles of incorporation or bylaws to represent the interests of residential customers, or to

represent small commercial customers who receive bundled electric service from an electrical corporation. (Public Utilities Code §1802(b)(2))

- 6) Defines “substantial contribution” for these purposes to mean that, in the judgment of the CPUC, the customer’s presentation has substantially assisted the CPUC in the making of its order or decision because the order or decision has adopted in whole or in part one or more contentions or recommendations presented by the customer. (Public Utilities Code §1802 (j))
- 7) Requires a customer who intends to seek compensation to timely file and serve on all parties to the proceeding a notice of intent to claim compensation, as specified. (Public Utilities Code §1804)
- 8) Requires the CPUC to issue a decision on the request for compensation within 75 days after the filing of the request or within 50 days after the filing of a report on an audit of the customer by the CPUC, whichever occurs later. (Public Utilities Code §1804(e))

This bill:

- 1) Adds a participant representing “patrons” or “employees” of any electrical, gas, telephone, telegraph, or water corporation to the definition of “customer” for these purposes.
- 2) Expands the definition of “substantial contribution” to include situations in which the CPUC’s order or decision is informed by reasoned decisionmaking made possible by the customer’s presentation even if the customer’s contentions or recommendations are not adopted by the CPUC.
- 3) Deems a request for compensation granted if the CPUC fails to issue a decision within 75 days after the filing of the request or within 50 days after the filing of an audit report, whichever occurs later.
- 4) Requires the CPUC, if it reduces or denies the requested compensation, to provide a written explanation of that decision.

Background

Intervenor compensation. The CPUC initiated its intervenor compensation program in 1981 and state law was enacted in 1984 to govern the program. The program is intended to ensure that intervenors – individuals and groups that represent the interests of utility ratepayers – have the financial resources to bring

their concerns and interest to the CPUC at its proceedings. Intervenors advocate for a variety of ratepayers, including residential and small-business customers, environmental groups, and the disabled. State law allows intervenors that participate in CPUC proceedings involving utilities, such as electric, gas, and water utilities, to request compensation for the costs associated with that participation. Public utilities generally pay these intervenor compensation awards from the amounts they collect from their ratepayers. These awards affect utility rates so that utilities can recoup any amounts they pay to intervenors.

Intervenor compensation process. An intervenor planning to claim intervenor compensation must get involved in the proceeding by filing a notice of intent to claim compensation that indicates the planned extent and estimated costs of the intervenor's planned participation in a proceeding. In addition, to be eligible for compensation, the intervenor must show that it meets various mandates that state law imposes, including the need to demonstrate "substantial contribution" to the CPUC proceeding. When an intervenor participates in a proceeding they are expected to contribute via factual contentions, legal arguments, or policy recommendations. These efforts can be demonstrated by bringing witnesses, submitting testimony from multiple witnesses, raising issues when it cross-examines the utility's witnesses during evidentiary hearings, working with other intervenors to achieve a settlement and others. When the CPUC issues a final decision on a proceeding, the intervenor may file a claim for intervenor compensation. The CPUC reviews the claim and adjusts up or down based on their assessment of the intervenor's participation. Additionally, intervenors must show "significant financial hardship" to receive compensation, by submitting documents demonstrating either that the intervenor could not afford to participate without undue hardship or that the economic interest of the individual members is small in comparison to the cost of effective participation in the proceeding.

Comments

Need for this bill. The author intends to support participation of more advocates in support of ratepayers within the intervenor compensation program. However, the author has expressed concerns that the current process has several issues regarding the need to expand eligibility, expand the definition substantial contribution requirements, address the long backlog of claims awaiting review, the ability to recover costs in a manner that is consistent with regulated utilities, require the CPUC to provide written explanation for any decision to reduce or deny compensation claims, and deem a claim granted if the CPUC fails to issue a determination by the statutory deadline. Though well-intended, many of the provisions proposed in this bill are likely to increase the number of claims, but may not increase the level of participation in CPUC proceedings. Additionally, the

proposed changes are likely to increase costs on the program which are funded by utility ratepayers.

Need for amendments. In consideration of the concerns and challenges related to the proposed language in this bill, *the author and committee may wish to delete the existing provisions and replace with language that allows parties to a proceeding to serve a notice on all parties, within 30 days of becoming a party, about their intention to claim compensation.*

Prior/Related Legislation

AB 2120 (Weber, 2016) would have authorize compensation for participation or intervention of a county office of education, or a consortium of public school districts or agencies on behalf of local K–12 educational agencies (LEAs) in a CPUC proceeding relating to gas or electricity rates. The bill was held in the Senate Committee on Appropriations.

SB 512 (Hill, Chapter 808, Statutes of 2016) among its provisions, authorized intervenor compensation to be paid to certain local government entities that intervene or participate in CPUC proceedings and clarified that intervenor compensation is allowed for intervenors who made a substantial contribution regardless of whether or not a settlement is reached.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

None received

OPPOSITION:

California State Association of Electrical Workers
Coalition of California Utility Employees
Pacific Gas and Electric Company
San Diego Gas and Electric Company
Southern California Edison
Southern California Gas Company

ARGUMENTS IN SUPPORT: According to the author:

SB 1474 makes several necessary changes to the Intervenor Compensation Program to ensure intervenors are fairly compensated in a timely manner

and are afforded the same ability to participate in proceedings. By bringing reliability, certainty, and access to the Intervenor Compensation Program, SB 1474 will improve public participation during CPUC proceedings that affect all California ratepayers.

ARGUMENTS IN OPPOSITION: In opposition to this bill, SCE, SDG&E, and PG&E state:

[SB 1474 (Allen)] ...would unreasonably burden customers by broadening the scope of activities and entities eligible for intervenor compensation, and unnecessarily restricting the California Public Utilities Commission's (CPUC's) ability to thoroughly evaluate each claim. Intervenor compensation is funded by utility customers and should be held to the highest possible standards to ensure that customers receive value commensurate with the funding they provide. Unfortunately, SB 1474 would only increase the opportunity for frivolous claims and additional, unwarranted customer costs to proceed, with no clear benefit to customers.

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