

The California State Auditor released the following report today:

California Public Utilities Commission

Despite Administrative Weaknesses, It Has Generally Awarded Compensation to Intervenors in Accordance With State Law

BACKGROUND

The California Public Utilities Commission's (commission) intervenor compensation program (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 interests to the commission at its proceedings. Intervenors that participate in commission proceedings involving utilities request compensation for their costs associated with participating. The commission awarded intervenors \$25.5 million from 2008 through 2012 for claims intervenors submitted.

KEY FINDINGS

During our review of the program, we noted the following about the commission:

- Its desk review process generally ensured that intervenor claims met requirements and contained the needed information to verify the hours and costs claimed and that intervenors proved they were eligible for compensation.
- It did not promptly award intervenor compensation. In fact, the commission did not award funds within the required 75-day time frame for 94 percent of 336 claims submitted during our five-year audit period and 30 percent were more than six months late.
- It has not issued guidance on how to calculate interest appropriately for intervenor claims, which has led to differing and, in the case of the commission, a flawed interest computation methodology and overpayments of interest.
- It needs a comprehensive market rate study of rates paid to persons of comparable training and experience who offer similar services to ensure intervenor compensation is appropriate.
- Although staff claimed that they verified the qualifications of intervenors appearing in proceedings, the commission does not have formal procedures for doing so and was unable to demonstrate that verifications were performed.
- It appears to encourage participation of all groups that have a stake in the public utility regulation process—we found that organizations participating in the program represented a broad array of interests.

RECOMMENDATIONS

We made various recommendations to the commission including that it determine the cause of issuing award decisions late and identify actions needed to rectify the problem. Further, we recommended it complete its efforts in developing a methodology for calculating reasonable interest on late award decisions and attempt to recoup the interest overpaid to intervenors. Moreover, to fully comply with state law, it should conduct a comprehensive market rate study and periodically update it to ensure proper compensation. Also, it should develop procedures to verify the qualifications of intervenors' attorneys and experts.