

2012-118 AUDIT SCOPE AND OBJECTIVES—California Public Utilities Commission—Intervenor Compensation Program

The audit by the California State Auditor will provide independently developed and verified information related to the California Public Utilities Commission's (PUC) Intervenor Compensation Program (intervenor program) and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine the number and dollar value of all compensation claims filed by intervenors and the resulting awards made over the past five years. Choose a selection of claims and awards and assess whether they complied with legal requirements, including related PUC decisions, rules and orders, and procedural requirements.
3. Evaluate the PUC's processes for auditing intervenor claims for compensation, including the claimants' financial controls to ensure claims are accurate and comply with state law.
4. Identify the 10 intervenors with the largest cumulative compensation claims that were paid over the past five years. For those 10 intervenors:
 - a. Determine the ratio of the total amount of claims paid to the total amount of the intervenor claims submitted for payment.
 - b. Evaluate whether PUC's audits appropriately determined whether claimants' financial, accounting and other records support the claims for intervenor payments, including verification that the claimant met the criteria related to eligibility and "significant hardship," in compliance with state law.
 - c. Determine whether the PUC's audits of claims submitted by the intervenors have resulted in findings and corrective actions with regard to those claims.
 - d. To the extent possible, determine whether intervenors received payment from other sources for their participation in proceedings for which claims were made.
 - e. To the extent possible, determine the percentage of each intervenor's annual revenues attributable to payments made under the intervenor program.
 - f. Determine whether the PUC required background checks on intervenors—including criminal, performance, and qualification checks—and, if so, how the PUC took that information into consideration in approving claims for compensation.
 - g. Evaluate what, if any, financial and other public disclosures the intervenors made relating to actual or perceived conflicts of interest that may have existed as a result of the intervenor's participation in PUC proceedings on behalf of customers.

Determine what, if any, consideration the PUC gave those conflicts in awarding claims.

- h. Determine whether the Division of Rate Payer Advocates within the PUC has challenged or questioned a claim made by an intervenor.
- 5. Determine whether the PUC has procedures to ensure that intervenors and PUC staff do not perform duplicate work. In addition, determine whether such procedures have been effective in preventing overlap between PUC and intervenors.
- 6. Determine whether the intervenor program is fulfilling its intended purpose.
- 7. Review and assess any other issues that are significant to the PUC's intervenor program.