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 (Filed April 20, 2022)

WILD TREE FOUNDATION PROTEST

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Dated: May 27, 2022

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Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Wild Tree Foundation ("Wild Tree") submits the following protest to the above-captioned application of the Pacific Electric and Gas Company ("PG&E") as well as the applications submitted by the San Diego Gas & Electric Company ("SDG&E"), Southern California Gas Company ("SoCalGas"), and Southern California Edison Company ("SCE") (collectively "IOUs"), seeking increased Return on Equity ("ROE") for test year 2023 and other Cost of Capital authorizations favorable to IOU shareholders and detrimental to ratepayers. Wild Tree expects that these applications will be consolidated and so has addressed the applications jointly herein with copies filed in each proceeding.

PROTEST

I. WILD TREE FOUNDATION

Wild Tree Foundation is a 501(c)(3) non-profit organization dedicated to the protection of our environment, climate, and wildlife. Wild Tree advocates for transparency, public participation, and compliance with the Rule of Law in government decision-making and against corruption by government agencies and officials and regulated entities. Wild Tree intervenes in Commission proceeding to represent the interests of the environment, climate, and wildlife and ratepayers that are concerned about these matters.

II. THE IOUS RETURN ON EQUITY SHOULD BE ADJUSTED DOWNWARD

A. The IOU Justifications for Increased ROE are Unavailing

Given the passage of SB 901 and AB 1054; availability of wildfire insurance fund monies; successful applications for securitization of wildfire victim costs by PG&E, and wildfire mitigation costs by SCE and PG&E; and granting of safety certificates to all IOUs, the financial risk associated with IOU-ignited fires has decreased. Yet, all IOUs are requesting increases in ROE based upon wildfire risks. Having been denied outright their past attempts at a wildfire adder[1], the IOUs are now seeking a wildfire adder but dressing it up as some other "unique" risk to California electric utilities. For example, PG&E states: "Investors face uncertainty from exposure to liability and cost recovery that has been exacerbated by extreme weather events caused by climate change, chief among them being prolonged drought and the now year-round

[1] D.19-12-056 at p. 37.

threat of catastrophic wildfires. These factors have increased the risk profile of California utilities and made attracting capital more costly.[2]

AB 1054 provides the IOUs significant protections from actually having to pay for most damages caused by future fires, even those caused by their own negligence, recklessness, and violations of the law. But, paradoxically, now that the IOUs have a ratepayer-funded "insurance" fund to rely upon for costs of wildfire they cause and a presumption of innocence provided by a safety certificate, they are claiming that they require increased ROE because of "implementation and fund depletion risk associated with Assembly Bill ("AB") 1054"[3] and "ongoing uncertainty likewise remains regarding how the newly established Office of Energy Infrastructure Safety will implement the safety certification review process upon which many of the law's benefits depend."[4]

There is no such uncertainty, all the IOUs were granted safety certificates, even PG&E who continues to ignite catastrophic fires. AB 1054 provides significantly greater protection for the IOUs than previously existed and thus is a reason for decreased, not increased, risk. The billions in securitized bonds that have been granted to PG&E and SCE for wildfire victim claim costs and wildfire mitigation costs has likewise decreased the financial risk associated with IOU wildfire ignition.

In addition to overblown claims of special and unique risks, the IOU applications are based upon expert testimony that uses stale data and narrow, limited, and static approaches in their calculations. Analysis by competent experts using state of the art approaches will demonstrate that the IOUs ROEs should be significantly lower than requested and as currently

[2] A.22-04-008, PG&E Application at p. 2.
[3] A.22-04-009, SCE Application at p. 2.
[4] A.22-04-012, SDG&E Application at p. 14.

authorized. Likewise, the affordability crisis facing IOU ratepayers and comparison of California ROEs to the rest of the country demonstrates that California rates and ROEs are far too high and ratepayers. The requested ROEs and other shareholder-favorable aspects of the COC applications will increase rates and rate increases under such circumstances would be neither just nor reasonable.

B. Ratepayers Should Not Be Forced to Bear the Costs of Fixing PG&E's Self-Inflicted Problems

PG&E argues that it should be awarded an increased ROE because it plans to spend a whole lot of money - $40-$53 billion - on infrastructure investments. First off, plans to spend lots of money does not justify making ratepayers pay more for the utility to spend money. IOU shareholders benefit from growth in rate base because it allows them to grow earnings. There is no reason for ratepayers to compensate shareholders for the growth in earnings that comes from a larger rate base.

Secondly, the work that PG&E refers to here has not been approved or deemed to be necessary by anyone other than PG&E. PG&E could much more quickly and much, much more cost effectively fireproof its grid by widespread installation of covered conductors and microgrids rather than the costly, timely, and complicated undergrounding it estimates will cost $40 billion – which appears to account for most all of the claimed infrastructure investments.

Thirdly, if these infrastructure investments are necessary, it is only because PG&E is incapable of providing sufficient vegetation management and has so long neglected its infrastructure, much of which was poorly planned and designed in the first place, that it is necessary to rebuild significant parts of its grid to provide safe and reliable service. Ratepayers have already paid in so many ways for PG&E's past failings - some with their lives. Fixing

PG&E's self-inflicted problems is not something ratepayers should be on the hook for yet again in the form of increased ROE.

III. PROCEDURAL MATTERS

- The proceedings should be categorized as ratesetting.
- The proceedings should be consolidated.
- Evidentiary hearings will be necessary.
- The IOUs proposed schedules do not leave sufficient time for intervenors to prepare intervenor testimony. In consultation with other intervenors, Wild Tree proposes the following schedule:

Activity	*IOU Date*	*Proposed Revision*
Public Advocates Office and Intervenor Testimony	July 27, 2022	August 31, 2022
Rebuttal Testimony	August 19, 2022	September 21, 2022
Evidentiary Hearings	August 29-September 1, 2022	October 3-5, 2022
Late-filed Exhibits (cost of debt)	September 14, 2022	October 18, 2022
Opening Briefs	September 27, 2022	October 31, 2022
Reply Briefs	October 12, 2022	November 15, 2022
Proposed Decision	November 2022	December 2022
Final Decision	December 2022	January 2023

Respectfully submitted,

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