

| | | |
|-----------------|---|----------------------|
| Docket | : | <u>A.21-09-008</u> |
| Exhibit Number | : | <u>CA-05</u> |
| Commissioner | : | <u>A. Reynolds</u> |
| Admin Law Judge | : | <u>Nojan</u> |
| Witness | : | <u>M.C. Campbell</u> |



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations
for
Pacific Gas and Electric Company
2021 Wildfire Mitigation and
Catastrophic Events

Operations and Maintenance and Capital Costs Recorded
in the
Catastrophic Event Memorandum Account COVID-19,
Emergency Consumer Protection and the COVID-19
Pandemic Protections Memorandum Accounts.

San Francisco, California
May 24, 2022

(INTENTIONALLY LEFT BLANK)

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| I. INTRODUCTION | 1 |
| II. SUMMARY OF RECOMMENDATIONS..... | 2 |
| III. OVERVIEW OF CAL ADVOCATES’ ANALYSES | 4 |
| IV. DISCUSSION / ANALYSIS OF 2017-2020 WILDFIRE MITIGATION EXPENSES RECORDED IN PG&E’S CEMA – COVID-19 | 4 |
| A. Overview of PG&E’s Request..... | 4 |
| B. Sequestration Costs Included in CEMA..... | 7 |
| V. WILDFIRE MITIGATION EXPENDITURES RECORDED IN PG&E’S ECPMA..... | 12 |
| A. Cal Advocates’ Analysis of PG&E’s ECPMA Costs | 12 |
| VI. WILDFIRE MITIGATION EXPENDITURES RECORDED IN PG&E’S CPPMA..... | 14 |
| A. CPPMA Costs for Billing Support | 15 |
| B. CPPMA Costs for Overheads | 17 |
| VII. WITNESS QUALIFICATIONS..... | 18 |

1 **2020 Wildfire Mitigation Costs Recorded in the**
2 **Catastrophic Event Memorandum Account for COVID-19, Emergency**
3 **Consumer Protections Memorandum Account and the COVID-19 Pandemic**
4 **Protections Memorandum Account**

5 **I. INTRODUCTION**

6 This exhibit presents the analyses and recommendations of the Public
7 Advocates Office at the California Public Utilities Commission (Cal Advocates)
8 regarding Pacific Gas and Electric Company's (PG&E) 2017-2020 wildfire mitigation
9 and other costs recorded in PG&E's Catastrophic Events Memorandum Account
10 (CEMA) COVID-19, Emergency Consumer Protections Memorandum Account
11 (ECPMA) and COVID-19 Pandemic Protections Memorandum Account (CPPMA).

12 The catastrophic events related expenses recorded in CEMA are for restoring
13 utility services to customers, repairing, replacing or restoring damaged utility facilities
14 and complying with governmental agency orders in connection with events declared
15 disasters by competent state and federal authorities.¹

16 The Commission established ECPMA in accordance with D.19-07-015, which
17 directed utilities to track the associated costs with an emergency disaster relief
18 program implemented upon a Governor of California's state of emergency
19 declaration or a Presidential State of Emergency declaration, when a disaster has
20 either resulted in the loss or disruption of the delivery or receipt of utility service
21 and/or resulted in the degradation of the quality of utility service.²

22 The CPPMA was established to record and track incremental costs
23 associated with implementing billing-related and emergency customer protections for
24 residential and small business customers associated with the COVID-19 pandemic.³
25 As a result of Resolution (Res.) M-4842, the Commission ordered and directed
26 utilities to implement emergency customer protections to support California
27 customers and to establish memorandum accounts to track incremental costs during

¹ Public Utilities Code section 454.9. (a).

² D.19-07-015, July 11, 2019, p. 2.

³ PG&E Errata Testimony, Chapter 8, p. 8-19.

1 the COVID-19 pandemic.⁴ In order to allow for recovery of expenses reasonably
2 incurred while complying with Res. M-4842, electric and gas utilities established a
3 COVID-19 Pandemic Protections Memorandum Account (CPPMA).

4 **II. SUMMARY OF RECOMMENDATIONS**

5 PG&E proposes cost recovery of \$63.899 million⁵ for O&M and capital costs
6 associated with wildfire mitigation and other activities discussed within this exhibit,
7 comprised of \$44.909 million⁶ recorded in CEMA COVID-19, \$11.143 million⁷
8 recorded in ECPMA, and \$7.847 million recorded in CPPMA.

9 The corresponding Cal Advocates' recommendation for PG&E's cost recovery
10 for O&M and capital costs recorded in CEMA COVID-19, ECPMA, and CPPMA is
11 \$36.808 million. Cal Advocates' recommendation is \$27.091 million lower than
12 PG&E's request of \$63.899 million.

13 The following summarizes Cal Advocates' recommendations regarding
14 PG&E's request for recovery of wildfire related and other costs recorded in CEMA
15 COVID-19, ECPMA, and CPPMA:

16

- 17 • Cal Advocates does not oppose PG&E's request of \$1.2 million
18 for capital expenditures associated with Information Technology
19 costs recorded in CEMA COVID-19.

⁴ Refer to CPUC Resolution M-4842, p. 5 for a list and description of the ordered actions to electric and gas utilities.

⁵ PG&E's Errata Testimony, p. 1-6 and PG&E's Supplemental Testimony, p. 2.

⁶ PG&E's Supplemental Testimony dated December 30, 2021, with a cost recovery request of \$43.7 million, reflects a reduction of \$12.2 million associated with O&M costs recorded in CEMA COVID-19. PG&E's Testimony filed on September 16, 2021, requested recovery of \$55.9 million.

⁷ In PG&E's Prepared Testimony filed on September 16, 2021, it requested cost recovery of \$6.3 million for activities recorded in ECPMA. In PG&E's Errata testimony filed on November 18, 2021, it revised its recovery requests for ECPMA to \$11.1 million. Based on information provided by PG&E during a meeting on January 19, 2022, Cal Advocates discovered that the increase was due in part to costs recorded for years 2017 and 2018 that PG&E is requesting to recover in its 2021 WMCE.

- 1 • Cal Advocates recommends \$19.049 million for O&M costs for
2 CEMA COVID-19 activities, which is \$24.651 million lower than
3 PG&E’s recovery request of \$43.700 million.
- 4 • Cal Advocates recommends \$9.499 million for O&M costs
5 recorded in ECPMA, which is \$1.644 million lower than PG&E’s
6 request of \$11.143 million.
- 7 • Cal Advocates recommends \$7.021 million for O&M costs
8 recorded in CPPMA, which is \$0.826 million lower than PG&E’s
9 request of \$7.847 million.

10 Table 5-1 below shows PG&E’s request and Cal Advocates’ expense and
11 capital recommendations for PG&E’s Memorandum Accounts for Wildfire Mitigation.

12 **Table 5-1**
13 **2017-2020 Wildfire Mitigation Expenses**
14 **(\$ Thousands)**

| MEMO account (a) | PG&E Proposed (b) | Cal Advocates Recommended (c) | Amount PG&E>Cal Advocates (d=b-c) | Percentage PG&E>Cal Advocates (e=d/c) |
|-----------------------------|----------------------------------|--|---|---|
| COVID-19 CEMA – Expense | \$43,700 | \$19,049 | \$24,651 | 129% |
| ECPMA | \$11,143 | \$9,529 | \$1,614 | 17.3% |
| CPPMA | \$7,847 | \$7,021 | \$826 | 12% |
| Expense Total | \$62,690 | \$35,599 | \$27,091 | 76% |
| COVID-19 CEMA – Capital | \$1,209 | \$1,209 | \$0 | 0% |
| Capital Total | \$1,209 | \$1,209 | \$0 | 0% |

15 Source: 2017- 2020 data from PG&E’s COVID-19 Offsets Supplemental Testimony,
16 December 30, 2021, Table 1, p. 2. PG&E’s Errata Testimony, Ch. 8, Table 8-9, p. 8-17 and
17 Table 8-10, p. 8-21. 2020 capital data from PG&E’s Errata Testimony, Ch. 7, Table 7-1,
18 p. 7-3.

19

1 **III. OVERVIEW OF CAL ADVOCATES' ANALYSES**

2 Cal Advocates conducted its analysis by reviewing PG&E's Testimony and
3 workpapers. Cal Advocates issued numerous data requests, analyzed the
4 responses, had telephone discussions and several conference calls with PG&E to
5 obtain additional information to clarify its recovery requests. Cal Advocates
6 analyzed and reviewed the line-item details of 2017-2020 costs recorded in PG&E's
7 CEMA – COVID-19, ECPMA and CPPMA to determine which costs were
8 incremental, reasonable, and appropriate for cost recovery.

9 **IV. DISCUSSION / ANALYSIS OF 2017-2020 WILDFIRE MITIGATION**
10 **EXPENSES RECORDED IN PG&E'S CEMA – COVID-19**

11 **A. Overview of PG&E's Request**

12 For activities evaluated and reviewed in this exhibit, PG&E requests a
13 reasonableness review and cost recovery of \$44.909 million for O&M and capital
14 costs associated with COVID-19 Pandemic activities considered to be incremental to
15 PG&E's routine activities authorized in PG&E's 2020 GRC (D.20-12-005). PG&E's
16 cost recovery is comprised of \$43.700 million in expense⁸ and \$1.209 million in
17 capital expenditures⁹ for activities occurring in 2020 associated with COVID-19. The
18 COVID-19 costs are tracked and recorded in CEMA.

19 The corresponding Cal Advocates' recommendation for PG&E's O&M costs
20 recorded in CEMA COVID-19 is \$19.049 million. Cal Advocates' recommendation is
21 \$24.651 million less than PG&E's request. Cal Advocates removed costs
22 associated with PG&E's employee Sequestration activities. Cal Advocates does not
23 oppose PG&E's request of \$1.2 million for capital expenditures associated with
24 Information Technology costs recorded in CEMA COVID-19.

⁸ PG&E's Supplemental Testimony filed on December 30, 2021, Table 1, p. 2. PG&E originally requested cost recovery of \$55.9 million in expense and \$1.2 million in capital for COVID-19 related expenses recorded in CEMA. PG&E revised its request and removed \$12.2 million and is now requesting recovery of \$43.7 million for O&M costs.

⁹ PG&E's Errata Testimony, Ch. 7, p. 7-2.

1 The following COVID-19 activities discussed in this exhibit are included in
2 PG&E's cost recovery and recorded in CEMA:

- 3 1. Response Coordination and Employee Support.
- 4 2. Sequestration.
- 5 3. Protective Equipment Facility Modifications, Vehicle Rentals,
6 and Inspections to comply with health orders.
- 7 4. Transition to and support of remote work.
- 8 5. Cleaning due to COVID-19.

9
10 The COVID-19 activity for Capital cost included in CEMA:

- 11 1. Transition and support remote work.

12
13 Cal Advocates recommends cost recovery of \$31 million associated with
14 PG&E's compliance with executive orders by the Governor and public health orders
15 issued by state and county health officers.¹⁰ Table 5-2 below includes activities and
16 the recorded costs associated with PG&E's compliance with the executive orders for
17 COVID-19.

18

¹⁰ COVID-19 did not damage any electrical distribution facilities, but it required PG&E to comply with orders and directives including enhanced cleaning following positive cases of COVID-19, transitioning employees to remote work, purchasing protective equipment, and modifying facilities for social distancing.

1
2
3
4

Table 5-2
2020 Activities Recorded in CEMA COVID-19
(In Millions of Dollars)

| Description | PG&E 2020 |
|---|---------------|
| Response Coordination/Employee Support | \$2.0 |
| Protective Equipment Facility Modifications/Vehicle Rentals/Inspections | \$15.1 |
| Transition and support remote work | \$8.3 |
| Cleaning due to COVID-19 | \$4.4 |
| Subtotal | \$29.8 |
| Transition and support remote work – Capital | \$1.2 |
| Total | \$31.0 |

5 Source: 2020 data from PG&E’s Errata Testimony, Ch. 7, Table 7-1, p. 7-3.

6 Cal Advocates recommends a downward adjustment of \$24.651 million to
7 PG&E’s cost recovery request for activities associated with employee sequestration
8 recorded in CEMA COVID-19. PG&E created and implemented its Sequestration
9 plan, which included four different groups or waves of its employees that lived at
10 PG&E facilities (on-site 24 hours per day). The employees lived at the PG&E
11 facilities for approximately 32 days between April 27, 2020, to September 25, 2020,
12 and December 8, 2020, through January 2021.¹¹

13 PG&E did not provide any documentation for review and evaluation to prove it
14 was mandated, ordered or directed by the Governor or state and county Health
15 Officers to sequester any of its employees at its work sites.¹² PG&E states
16 “Sequestration was a last-resort decision due to the cost, significant inconvenience
17 to personnel, and logistics associated with having key personnel on-site 24 hours

¹¹ PG&E’s Errata Testimony, pp. 7-15 to 7-16.

¹² Executive Order N-25-20 dated March 4, 2020, was issued in response to COVID-19, and provided guidance by California Department of Public Health (CDPH) to assist and protect California workers from COVID-19. This guidance was for: health care and community care facilities, schools, childcares, first responders, health care workers, gathering guidance, laboratories, and health care facilities from Cal/OSHA.

1 per day for an extended period.”¹³ PG&E’s decision to sequester its employees was
2 not required to operate its business and the costs are unnecessary and burdensome
3 to ratepayers.

4 **B. Sequestration Costs Included in CEMA**

5 Cal Advocates recommends removal of PG&E’s sequestering costs from
6 CEMA due to PG&E’s failure to demonstrate that the costs are incremental to 2020
7 GRC authorized funding, meet the guidelines for being recovered through CEMA
8 and justified for recovery from ratepayers. PG&E did not provide any verifiable
9 documentation or analysis that demonstrated that the work classifications of
10 employees (i.e., control center personnel from gas and electric operations) that were
11 sequestered included extremely high rates of positive COVID-19 cases, which
12 negatively impacted its ability to efficiently operate and maintain its business and
13 services to customers and therefore sequestering employees was a requirement to
14 comply with orders. PG&E’s \$24.6 million in 2020 Sequestration costs recorded in
15 CEMA are shown in Table 5-3 below. The costs are presented by Line of Business.
16

¹³ PG&E’s Errata Testimony, p. 7-14.

1
2
3
4

Table 5-3
2020 Recorded Costs for COVID-19 – Sequestration
(In Millions of Dollars)

| Sequestration Costs Category per Line Of Business (LOB) | PG&E 2020 |
|---|---------------|
| Electric Operations (EO) – Sequestration pay and Other Stipends | \$8.6 |
| Corporate Real Estate Strategy Services (CRESS) | \$7.1 |
| IT | \$1.2 |
| Gas | \$3.6 |
| Transportation | \$3.5 |
| Power Generation | \$0.6 |
| Customer Care | \$0 |
| Strategy/Policy | \$0 |
| Enterprise Health-Safety | \$0 |
| Total | \$24.6 |

5 Source: 2020 data from PG&E’s Errata Testimony, Ch. 7, Table 7-2, p. 7-4.

6 PG&E’s \$24.6 million in costs included in CEMA for the sequestration of
7 employees were based on its negotiated agreements.¹⁴ PG&E did not provide
8 documentation that it was required, ordered or mandated to take these actions due
9 to COVID-19. The additional costs provided double-time, daily stipends for various
10 activities, lump-sum payments at the end of the assignment, 10 percent premium
11 pay to incentivize employees to volunteer or remain working in the field, and four
12 days of straight time pay at completion of sequestration. The employees also
13 received lodging, all-day food, beverages, gyms and recreation areas,
14 housekeeping, household items, travel trailers, portable restrooms, washers/dryers,

¹⁴ Referring to Letter Agreement LA 20-39-PGE, p. 4. Employee Care for Immediate Family Stipends include (1) Meal support for family, \$100 per day stipend for purchase and or delivery of food to the employee’s household. (2) Internet/Connectivity Stipend, \$75 per month stipend to cover connectivity charges associated with maintaining contact outside of sequestration duration.

1 bedding/towels, enhanced janitorial cleaning, and daily gift cards for restaurants,
2 etc.¹⁵

3 PG&E did not provide any analysis to demonstrate how incurring these costs
4 benefited ratepayers that are being requested to fund these additional costs. PG&E
5 provides no justification for 100% ratepayer funding of these costs as requested in
6 its application.

7 Cal Advocates asked for clarification on costs associated with PG&E's
8 sequestering activities:¹⁶

9 Referring to pp. 7-19, 7-20, Table 7-2 related to Corporate Real
10 Estate Strategy and Services (CRESS). PG&E incurred \$7.1
11 million in incremental costs associated with San Ramon Valley
12 Conference Center (SRVCC) Sequestration facility due to COVID-
13 19. Provide the following information:

14
15 In excel format, provide a breakdown calculation of the \$7.1 million
16 incremental costs PG&E incurred for sequestered employees and
17 contractors at the SRVCC. In the response include the total
18 amount of labor costs for straight-time labor, overtime, double-time
19 and overheads.

20
21 PG&E's response was:

22
23 **Answer 03a.**

24
25 a. For a full breakdown of these costs, please see PG&E's
26 response to CalAdvocates_049-Q.03, Attachment 1. For a
27 summary of this information, please see the table below:
28

¹⁵ PG&E's Errata Testimony, pp. 7-15 through 7-21.

¹⁶ Response to Cal Advocates data request PubAdv-PG&E-049-MCL, Q.3a.

| Line No. | Cost Type | Cost in whole \$ |
|----------|----------------------------------|------------------|
| 1 | Materials | \$19,005 |
| 2 | Project Management Fees | \$7,036,685 |
| 3 | Labor External – Straight Time | \$250 |
| 4 | Special Request Building Service | \$14,414 |
| 5 | Contract | \$15,329 |
| 6 | Grand Total | \$7,085,683 |

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Cal Advocates asked PG&E to further clarify the \$7.1 million associated with SRVCC:¹⁷

Referring to pp.7-19, 7-20, Table 7-2 related to Corporate Real Estate Strategy and Services (CRESS). PG&E incurred \$7.1 million in incremental costs associated with San Ramon Valley Conference Center (SRVCC) Sequestration facility due to COVID-19. Provide the following information:

In excel format, provide a breakdown calculation for the services provided to sequestered employees at SRVCC including; food and beverages, gyms, and recreational areas, housekeeping and enhanced janitorial cleaning, and the 24/7 on-call building and control center maintenance support.

PG&E’s response was:

Answer 03b.

- b. For a full breakdown of these costs, please see PG&E’s response to CalAdvocates_049-Q.03, Attachment 1. For a summary of this information, please see the table below:

¹⁷ Response to Cal Advocates data request PubAdv-PG&E-049-MCL, Q.3b.

| Line No. | Cost Type | Cost in Whole \$ |
|----------|---------------------------|------------------|
| 1 | Food & Beverages | \$2,197,024 |
| 2 | Housekeeping & Janitorial | \$2,694,235 |
| 3 | Repair & Maintenance | \$995,623 |
| 4 | Building Management | \$1,149,570 |
| 5 | Grand Total | \$7,036,452 |

1

2 Cal Advocates asked for clarification on sequestration costs and ratepayer
3 benefits:¹⁸

4 Provide documentation that demonstrates the calculated ratepayer
5 benefits for PG&E's cost incurred for food and beverages, gyms,
6 and recreational areas, housekeeping and enhanced janitorial
7 cleaning. In particular state the benefits to PG&E's customers and
8 ratepayers that were required to sequester and work from home, or
9 that lost their jobs due to Covid-19.

10

11 PG&E's response was:

12

13 **Answer 03c.**

14

15 c. The sequestering (including the activities associated with
16 sequestering such as the providing shelter, food, cleaning,
17 exercise opportunities, etc.) of critical employees at the SRVCC
18 benefited customers because it allowed PG&E to ensure that it
19 would be able to provide continuous, reliable electric and gas
20 service during a critical stage of the COVID-19 pandemic.
21 PG&E views this customer benefit of as being immeasurable.
22

22

23 PG&E's responses, testimony or workpapers do not justify or demonstrate
24 that its operations and maintenance of its facilities and services deteriorated to the
25 point where it had to sequester its employees as a last resort due to COVID-19 or
26 that the costs incurred to sequester employees benefited ratepayers. PG&E's
27 request for recovery of its employee sequestration costs are not incremental, were
28 not ordered by the Commission and should be denied.

¹⁸ Response to Cal Advocates data request PubAdv-PG&E-049-MCL, Q.3c.

1 **V. WILDFIRE MITIGATION EXPENDITURES RECORDED IN PG&E'S**
 2 **ECPMA**

3 PG&E seeks recovery of \$11.143 million¹⁹ for activities recorded in the
 4 ECPMA. PG&E recorded \$0.481 million in 2017, \$4.391 million in 2018, \$2.559
 5 million in 2019, and \$3.712 million in 2020.²⁰ The costs were incurred for providing
 6 temporary service, discontinuing billing and stopping estimated usage for customers
 7 impacted by disasters.

8 **A. Cal Advocates' Analysis of PG&E's ECPMA Costs**

9 Cal Advocates recommends recovery of \$9.529 million for PG&E's cost
 10 recorded in ECPMA. Cal Advocates recommends a downward adjustment to
 11 remove \$1.614 million associated with overhead costs which includes indirect labor,
 12 material burden, and non-productive time.²¹ Table 5-6 below shows PG&E's request
 13 and Cal Advocates' recommendation for the ECPMA.

14 **Table 5-6**
 15 **2017-2020 PG&E Recorded and Cal Advocates Recommendation**
 16 **(in Thousands of Dollars)**

| Memo Acct | PG&E 2017 | PG&E 2018 | PG&E 2019 | PG&E 2020 | Cal Advocates 2017 | Cal Advocates 2018 | Cal Advocates 2019 | Cal Advocates 2020 |
|--------------|--------------|--------------|--------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|
| ECPMA | \$481 | \$4,391 | \$2,559 | \$3,712 | \$403 | \$4,293 | \$1,983 | \$2,847 |

17 Source: 2017-2020 PG&E data from Ex. PG&E's Errata Testimony, Table 8-9, p. 8-17.

18

¹⁹ PG&E originally requested incremental cost recovery of \$6.3 million in the ECPMA which increased to \$11.1 million in PG&E's Errata Testimony dated November 18, 2021. Based on information provided by PG&E during a meeting on January 19, 2022, Cal Advocates discovered that the increase was due in part to costs recorded for years 2017 and 2018. PG&E had excluded costs for years 2017 and 2018 in its original testimony.

²⁰ PG&E's Errata Testimony, Ch. 8, Table 8-9, p. 8-17.

²¹ PG&E's response to Cal Advocates data request PubAdv-PG&E-007-MCL, Q.1, 2021WMCE_DR_CalAdvocates_007-Q01Atch01.xlsx.

1 Table 5-7 below details Cal Advocates' adjustment per year for overheads.

2 **Table 5-7**
3 **2017- 2020 Cal Advocates Overhead Adjustments - ECPMA**
4 **(in Thousands of Dollars)**

| Memo Acct ECPMA | Cal Advocates 2017 | Cal Advocates 2018 | Cal Advocates 2019 | Cal Advocates 2020 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Overhead Adjustment | (\$77,436) | (\$97,057) | (\$575,568) | (\$864,638) |

5 Source: Cal Advocates' adjustment calculation based on PG&E's response to Cal
6 Advocates data request PubAdv-PG&E-007-MCL, Q.1 and 2021
7 WMCE_DR_CalAdvocates_007-Q.01Atd01.xlsx.

8 PG&E's overhead activities support its existing operations and have costs
9 embedded in rates and are recovered through authorized revenues. PG&E did not
10 provide quantifiable analysis substantiating that these costs are not already
11 recovered through authorized revenues. Absent PG&E providing an analysis
12 specifically addressing what was collected in rates as compared to what was spent
13 for these overheads, PG&E's evidence for recovery is lacking. PG&E's testimony,
14 workpapers, and data request responses fail to demonstrate that PG&E is not
15 requesting overhead funding twice in the 2020 GRC and its 2021 WMCE. PG&E did
16 not provide any analysis or verifiable and traceable documentation showing how it
17 removed overhead costs recorded in 2020 that were authorized in its 2020 GRC to
18 demonstrate it is not collecting overhead costs twice.

19 The independent audit of PG&E activities performed by Crowe LLC for the
20 Office of Energy Infrastructure Safety (OEIS) at the California Natural Resources
21 Agency found that PG&E's overhead costs recorded in its Wildfire Mitigation Plan
22 Memorandum Accounts were already included in PG&E's GRC authorized funding.
23 Crowe's audit included years 2017 through December 31, 2020. Crowe
24 recommended the following regarding PG&E's overhead cost:

25 Do not compensate PG&E for overhead costs assigned to the
26 wildfire memorandum accounts between 2018 and 2020 as they
27 are not incremental.²²

²² Crowe's Performance Audit of PG&E Wildfire Mitigation Plan Expenditures Final Report, p. 5. Crowe's Performance Audit statement about Incrementality, p. 14: The basic idea of incrementality is that in order to recover any costs recorded in a memorandum account,
(continued on next page)

1 Crowe's Performance Audit of PG&E Wildfire Mitigation Plan Expenditures
2 Final Report lists in Finding 1 the overhead costs that PG&E included as incremental
3 costs in its WMPMA between 2018 and 2020. Overhead costs include operational
4 management and support, fleet, material burden, building services, information
5 technology (IT) devices and payroll taxes.²³

6 **VI. WILDFIRE MITIGATION EXPENDITURES RECORDED IN PG&E'S**
7 **CPPMA**

8 PG&E requests \$7.847 million²⁴ incurred for customer care costs recorded in
9 the CPPMA²⁵ in 2020. As a result of the March 4, 2020, statewide emergency
10 declared by Governor Newsom due to the COVID-19 Pandemic, PG&E recorded
11 incremental costs in its CPPMA to provide temporary services and billing related
12 support for residential and small business customers impacted by the COVID-19
13 Pandemic.²⁶

14 PG&E's requests include customer care costs for account receivables, credit
15 and billing support, outreach and communications, contact center support and
16 medical baseline program support.

17 Cal Advocates recommends a downward adjustment of \$0.826 million
18 associated with overheads and billing system modifications.

19 Table 5-8 below shows PG&E's request and Cal Advocates' recommendation
20 for customer care costs recorded in the CPPMA.

21

those costs must be incremental, and not recovered in another way, such as in a GRC.

²³ Crowe's Performance Audit of PG&E Wildfire Mitigation Plan Expenditures Final Report, p. 65.

²⁴ PG&E's Errata Testimony, Ch. 1, Table 1-14, p. 1-19.

²⁵ PG&E's Errata Testimony, Ch. 8, p. 8-19. On April 16, 2020, the Commission issued Resolution M-4842 providing emergency authorization and directed utilities to implement emergency customer protections during the COVID-19 Pandemic.

²⁶ PG&E's Errata Testimony, Ch. 1, p. 1-19.

1
2
3

**Table 5-8
2020 Recorded in PG&E's CPPMA
(In Thousands of Dollars)**

| Description (a) | PG&E 2020²⁷ (b) | Cal Advocates Proposed for 2020 (c) | Amount PG&E>CalAdv (d)=(b)-(c) |
|----------------------------|---|--|--|
| CPPMA | \$7,847 | \$7,021 | \$826 |

4
5

Table 5-9 below details Cal Advocates' adjustments by activity.

6
7
8
9

**Table 5-9
2020 Cal Advocates Adjustments - CCPMA
Adjustments by Activity
(In Thousands of Dollars)**

| Activity | PG&E 2020 Recorded |
|-----------------|-----------------------------------|
| Overhead | \$799,802 |
| Billing Support | \$26,000 |
| Total | \$825,802 ²⁸ |

10

A. CPPMA Costs for Billing Support

11
12
13
14
15
16
17
18
19

Cal Advocates made a downward adjustment of \$26,000²⁹ for PG&E's billing system modifications. PG&E states that in order to do partial payments received from residential customers served by third-party services providers, modifications to its billing system were needed. PG&E is seeking recovery of costs incurred for labor to develop, design, build and test changes to its billing system.

Cal Advocates requested additional information on PG&E's 2020 recorded costs for its billing system and on PG&E's existing billing system. Cal Advocates asked:³⁰

²⁷ PG&E's Errata Testimony, Ch. 8, Table 8-10, p. 8-21.

²⁸ Cal Advocates' adjustment calculation based on PG&E's response to Cal Advocates data request PubAdv-PG&E-041-MCL, Q.2 and 2021WMCE_DR_CalAdvocates_041-Q.02Atch01.xlsx

²⁹ PG&E's Errata Testimony, Ch. 8, p. 8-22.

³⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-041-MCL, Q.2e.

1 Provide 2020 recorded costs for PG&E's Billing System (labor and
2 non-labor).
3

4 PG&E's response was:

5 PG&E objects to this question on the grounds that it is vague and
6 irrelevant. It is unclear what Public Advocates is referring to when it
7 refers to "costs for PG&E's billing system" and how these costs
8 relate to the processes implemented to modify PG&E's allocation of
9 partial payments received from residential customers served by
10 third-party service providers.
11

12 Cal Advocates asked:³¹

13 Provide PG&E's incrementality calculation and explain if PG&E
14 considered GRC authorized and recorded costs for PG&E's Billing
15 System and the differences to yield the incremental cost recovery
16 request in this WMCE.
17

18 PG&E's response was:

19 No, PG&E did not consider GRC authorized and recorded costs for
20 PG&E's Billing System and the differences to yield the incremental
21 cost recovery request in this WMCE.
22

23 PG&E's responses do not demonstrate or justify how costs requested in the
24 2021 WMCE are incremental to funding authorized in its 2020 GRC. PG&E's
25 responses do not support the inclusion of \$26,000 in the CPPMA as incremental or
26 demonstrate specifically why PG&E was unable to fund its billing system
27 modifications with reallocated funding from completed upgrade projects that have
28 costs embedded in rates. Ratepayers should not provide funding for additional costs
29 for PG&E's billing system modifications when PG&E is unable to provide specifics
30 on recorded costs to prove the costs are incremental.

31 Cal Advocates notes that PG&E has performed improvements to its billing
32 system for past years and recovering funds for billing support from the CCPMA is
33 excessive. PG&E spent \$7.4 million in upgrades to develop its billing system in

³¹ PG&E's response to Cal Advocates data request PubAdv-PG&E-041-MCL, Q.2f.

1 2020.³² In its most recent general rate case,³³ PG&E requested \$11.8 million³⁴ for
2 future enhancements to its billing system. Thus, PG&E should have adequate
3 funding to operate and maintain its billing system and fund modifications.

4 **B. CPPMA Costs for Overheads**

5 Cal Advocates recommends a downward adjustment of \$799,802 that is
6 associated with cost elements within PG&E's category Overhead. Cal Advocates
7 removed Overheads for Paid Time-Off and Indirect labor for Customer Care and
8 IT.³⁵ PG&E has not demonstrated that the inclusion of overhead costs is deemed
9 appropriate for recovery in the 2021 WMCE as incremental costs recorded in
10 CPPMA and those overhead costs should be excluded.³⁶

11

³² Ex. PG&E-06, p. 10-9, (A.21-06-021).

³³ Ex. PG&E-06, p. 10-9, (A.21-06-021).

³⁴ Ex. PG&E-06, WP 10-14, (A.21-06-021).

³⁵ PG&E's response to Cal Advocates data request PubAdv-PG&E-041-MCL, Q.2a.,
2021WMCE_DR_CalAdvocates_041-Q02Atch01.xls.

³⁶ PG&E's response to Cal Advocates data request PubAdv-PG&E-041-MCL, Q.2a.,
2021WMCE_DR_CalAdvocates_041-Q02Atch01.xls.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Mariana C. Campbell. My business address is 505 Van Ness
3 Avenue, San Francisco, California. I am employed by the Public Advocates Office
4 (Cal Advocates) as a Public Utilities Regulatory Analyst IV in the Energy Cost of
5 Service and Natural Gas Branch.

6 I received a Bachelor of Arts degree in Electronic Media, with a major in
7 Radio and Television, from San Francisco State University in 1995.

8 I was previously employed by a Telecommunications Research Company. I
9 have been employed by the Public Advocates Office (formerly the Office of
10 Ratepayer Advocates) since 2001. I have worked on Low Income Energy Efficiency
11 issues, Energy Low Income Assistance Programs, and Budgets for California
12 Alternate Rate for Energy and Low Income Energy Efficiency. I have submitted
13 testimony on numerous telephone, water, and energy utilities' General Rate Cases
14 (GRCs), including, but not limited to:

- 15 • Operating expenses for the Kerman Telephone Company
16 GRC (A.02-01-004);
- 17 • Administrative & General (A&G) expenses for the California
18 American Water 2007 GRC (A.07-01-037), and the
19 California Water Service Company 2008 GRC (A.07-07-
20 001);
- 21 • A&G expenses for the Southwest Gas Corporation 2008
22 GRC (A.07-12-022), the Bear Valley Electric Service 2009
23 GRC (A.08-06-034), the Pacific Gas and Electric Company
24 2011 GRC (A.09-12-020), and the Sempra Utilities 2012
25 GRC (A.10-12-005/006);
- 26 • Operation & Maintenance (O&M) Expenses – Customer
27 Accounts and Energy Efficiency Programs for the Sierra
28 Pacific Power Company 2009 GRC (08-08-004);
- 29 • A&G Expenses, Tax Expenses and Special Request
30 expenses for the Bear Valley Electric Service 2013 GRC;
- 31 • Tax Expenses for the Southern California Edison Company
32 2015 GRC (A.13-11-003), SDG&E and SoCalGas 2016
33 GRC (A.14-11-003/004);
- 34 • Other Taxes, Energy Efficiency and Solar Programs for the
35 Liberty Utilities 2016 (A.15-05-008);

- 1 • Gas Distribution O&M expenses for the Pacific Gas and
2 Electric Company 2017 GRC (A.15-09-001); and
- 3 • Transmission and Distribution O&M expenses and Other
4 Operating Revenues for the Southern California Edison
5 Company 2018 GRC (A.16-09-001).
- 6 • Gas Distribution System Integrity expenses and
7 Transmission Operation expenses for the San Diego Gas &
8 Electric 2019 GRC (A.17-10-007).
- 9 • Track 2 2018-2019 Southern California Edison Company
10 (A.19-08-013), Wildfire Mitigation Incremental Operation &
11 Maintenance Costs Recorded in the Wildfire Mitigation
12 Program Memorandum of Account (WMPMA).
- 13 • Operations and Maintenance Costs recorded in the Fire
14 Hazard Prevention Memorandum Account for Pacific Gas
15 and Electric Company 2020 Wildfire Mitigation and
16 Catastrophic Events (A.20-09-019).
- 17 • Customer and Communications O&M and Capital expenses
18 for the Pacific Gas and Electric Company 2023 GRC (A.21-
19 06-021).
- 20 This completes my prepared testimony.