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Exhibit Number : CA-08
Commissioner : A. Reynolds
Admin Law Judge : Nojan
Witness : Shoemaker



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 Transmission Revenue Requirement
Reclassification Memorandum Account

San Francisco, California
May 24, 2022

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1 **2020 Wildfire Mitigation Costs Recorded in the**
2 **Transmission Revenue Requirement Reclassification Memorandum**
3 **Account**

4 **I. INTRODUCTION**

5 This exhibit presents the analyses and recommendations of the
6 Public Advocates Office at the California Public Utilities Commission (Cal
7 Advocates) regarding Pacific Gas and Electric Company’s (PG&E) 2020
8 costs incurred for wildfire mitigation activities.

9 This exhibit covers the costs recorded in PG&E’s Transmission
10 Revenue Requirement Reclassification Memorandum Account (TRRRMA)
11 for costs recorded from May 1, 2019, through December 31, 2020, that are
12 associated with transmission facilities that have been transferred from
13 federal to state jurisdiction. The California Public Utilities Commission
14 (Commission or CPUC) approved PG&E’s TRRRMA in Resolution E-3574
15 in connection with various electric industry restructuring initiatives.¹

16 Specifically, PG&E requests using the TRRMA to record revenue
17 requirement costs associated with facilities that are no longer deemed
18 transmission-related. Such costs are therefore no longer eligible for
19 recovery by the Federal Energy Regulatory Commission (FERC) approved
20 rates, but because these facilities are serving distribution-related purposes,
21 PG&E requests cost recovery at the CPUC jurisdictional level.

22 **II. SUMMARY OF RECOMMENDATIONS**

23 PG&E requests recovery of \$13.3 million associated with
24 reclassification of transmission assets from the FERC-jurisdictional rates to
25 CPUC-jurisdictional rates incurred in 2019-2020 discussed within this

¹ PG&E’s Errata Testimony, p. 10-1.

1 exhibit. The requested Operations and Maintenance (O&M) costs,
2 depreciation expenses, taxes, and capital costs are recorded in PG&E's
3 Transmission Revenue Requirement Reclassification Memorandum
4 Account (TRRRMA).

5 The corresponding Cal Advocates' recommendation for cost
6 recovery of PG&E's transmission assets reclassification activities recorded
7 in the TRRRMA is \$1,950,928. Cal Advocates' recommendation is
8 \$11,349,072 lower than PG&E's request of \$13.3 million. Cal Advocates'
9 recommended adjustment represents the costs – provided by PG&E – that
10 are directly associated with Electric Transmission Line (ETL) 3130, the
11 only facility for which PG&E provided identifying geographical information
12 along with an explanation for why the project was transferred from federal
13 to state jurisdiction.² This information allowed Cal Advocates to confirm
14 that this facility is used and useful, and that cost recovery at the CPUC
15 jurisdictional level is justified.

16 Table 8-1 below shows PG&E's request and Cal Advocates' expense
17 recommendations.

18

² These costs represent the Depreciation, Cost of Capital Property Tax, State Corporation Franchise Tax, Federal Income Tax, and Operations and Maintenance Expenses associated with ETL 3130 for the period from May 1, 2019, to December 2022, the last date until, per PG&E, "associated rate base would be included in the 2023 GRC." (PG&E response to Cal Advocates data request PubAdv-PG&E-067-STG, Q.01.)

1
2
3

Table 8-1
2019-2020 Wildfire Mitigation Costs
(In whole \$)

TRRMA (a)	PG&E Proposed³ (c)	Cal Advocates Recommended⁴ (d)	Amount PG&E>Cal Advocates (e=c-d)	Percentage PG&E>Cal Advocates (f=e/d)
Depreciation Expense	\$3,800,000	\$609,548	\$3,190,452	523%
Cost of Capital	\$4,500,000	\$610,468	\$3,889,532	637%
Property Tax	\$800,000	\$80,206	\$719,794	897%
State Corporation Franchise Tax	\$400,000	\$51,986	\$348,014	669%
Federal Income Tax	\$800,000	\$101,570	\$698,430	688%
O&M Expense	\$3,000,000	\$497,150	\$2,502,850	503%
Total	\$13,300,000	\$1,950,928	\$11,349,072	582%

4

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

6 Cal Advocates conducted its analysis by reviewing PG&E's
7 Testimony and workpapers. Cal Advocates issued numerous data
8 requests and analyzed the responses to obtain additional information to
9 clarify PG&E's recovery requests. Cal Advocates analyzed the line item
10 detail of 2019-2020 costs recorded in PG&E's TRRRMA to determine
11 which costs were incremental, reasonable, and appropriate for cost
12 recovery.

13 In particular, Cal Advocates worked to verify that the facilities for
14 which PG&E requested cost recovery were currently used and useful. Cal

³ PG&E's Errata Testimony, Table 10-3.

⁴ These figures were calculated by PG&E as those associated directly with ETL 3130. Note that PG&E provided itemized costs for each of the categories above, but when Cal Advocates summed the costs provided by PG&E, Cal Advocates received a slightly different total than PG&E (\$1,950,928 from Cal Advocates vs. \$1,950,925 from PG&E). Cal Advocates suspects this may be due to rounding that PG&E did to present the category totals. (PG&E response to Cal Advocates data request PubAdv-PG&E-067-STS, Q.01.)

1 Advocates also requested explanations for why these facilities moved from
2 Federal to State jurisdiction, as this information allows Cal Advocates to
3 ensure that these facilities are currently providing distribution-level services
4 that make them eligible for inclusion in CPUC-jurisdictional rates.

5 **IV. DISCUSSION / ANALYSIS OF 2019-2020 TRRRMA COSTS**

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

7 PG&E requests a reasonableness review and cost recovery of \$13.3
8 million for costs recorded in its TRRRMA related to the reclassification of
9 transmission assets.

10 PG&E's TRRRMA recovery request states that "in order to ensure
11 these costs are not left unrecovered, the associated revenue requirement
12 is requested to be recovered as CPUC-jurisdictional rates through the
13 TRRRMA. Additionally, since the costs associated with rate base were not
14 included in the 2020 General Rate Case (GRC) but are included in the
15 2023 GRC, the capital revenue requirement for these costs in the
16 TRRRMA is reasonable for the period between May 1, 2019, and
17 December 31, 2022."⁵

18 The corresponding Cal Advocates' recommendation for PG&E's
19 transmission assets reclassification costs in the TRRRMA is \$1,950,928.
20 Cal Advocates' recommendation is \$11,349,072 lower than PG&E's
21 request of \$13.3 million. As described below, \$1,950,928 is a figure that
22 PG&E provided and represents the costs associated with the only facility
23 for which PG&E provided a description of the location of the facility along

⁵ PG&E's Errata Testimony, p. 10-4.

1 with an explanation as to why the facility transferred from federal to state
2 jurisdiction vis-à-vis cost recovery.⁶

3 Cal Advocates found that for all, but one of the facilities in question,
4 PG&E did not 1) provide information that would allow regulators to identify
5 the location of the facilities and 2) provide explanations for why these
6 facilities moved jurisdictions. This information is critical to ensuring that a
7 facility is used and useful and appropriate for inclusion in CPUC-
8 jurisdictional rates.

9 **B. Overview of the California Independent System Operator and**
10 **PG&E's Transmission Facilities**

11 The California Independent System Operator (CAISO) was
12 incorporated in 1998 pursuant to FERC Order 888 and California
13 Assembly Bill (AB) 1890.⁷ The CAISO was meant to enhance competition
14 in the electricity market by providing loads and generators
15 nondiscriminatory access to California's high-voltage transmission
16 network.⁸ PG&E and the other California Investor-Owned Utilities (IOUs)
17 turned operational control of their transmission facilities over to the
18 CAISO.⁹ In addition to ensuring nondiscriminatory access and
19 administering a wholesale electricity market, the CAISO maintains grid
20 reliability by operating the transmission system.¹⁰

⁶ That figure is provided in PG&E's response to Cal Advocates data request PubAdv-PG&E-067-STC, Q.01.

⁷ ISO History. Available at <http://www.caiso.com/about/Pages/OurBusiness/ISO-history.aspx>.

⁸ "It is the intent of the Legislature to ensure that California's transition to a more competitive electricity market structure allows its citizens and businesses to achieve the economic benefits of industry restructuring..." California Assembly Bill 1890. Section 1(a). Approved by Governor September 23, 1996. Available at <http://www.caiso.com/documents/assemblybill1890.pdf>.

⁹ PG&E Advice Letter 6007E. Accepted January 1, 2021. P. 1. Available at https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_6007-E.pdf.

¹⁰ Welcome to the California ISO Presentation. November 17, 2021. Available at
(continued on next page)

1 The CAISO maintains a list of transmission facilities under its
2 operational control, known as the CAISO Register.¹¹ PG&E periodically
3 provides information to the CAISO as to which facilities should be added to
4 or removed from their operational control, and the CAISO updates its
5 Register based on that information.¹² Per PG&E, facilities may be
6 removed from CAISO control because they are no longer in use or “may
7 have changed purpose or function and are no longer considered to be
8 network transmission facilities.”¹³

9 The transition of PG&E transmission facilities to CAISO control had
10 ramifications for how the cost of these facilities were recovered. The
11 CAISO is FERC-regulated, and as such, the cost of certain PG&E-owned
12 facilities listed in the CAISO Register are recovered at the federal, as
13 opposed to state level.¹⁴ To account for uncertainty as to whether the
14 FERC would allow them to recover all of the costs of the facilities turned
15 over to the CAISO, PG&E requested the CPUC establish the TRRRMA.

16 The TRRRMA, approved by CPUC Resolution E-3547 in 1999, was
17 intended to “to provide the opportunity for the utilities to make a showing
18 that the costs which are deemed non-transmission related by FERC may
19 be reasonable distribution costs.”¹⁵ Just and reasonable costs associated

http://www.aiso.com/Documents/WelcomeToTheISO-ParticipantSlides_ToolKit.pdf.

¹¹ PG&E Advice Letter 6007-E. Accepted January 1, 2021. P. 4. Available at https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_6007-E.pdf.

¹² PG&E response to Cal Advocates data request PubAdv-PG&E-042-STC, Q.01.

¹³ Transmission Revenue Requirement Reclassification Memorandum Account. Chapter 10 of PG&E’s 2021 Wildfire Mitigation and Catastrophic Events Errata Testimony. A. 21-09-008, p. 10-2, lines 15-17.

¹⁴ PG&E Advice Letter 6007-E. Accepted January 1, 2021. P. 1. Available at https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_6007-E.pdf.

¹⁵ Finding No. 7 of E-3547, as cited in the Decision Approving Application to Recover Costs Booked in the Transmission Revenue Requirement Reclassification Memorandum Account. D. 03-08-062 in A.01-02-030. Filed February 28, 2001.

1 with used and useful facilities that are deemed non-transmission related
2 are then recovered in CPUC-jurisdictional rates.

3 In 2020, using information PG&E provided, the CAISO updated its
4 register to add new transmission facilities and remove facilities no longer in
5 use or that no longer operated as transmission facilities.¹⁶ As part of an
6 Offer of Partial Settlement in Docket No. ER19-13-000 at the FERC, PG&E
7 was required to update its rate base to add or remove facilities that were
8 no longer under CAISO control.¹⁷ Facilities that were removed from the
9 CAISO Register but that were still used and useful at a non-transmission
10 level were eligible for recovery in CPUC-jurisdictional rates via the
11 TRRRMA.

12 **C. PG&E Provides Limited Detail on the Physical Facilities**
13 **Included in its TRRRMA**

14 PG&E's WMCE Errata Testimony requests recovery for costs
15 associated with transmission lines, substations, generation
16 interconnections, and direct connects¹⁸ that are no longer deemed
17 transmission facilities. While PG&E's Chapter 10 provides a summary of
18 the rate base components that make up the \$13.3 million in requested
19 funds (depreciation, taxes, etc.),¹⁹ the testimony does not provide

¹⁶ Transmission Revenue Requirement Reclassification Memorandum Account. Chapter 10 of PG&E's 2021 Wildfire Mitigation and Catastrophic Events Errata Testimony. A. 21-09-008. November 18, 2021. P. 10-4, lines 21-25.

¹⁷ See a description of this process in PG&E response to Cal Advocates data request PubAdv-PG&E-059-STS, Q.01.

¹⁸ Per PG&E, Generations interconnections bring power from a generator to the transmission network, and only PG&E-owned generation interconnections can be recovered in the TRRRMA. Direct Connects are transmission lines that deliver power from the transmission network to a single customer. (Transmission Revenue Requirement Reclassification Memorandum Account. Chapter 10 of PG&E's 2021 Wildfire Mitigation and Catastrophic Events Errata Testimony. A. 21-09-008. Page X, footnotes 4 and 5.)

¹⁹ See Table 10-3. Transmission Revenue Requirement Reclassification Memorandum Account. Chapter 10 of PG&E's 2021 Wildfire Mitigation and Catastrophic Events Errata Testimony. November 18, 2021. A. 21-09-008.

1 information as to *which* transmission lines, substations, generation
2 interconnections, and direct connects PG&E is requesting cost recovery.
3 Cal Advocates requested a short description of the geographic location of
4 each facility that shifted from federal to state jurisdiction, along with the
5 2020 dollar value (Total Electric Transmission Plant).²⁰ Cal Advocates
6 also requested documentation demonstrating the process by which PG&E
7 reconciled its asset records against the CAISO Register.

8 PG&E's response provided an attachment to a transmittal later from
9 its Transmission Owner (TO) 2020 Rate Year Rate Case at the FERC.
10 The attachment contained a list of four-digit Electric Transmission Line
11 (ETL) numbers for transmission lines and generator interconnections that
12 are not under CAISO control. Regarding substations, the attachment did
13 not list individual facility numbers but rather included the cumulative dollar
14 value of the substation assets transferred from federal to state
15 jurisdiction.²¹

16 PG&E did not initially provide any descriptions of the location of
17 these facilities – lines, substations, direct connects, or interconnections - or
18 the rationale behind their transfer from federal to state jurisdiction. PG&E
19 stated that geographical locations “for all assets that changed classification
20 is not available and, in many cases, infeasible to produce.”²² PG&E also
21 stated that “certain assets [were] recalculated as a population total by
22 PG&E in which individual assets that change status were not separately
23 identified.”²³

²⁰ Cal Advocates data request PubAdv-PG&E-009-STS, Q.01.

²¹ See Tab 6 of PG&E's response to Cal Advocates data request PubAdv-PG&E-009-STS, Q.01.

²² PG&E response to Cal Advocates data request PubAdv-PG&E-009-STS, Q.01.

²³ PG&E response to Cal Advocates data request PubAdv-PG&E-009-STS, Q.01.

1 Cal Advocates subsequently requested a description – including
2 voltage, age, and geographical location – of one of the transmission lines
3 listed in PG&E’s response: ETL 3130.²⁴ PG&E provided that information,
4 explaining that ETL 3130 connects Martinez Junction #1 to the North
5 Tower substation, “within and nearby the cities of Martinez and Benicia.”²⁵

6 Cal Advocates also requested an explanation for why ETL 3130 was
7 removed from CAISO control. PG&E provided that reason, explaining that
8 while it was rated at 115 kV, it now operates at 12 kV (a distribution-level
9 voltage) and serves “distribution connected facilities only.”²⁶ These details
10 allow Cal Advocates to verify that the facility is used and useful and that it
11 operates in a manner that makes it eligible for recovery in CPUC-
12 jurisdictional rates.

13 Cal Advocates requested this same level of detail for the remaining
14 transmission lines listed as no longer under CAISO control by PG&E.²⁷
15 Regarding a description of the geographical location, PG&E did not
16 provide this same level of detail. Rather, PG&E provided an attachment
17 that listed the County and City where the line is located.²⁸ This
18 information, unlike that which was provided in the previous data request,
19 cannot be used to locate a facility.

20 Regarding an explanation for why these facilities were removed from
21 CAISO control, PG&E provided the nominal or rated voltage of the
22 transmission lines in question²⁹ but did not provide any explanation for the

²⁴ See Cal Advocates data request PubAdv-PG&E-042-STC, Q.02.

²⁵ PG&E response to Cal Advocates data request PubAdv-PG&E-042-STC, Q.02.

²⁶ PG&E response to Cal Advocates data request PubAdv-PG&E-042-STC, Q.02.

²⁷ See Cal Advocates data request PubAdv-PG&E-059-STC, Q.01.

²⁸ See PG&E response to Cal Advocates data request PubAdv-PG&E-059-STC, Q.01,
(Atch01).

²⁹ See PG&E response to Cal Advocates data request PubAdv-PG&E-059-STC, Q.01
(Atch01).

1 removal. PG&E stated that such information is “overly burdensome for
2 PG&E to research,” given that this removal “may have occurred
3 somewhere in the span of more than two decades and for a multitude of
4 reasons.”³⁰

5 Finally, Cal Advocates requested that PG&E provide the
6 depreciation expense, cost of capital, property, state corporation franchise
7 tax, federal income tax, and operations and maintenance expense
8 associated directly with ETL 3130.³¹ PG&E provided that information
9 (those costs totaled \$1,950,928), and PG&E’s response provides the basis
10 for Cal Advocates’ recommended cost recovery.³²

11 **D. PG&E Should Not be Authorized Recovery of Costs for**
12 **Facilities that Cannot be Geographically Verified as Used and**
13 **Useful**

14 Cal Advocates recommends that the CPUC only allow recovery in
15 the TRRRMA of costs associated with physically located facilities that are
16 verified to be currently benefitting ratepayers, in accordance with the “used
17 and useful” principle.³³ Additionally, it is critical for PG&E to demonstrate,
18 with evidence, that 1) costs associated with these facilities are not also
19 being recovered at the FERC and 2) that these facilities serve distribution-
20 level purposes and as such are appropriate for inclusion in CPUC-
21 jurisdictional rates. Therefore, the CPUC should only allow cost recovery

³⁰ PG&E response to Cal Advocates data request PubAdv-PG&E-059-STC, Q.01.

³¹ Cal Advocates data request PubAdv-PG&E-067-STC.

³² PG&E response to Cal Advocates data request PubAdv-PG&E-067-STC.

³³ Requiring a facility to be “used and useful” to ratepayers is a well-established principle in electric ratemaking, and is also codified in Section 454.8 of the California Public Utilities Code. (“In any decision establishing rates for an electrical or gas corporation reflecting the reasonable and prudent costs of the new construction of any addition to or extension of the corporation’s plant, when the commission has found and determined that the addition or extension is used and useful...”)

1 associated with facilities for which PG&E has explained why they
2 transferred from federal to state jurisdiction.

3 Not only is knowledge of the physical location and operational
4 characteristics of a facility a necessary precedent to recovering associated
5 costs, it is also critical to the reliable operation of the grid. PG&E's inability
6 to present the location of these facilities is concerning given the
7 consequences of not knowing who has operational control of a facility.
8 The level of specificity in the CAISO's 255-page Transmission Control
9 Agreement – which outlines responsibilities regarding maintenance
10 standards, emergency procedures, etc. – underscores the importance of
11 knowing precisely who does what during grid operations.³⁴

12 Presenting the exact location of these facilities, along with the
13 operational changes that led to them being removed from CAISO control,
14 is not unduly burdensome, as PG&E claims. Rather, it is critical for
15 responsible grid operations and just and reasonable cost recovery.

16 The only facility for which PG&E has provided this information is ETL
17 3130, which connects Martinez Junction #1 to the North Tower
18 substation,³⁵ and as such, this is the only facility that should be approved
19 for cost recovery. Any other facilities and associated facilities where
20 PG&E is requesting cost recovery and that are not associated with ETL
21 3130 should be rejected. The fact that PG&E provided the necessary level
22 of detail for ETL 3130 illustrates that this information is obtainable, and the
23 CPUC should require that PG&E provide it for each facility before allowing
24 cost recovery for that facility.

25 The information provided by PG&E on the facilities (lines,
26 substations, direct connects, and interconnections) outside of ETL 3130

³⁴ A copy of the CAISO's Transmission Control Agreement with Transmission Owners is available at <http://www.caiso.com/Documents/TransmissionControlAgreement.pdf>.

³⁵ PG&E response to Cal Advocates data request PubAdv-PG&E-042-ST5,Q.02.

1 does not allow Cal Advocates, other parties or the CPUC to verify that
2 associated costs are just and reasonable. Regarding substation costs,
3 PG&E stated that there was an asset transfer from Transmission to
4 Distribution of \$41,444,680 in substation plant.³⁶ Cal Advocates asked
5 PG&E for identifying information about these facilities and why they were
6 transferred from CAISO control. PG&E did not provide that information,
7 citing “expansive and complex” data.³⁷ This makes it impossible for the
8 CPUC to verify that these substation facilities are used and useful and are
9 being operated in a manner that merits their inclusion in CPUC-
10 jurisdictional, as opposed to FERC-jurisdictional, rates.

11 Similarly, regarding Direct Connects, PG&E supplied the cumulative
12 plant and depreciation figures³⁸ but no locationally identifying information
13 and no explanation for why these facilities transferred from CAISO control
14 and are therefore newly eligible for inclusion in CPUC-jurisdictional rates.

15 Regarding transmission lines, the fact that PG&E provided City,
16 County, and nominal or rated voltage for lines that are no longer under
17 CAISO control does not provide absolute confirmation that they are 1)
18 used and useful, and 2) serve non-transmission functions and are eligible
19 for cost recovery at the CPUC.

20 Not only does the lack of locational information make it impossible to
21 confirm if a line is useful to ratepayers, the nominal or rated voltage is an
22 imprecise indicator of whether a facility serves transmission-level or
23 distribution-level purposes. Thirty of the lines cited by PG&E as not being

³⁶ See Tab 6 of PG&E’s response to Cal Advocates data request 2021WMCE_DR_CalAdvocates_009-Q01.

³⁷ PG&E response to Cal Advocates data request PubAdv-PG&E-042-STs, Q.02.

³⁸ PG&E’s response to Cal Advocates data request PubAdv-PG&E-009-STs, Q.01, Tab 5 of Atch02.

1 under the CAISO's operational control are 115 kV and above (three of
2 those are rated at 230 kV).³⁹

3 Those ratings are concerning because PG&E's description of ETL
4 3130 implied that its original 115 kV rating made it appropriate for CAISO
5 control, and it was only now appropriate for inclusion in CPUC-
6 jurisdictional rates because it was being operated at 12 kV and serving
7 distribution-connected facilities.⁴⁰ The information provided by PG&E
8 indicates that the transmission lines included for cost recovery do not
9 operate in a manner that would merit inclusion in CPUC-jurisdictional
10 rates.

11 Cal Advocates recommends an adjustment of \$11,349,072, which
12 are costs that are not directly associated with ETL 3130. ETL 3130 is the
13 only facility which PG&E has geographically identified and proven to be 1)
14 used and useful, and 2) serving distribution level purposes and therefore
15 eligible for inclusion in CPUC-jurisdictional rates.⁴¹ Precise, location-
16 specific information and a detailed explanation for why a facility transferred
17 out of CAISO control should be provided to the CPUC for review and
18 analysis to determine if cost recovery is just and reasonable.

19

³⁹ PG&E response to Cal Advocates data request PubAdv-PG&E-059-STC, Q.01 (Atch01).

⁴⁰ PG&E response to Cal Advocates data request PubAdv-PG&E-042-STC, Q.02.

⁴¹ PG&E has provided the exact location and itemized costs for ETL 3130, along with a detailed explanation for why it transferred jurisdictions vis-à-vis cost recovery, proving that such information is obtainable.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Steve Shoemaker. My business address is 505 Van
3 Ness Avenue, San Francisco, California. I am employed by the Public
4 Advocates Office as a Public Utility Regulatory Analyst V in the
5 Infrastructure Branch.

6 I received a Bachelor of Arts from Whitman College, a Certificate in
7 Electrical Power Systems from the College of San Mateo, and a Master of
8 Science in Energy Technology and Policy from Cal Poly Humboldt. At Cal
9 Poly Humboldt, I was one of several primary authors of a report presented
10 to the California Energy Commission on a Low-Carbon Community
11 Microgrid at Blue Lake Rancheria, and also authored a thesis on the
12 impact of net energy metering policies. Prior to that, I was employed by
13 SolarCity as an interconnection specialist, working with utilities to bring
14 residential and commercial solar electric systems online. Additionally, I
15 have worked at GRID Alternatives, a nonprofit solar installer, helping train
16 volunteers to install residential solar electric systems.

17 I have worked at the Public Advocates Office for the last 4 years and
18 have provided testimony to the California Public Utilities Commission
19 (CPUC) in transmission proceedings twice during that time. I regularly
20 provide analysis on transmission-related matters at the CPUC, at the
21 California Independent System Operator (CAISO), and in other venues.

22

1 **VI. APPENDIX: PG&E RESPONSES TO CAL ADVOCATES DATA**
2 **REQUESTS**

- 3 a. PubAdv-PG&E-009-STS, Q.1, Attachment 1
4 b. PubAdv-PG&E-042-STS, Qs. 1 and 2
5 c. PubAdv-PG&E-059-STS, Q.1
6 d. PubAdv-PG&E-067-STS, Q.1

**a. PubAdv-PG&E-009-STS,
Q.1, Attachment 1**

**PACIFIC GAS AND ELECTRIC COMPANY
2021 Wildfire Mitigation and Catastrophic Events
Application 21-09-008
Data Response**

PG&E Data Request No.:	CalAdvocates_009-Q01		
PG&E File Name:	2021WMCE_DR_CalAdvocates_009-Q01		
Request Date:	January 5, 2022	Requester DR No.:	PubAdv-PG&E-009-STS
Date Sent:	January 20, 2022	Requesting Party:	Public Advocates Office
PG&E Witness:	George Kataoka	Requester:	Steven Shoemaker

Please provide the following

QUESTION 01

Chapter 10 of PG&E’s Wildfire Mitigation and Catastrophic Events Errata Testimony proposes an incremental increase of \$13.3 million to recover costs associated with the reclassification of transmission assets from federal to state jurisdiction. Section 4 of Chapter 10 states that PG&E updated its asset records to reconcile against the CAISO Register.

- a. Which assets changed classification as a result of this action? Please provide all identifying information included in the CAISO register, a short description of the geographic location of these assets, and the 2020 dollar value (Total Electric Transmission Plant) of the asset.
- b. Provide documentation that identifies the specific line item detail included in the calculation of the \$13.3 million (labor and non-labor) associated with the reclassification of transmission assets.
- c. Provide documentation that demonstrates the method PG&E utilized to calculate the \$13.3 million associated with the reclassification of transmission assets.
- d. Provide documentation that demonstrates the process PG&E’s management utilized to update its asset records to reconcile against the CAISO Register and the cost associated with this activity. In the response provide the account where PG&E recorded the cost associated with updating its asset records to reconcile against the CAISO Register.

ANSWER 01

- a. Refer to 2021WMCE_DR_CalAdvocates_009-Q01Atch01 and 2021WMCE_DR_CalAdvocates_009-Q01Atch02 for PG&E’s Transmittal Letter Attachment A from the Transmission Owner (TO) 20-Rate Year (RY) 2021 Annual Update Filing and the Summary of Rate Base Reconciliation Workpaper for the TO20-RY2021 Annual Update Filing, respectively. These attachments provide detailed documentation for PG&E’s methodology, assets that changed CAISO operational control status, and total calculated Plant and Accumulated Depreciation balances as of December 31, 2019.

Comprehensive information included in the CAISO register and for geographic location for all assets that changed classification is not available and, in many cases, infeasible to produce. Reasons for this include assets not under CAISO operational control generally not being reported in the CAISO register, the confidentiality of numerous portions the CAISO register, certain assets being recalculated as a population total by PG&E in which individual assets that changed status were not separately identified, and extensive data in the CAISO register having to be mapped to PG&E assets records in a multitude of different ways. Additionally, geographic location information for certain assets, such as third-party owned generation interconnections and direct connects, are not readily available, and certain asset geographic location information is confidential.

- b. Refer to the following table for specific line-item detail included in the calculation of the \$13.3 million revenue requirement. For purposes of this data response, labor and non-labor portions of O&M expense have been estimated based on the labor versus non-labor values (to derive proportions) as shown on Line 100, Column 9 and Column 10 in Schedule "18-OandM" from TO20-RY2021 (Annual Update Filing) and TO20-RY2022 (Draft Annual Update) Formula Rate Models for 2019 and 2020 recorded expense values, respectively.

<u>Revenue Requirement for TRRRMA (Millions of Dollars)</u>		
Line No.	Description	Revenue Requirement
1	Depreciation Expense	\$3.8
2	Net Return	4.5
3	Property Tax	0.8
4	State Corporation Franchise Tax	0.4
5	Federal Income Tax	0.8
6	O&M Expense (Labor estimate)	0.8
7	O&M Expense (Non-Labor estimate)	2.2
8	Total	\$13.3

- c. PG&E used the mini Results of Operations model (mini RO) for the calculation of revenue requirements in the 2021 Wildfire Mitigation and Catastrophic Events. Refer to the following paragraphs for a summarized explanation of the calculation of the various components of the \$13.3 million revenue requirement for the Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA).

O&M Expense – PG&E models converts O&M expense of \$3.2 million into a revenue requirement of \$3.2 million directly.

Capital Revenue Requirement – Refer to Chapter 13 testimony, which explains the different components of the capital revenue requirement used in the mini RO calculation.

Depreciation Expense – Depreciation expense is calculated on a straight-line, remaining-life method (in accordance with the Commission Standard Practice U-4, Determination of Straight-Line Remaining Life Depreciation Accruals) using CPUC-approved rates from depreciation accrual rate schedules effective during the period for which the revenue requirement calculations are made. Depreciation expense is calculated by multiplying the weighted average plant in service by the corresponding book depreciation rates. For TRRRMA, depreciation rates are based on CPUC approved transmission assets composite rates.

Net Return - Rate base is calculated using utility plant less adjustments for deferred taxes and depreciation reserve. Utility plant and depreciation reserve for TRRRMA are based on the assets transferred as explained in Chapter 10 testimony. PG&E multiplies the currently adopted composite Rate of Return (ROR) by the weighted average rate base for each year to calculate the Net for Return.

Income Taxes – PG&E estimates current California Corporation Franchise Taxes (CCFT) and Federal Income Taxes (FIT) on net operating income before income taxes, with adjustments for tax deductions, including federal and California tax depreciation, respectively. Current FIT expense is the product of the currently effective corporate income tax rate (35 percent prior to 2018, and 21 percent starting in 2018 and onward), and federal taxable income. Likewise, current state income tax expense is the product of the statutory rate (8.84 percent) and the state taxable income. PG&E follows the Modified Accelerated Cost Recovery System (MACRS) and Asset Depreciation Range guidelines for classifying capital additions and calculating federal and state tax depreciation. MACRS tax deductions are computed on a normalized basis. This allows PG&E to recognize the timing differences between book and these federal tax deductions. This difference multiplied by the federal tax rate is called deferred FITs and is included as an adjustment to current federal tax expense and a credit to rate base. For TRRRMA, PG&E will continue the Federal and California normalized treatment pursuant to FERC Order 144-A.

Property Tax - Property tax calculations are determined by multiplying the Plant Less Depreciation (Net Plant) by the composite property tax factor.

- d. Regarding documentation for the process and methodology that PG&E utilized to update its asset records to reconcile against the CAISO Register, refer to *2021WMCE_DR_CalAdvocates_009-Q01Atch01* (PG&E's Transmittal Letter Attachment A from the TO20-RY2021 Annual Update Filing). The costs associated with updating PG&E's asset records to reconcile against the CAISO Register were not separately tracked and hence, are not available. The effort was predominantly completed by PG&E salaried employees (exempt) charged primarily to Administrative & General (A&G) accounts.

b. PubAdv-PG&E-042-STS, Qs. 1 and 2

**PACIFIC GAS AND ELECTRIC COMPANY
2021 Wildfire Mitigation and Catastrophic Events
Application 21-09-008
Data Response**

PG&E Data Request No.:	CalAdvocates_042-Q02		
PG&E File Name:	2021WMCE_DR_CalAdvocates_042-Q02		
Request Date:	March 21, 2022	Requester DR No.:	PubAdv-PG&E-042-ST5
Date Sent:	March 31, 2022	Requesting Party:	Public Advocates Office
PG&E Witness:	Various	Requester:	Steven Shoemaker

**SUBJECT: TRANSMISSION REVENUE REQUIREMENT RECLASSIFICATION MEMORANDUM
ACCOUNT**

QUESTION 02

In reference to PG&E’s response to PubAdv-PG&E-009-ST5, Line 129 of Tab 7 of Attachment 2 lists Electric Transmission Line (ETL) 3130 as one of the Transmission Lines no longer under CAISO operational control. It states that this line had Prior Year Ending Plant balance of \$7,038,618 and a Prior Year Ending Accumulated Depreciation Balance of \$3,763,955. Although PG&E stated in its January 20, 2022 Data Request Response that “comprehensive information included in the CAISO register and for geographic location for all assets that changed classification is not available and, in many cases, infeasible to produce,” PG&E should be able to provide such information about an asset of this size.

- a. Please provide a detailed description of the physical characteristics of ETL 3130, including whether it is an entire line or a segment of a line, its voltage, and its age. This information is necessary to confirm that the asset is still used and useful.
- b. Please provide a detailed description of the geographical location of ETL 3130. This information is necessary to confirm that the asset is still used and useful.
- c. Please provide an explanation for why ETL 3130 was removed from CAISO operational control.

ANSWER 02

- a. ETL 3130 is rated at 115 kV and is presented in PG&E’s response to PubAdv-PG&E-009-ST5, Line 129 of Tab 7 of Attachment 2 as the entire line. ETL 3130 is approximately 95 years in age since becoming used and useful. However, various components of the line have a significantly younger vintage due to asset replacement and other capital work.
- b. ETL 3130 connects Martinez Junction #1 and North Tower substation, within and nearby the cities of Martinez and Benicia.
- c. Although ETL 3130 is rated at 115 kV, the line is operated at 12 kV and has changed function to serve distribution connected facilities only. Hence, it is no longer considered to be a network transmission facility (i.e., not under the CAISO’s operational control).

c. PubAdv-PG&E-059-STS, Q.1

**PACIFIC GAS AND ELECTRIC COMPANY
2021 Wildfire Mitigation and Catastrophic Events
Application 21-09-008
Data Response**

PG&E Data Request No.:	CalAdvocates_059-Q01		
PG&E File Name:	2021WMCE_DR_CalAdvocates_059-Q01		
Request Date:	April 7, 2022	Requester DR No.:	PubAdv-PG&E-059-STS
Date Sent:	April 19, 2022	Requesting Party:	Public Advocates Office
PG&E Witness:	George Kataoka	Requester:	Steven Shoemaker

**SUBJECT: CHAPTER 10 – TRANSMISSION REVENUE REQUIREMENT RECLASSIFICATION
MEMORANDUM ACCOUNT**

QUESTION 01

In PG&E’s response to data request PubAdv-PG&E-042-STS, PG&E supplied the age and geographical location (connecting Martinez Junction #1 and the North Tower substation, within and nearby the cities of Martinez and Benicia) of a transmission line – ETL 3130 – along with the rationale for the project moving from CAISO to PG&E control (it was rated at 115 kV, but now operates at 12 kV to serve distribution-connected facilities only). This information is critical in confirming that the cost of the facility is no longer being recovered at the Federal Energy Regulatory Commission (FERC) level and that the facility is used and useful. Please provide that same information – voltage, age, whether it is a line or line segment, along with an explanation for removing the facility from CAISO control – for the remaining transmission lines no longer under CAISO control as cited by PG&E in Tab 7 in Attachment 2 to PG&E’s Response to data request PubAdv-PG&E-009-STS (those lines are also listed here in Attachment 1).

PG&E stated in its response to PubAdv-PG&E-042-STS that the CAISO’s periodic removal or addition of facilities to its register is “based on information PG&E submits to the CAISO,” and as such, PG&E should have the rationale for removing or adding a given facility. If any of the information above is unavailable, or infeasible to produce, PG&E should provide a reason why.

ANSWER 01

Refer to 2021WMCE_DR_CalAdvocates059-Q01Atch01 for the requested information regarding the remaining transmission lines not under the CAISO’s operational control, as of December 31, 2019.

Note that 29 of the 84 transmission lines were reclassified as third-party owned generation ties, as of December 31, 2019. These transmission lines and their reclassifications were presented in WMCE_Test_PGE_20210916-WP-Ch10, WP10-2. As stated in that workpaper, third-party owned generation ties that did not recently change CAISO operational control were not and are not recorded in the Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA). Hence, these transmission lines are not in scope for the TRRRMA.

Regarding the request for the age of each transmission line, the vintage year with the associated largest book value (i.e., Plant-in-Service) has been provided as an estimate in terms of impact to revenue requirements. This is useful information as it takes into consideration that assets have been replaced, upgraded, and added over the years since the transmission line originally became operational. The request to provide the year in which each of these transmission lines went into operation is overly burdensome for PG&E to research, as it requires PG&E to research a multitude of contracts, maps, specifications, and correspondences across many decades for each transmission line.

The reason for 55 of the 84 transmission lines (i.e., the 55 lines that are not third-party owned generation ties) correctly being reclassified as not under the CAISO's operational control is that the reclassification resulted from PG&E's fulfillment of the requirements of Section 6.6 of the Offer of Partial Settlement that was approved by the Commission on August 17, 2020 (in Docket No. ER19-13-000; *Pacific Gas and Electric Company*, 172 FERC ¶ 61,142 (2020)). Section 6.6 of the Offer of Partial Settlement provides:

Rate Base Corrections: PG&E will update its rate base for the first Annual Trueup Adjustment filing (i.e., which will occur on December 1, 2020 for the 2019 Rate Year) to remove, for cost recovery purposes, any facilities that are not under the CAISO's operational control or to add facilities that are under the CAISO's operational control. PG&E will include in this filing an explanation for each rate base adjustment. On a good faith efforts basis, PG&E will update its rate base for the draft Annual Update posting on July 1, 2020 and will include an explanation of each rate base adjustment in that draft Annual Update. PG&E will include in the draft Annual Update an explanation for each rate base adjustment. This will reflect the best available information as of May 1, 2020.

A more detailed reason for each transmission line not being under the CAISO's operational control is overly burdensome for PG&E to research and identify for all of the 55 mentioned transmission lines. The classification or reclassification may have occurred somewhere in the span of more than two decades and for a multitude of reasons. However, the primary reason can be stated as being due to the fact that these transmission lines do not support network transmission and hence are not subject to the CAISO's operational control.

d. PubAdv-PG&E-067-STS, Q.1

**PACIFIC GAS AND ELECTRIC COMPANY
2021 Wildfire Mitigation and Catastrophic Events
Application 21-09-008
Data Response**

PG&E Data Request No.:	CalAdvocates_067-Q01		
PG&E File Name:	2021WMCE_DR_CalAdvocates_067-Q01		
Request Date:	May 4, 2022	Requester DR No.:	PubAdv-PG&E-067-ST5
Date Sent:	May 6, 2022	Requesting Party:	Public Advocates Office
PG&E Witness:	George Kataoka	Requester:	Steven Shoemaker

SUBJECT: TRRRMA: TRANSMISSION LINE – ETL 3130

QUESTION 01

In PG&E’s response to PubAdv-PG&E-042-ST5, PG&E supplied the age and geographical location (connecting Martinez Junction #1 and the North Tower substation, within and nearby the cities of Martinez and Benicia) of a transmission line – ETL 3130 – along with the rationale for the project moving from CAISO to PG&E control (it was rated at 115 kV, but now operates at 12 kV to serve distribution-connected facilities only).

Please provide the following costs (in 2022 \$), itemized to ETL 3130 specifically, for the period of May 1, 2019 through December 31, 2020 (the time period for which PG&E is requesting cost recovery through the Transmission Revenue Requirement Reclassification Memorandum Account): Depreciation expense, cost of capital, property tax, state corporation franchise tax, federal income tax, operations and maintenance expense.

Stated differently, provide the portion of the \$13.3 million requested in Chapter 10 of PG&E’s Errata testimony that is directly associated with ETL 3130 (labor and non-labor). If PG&E is not able to provide the requested information, state why PG&E is unable to provide the information.

ANSWER 01

Refer to the following table for estimated revenue requirement values associated with ETL 3130. The estimated values are for May 2019 through December 2022, the latter of which is the last date until the associated rate base would be included in the 2023 GRC¹. The estimated total portion of the \$13.3 million revenue requirement associated with ETL 3130 is \$1.95 million.

¹ Refer to Page 10-4 from WMCE_Test_PGE_20210916-Ch10-TRRRMA testimony for further explanation.

Estimated Revenue Requirement Associated with ETL 3130 (in whole \$s)					
	May-Dec 2019	2020	2021	2022	Grand Total
Depreciation Expense	107,138	167,470	167,470	167,470	609,547
Cost of Capital	121,108	175,599	161,272	152,489	610,467
Property Tax	4,405	26,307	25,456	24,038	80,206
State Corporation Franchise Tax	9,721	14,881	14,086	13,298	51,986
Federal Income Tax	18,995	29,279	27,503	25,793	101,570
O&M Expense	182,177	314,973	-	-	497,150
Total	443,543	728,508	395,786	383,087	1,950,925