

Docket : A.21-09-008  
Exhibit Number : CA-09  
Commissioner : A. Reynolds  
Admin Law Judge : Nojan  
Witness : Oh



**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**

Revenue Requirement

San Francisco, California  
May 24, 2022

**(INTENTIONALLY LEFT BLANK)**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I. INTRODUCTION.....	1
II. SUMMARY OF RECOMMENDATIONS .....	1
III. REVENUE REQUIREMENT .....	2
IV. EXPENSES.....	4
V. CAPITAL .....	5
VI. WITNESS QUALIFICATIONS .....	7

1                                   **2021 Wildfire Mitigation and Catastrophic Events**  
2                                   **Revenue Requirement**

3   **I.       INTRODUCTION**

4           This exhibit presents the analyses and recommendations of the Public  
5   Advocates Office at the California Public Utilities Commission (Cal Advocates)  
6   regarding Pacific Gas and Electric Company’s (PG&E) revenue requirement request  
7   associated with various memorandum accounts in the 2021 Wildfire Mitigation and  
8   Catastrophic Events application, Chapter 13. These accounts are: (1) the Wildfire  
9   Mitigation Balancing Account (WMBA); (2) the Vegetation Management Balancing  
10   Account (VMBA), (3) the Catastrophic Event Memorandum Account (CEMA); (4) the  
11   Emergency Consumer Protections Memorandum Account (ECPMA); (5) the  
12   Disconnections Memorandum Account (DMA); (6) the COVID-19 Pandemic  
13   Protections Memorandum Account (CPPMA); (7) the California Consumer Privacy  
14   Act Memorandum Account (CCPAMA); (8) the Microgrids Memorandum Accounts  
15   (MGMA); and (9) the Transmission Revenue Requirement Reclassification  
16   Memorandum Account (TRRRMA).

17           Cal Advocates calculated the revenue requirement using the Results of  
18   Operations (RO) models provided by PG&E. The RO model compiles all the capital  
19   costs and operating expenses recommendations from the different Cal Advocates  
20   witnesses to estimate the revenue required.

21   **II.       SUMMARY OF RECOMMENDATIONS**

22           PG&E proposes cost recovery of \$1,473.7 million in total revenue  
23   requirement excluding interest for the period of 2015 through 2022, with the  
24   exception of Microgrids Memo Account capital revenue requirement which continues  
25   through 2026.<sup>1</sup>

---

<sup>1</sup> A.21-09-008, PG&E errata November 18, 2021, p. 13-2, Table 13-1. PG&E’s original application showed total revenue requirement before interest of \$1,467.8 million.

- 1 • Cal Advocates recommends that PG&E recover a revenue  
2 requirement of \$640.4 million, which is \$833.4 million lower than  
3 PG&E's request.
- 4 • Cal Advocates recommends that VMBA costs of \$591.7 million  
5 not be authorized for recovery until a consultant can be hired by  
6 the Commission to review the costs for reasonableness.<sup>2</sup>
- 7 • Cal Advocates does not oppose PG&E's assumptions and  
8 calculations used in its revenue requirement calculation to  
9 estimate depreciation for income tax purposes.
- 10 • Cal Advocates does not oppose PG&E's use of Rate of Return  
11 and capital structure adopted in PG&E's 2013 authorized Cost  
12 of Capital (COC) decision for years 2015-2017, the 2018  
13 authorized COC decision for years 2018-2019, and the 2020  
14 authorized COC decision for years 2020-2022.
- 15 • Cal Advocates does not oppose PG&E's use of the 2014 GRC  
16 D.14-08-032 authorized depreciation rates for years 2015-2016,  
17 the 2017 GRC D.17-05-013 authorized depreciation rates for  
18 the years 2017-2019, and the 2020 GRC D.20-12-005  
19 authorized depreciation rates for the years 2020-2022.

### 20 **III. REVENUE REQUIREMENT**

21 PG&E seeks recovery of \$1,473.7 million in total revenue requirement  
22 excluding interest for the period of 2015 through 2022 with the exception of  
23 Microgrids Memo Account capital revenue requirement which continues through  
24 2026. This amount consists of CEMA total revenue requirement of \$534.5 million,  
25 WMBA and VMBA revenue requirement of \$747.2 million, MGMA total revenue  
26 requirement of \$137.8 million, TRRRMA total revenue requirement of \$13.3 million,  
27 and revenue requirement of \$40.8 million for ECPMA, DMA, CPPMA, and  
28 CCPAMA.<sup>3</sup>

29 PG&E states that the CEMA total revenue requirement of \$534.5 million is  
30 associated with \$490.5 million of expense and \$190.4 million of capital expenditures  
31 in responding to certain CEMA events incurred in 2015-2020.<sup>4</sup>

---

<sup>2</sup> See Ex. CA-01.

<sup>3</sup> See Ex. CA-01.

<sup>4</sup> A.21-09-008, p. 13-2.

1 PG&E states that the WMBA and VMBA revenue requirement of \$747.2  
2 million<sup>5</sup> is associated with \$747.2 million of expense incurred in 2020 and recorded  
3 in the WMBA and VMBA. PG&E also states that the VMBA amount of \$591.7 million  
4 is associated with the incremental spending above the 120 percent of the authorized  
5 VMBA activities specified in the 2020 General Rate Case (GRC), D.20-12-005, and  
6 that the WMBA amount of \$155.5 million is associated with the incremental  
7 expenses above the 115 percent of the authorized WMBA expenses specified in the  
8 2020 GRC D.20-12-005.<sup>6</sup>

9 PG&E states that the MGMA total revenue requirement of \$137.8 million is  
10 associated with \$133.0 million of expense and \$6.2 million of capital expenditures  
11 through 2020.<sup>7</sup>

12 PG&E also states that the TRRRMA total revenue requirement of \$13.3  
13 million is associated with \$3.0 million of expense and \$42.9 million in plant that is  
14 being transferred from FERC jurisdiction to CPUC jurisdiction.<sup>8</sup>

15 PG&E states that the other revenue requirement of \$40.8 million is associated  
16 with \$6.3 million of expense recorded to the ECPMA, \$0.7 million of expenses in the  
17 DMA, \$7.8 million of expenses in the CPPMA, and \$25.4 million of expense and  
18 \$0.6 million of capital expenditures recorded to the CCPAMA.<sup>9</sup>

19 Cal Advocates used the RO models PG&E provided after performing limited  
20 testing of the models and determining that they reflected a reasonable calculation of  
21 the revenue requirement.

22 Cal Advocates' capital cost and operating expense witnesses provided input  
23 data for the RO model. Discussion and analysis of the input data are contained in  
24 the corresponding Cal Advocates' exhibits.

---

<sup>5</sup> PG&E did not change all numbers in the errata testimony, only select numbers in the errata testimony and in the table.

<sup>6</sup> A.21-09-008, p. 13-3.

<sup>7</sup> A.21-09-008, p. 13-3.

<sup>8</sup> A.21-09-008, p. 13-3.

<sup>9</sup> A.21-09-008, p. 13-3.

1 Cal Advocates recommends that PG&E recover a revenue requirement of  
 2 \$640.4 million, which is \$833.4 million lower than PG&E's request.

3 Cal Advocates' recommendation excludes PG&E's VMBA request of \$591.7  
 4 million in its entirety.<sup>10</sup>

5 Table 9-1 below compares PG&E's request and Cal Advocates'  
 6 recommendations.

7

Table 9-1					
2021 WMCE Revenue Requirement Summary					
(Thousands of Dollars)					
Memo Account	Description	PG&E Proposed	Cal Advocates Recommended	Amount PG&E > Cal Advocates	Percentage PG&E > Cal Advocates
(a)	(b)	(c)	(d)	(e = c - d)	(f = e / d)
CEMA	Catastrophic Event Memo Acct	\$ 534,551	\$ 370,768	\$ 163,783	44%
VMBA	Vegetation Management Memo Acct	\$ 591,718	\$ -	\$ 591,718	N/A
WMBA	Wildfire Mitigation Balancing Acct	\$ 155,520	\$ 109,817	\$ 45,703	42%
CPPMA	Covid-19 Pandemic Protections Memo Acct	\$ 7,847	\$ 7,378	\$ 469	6%
DMA	Disconnections Memo Acct	\$ 666	\$ 87	\$ 579	666%
ECMA	Emergency Consumer Protections Memo Acct	\$ 6,271	\$ 9,500	\$ (3,229)	-34%
CCPAMA	California Consumer Privacy Act Memo Acct	\$ 26,014	\$ 4,230	\$ 21,784	515%
MGMA	Microgrids Memo Acct	\$ 137,821	\$ 133,238	\$ 4,583	3%
TRRRMA	Transmission Revenue Requirement Reclassification Memo Acct	\$ 13,336	\$ 5,367	\$ 7,969	148%
Total without interest		\$ 1,473,744	\$ 640,385	\$ 833,359	130%

8 Source: A.21-09-008, PG&E errata November 18, 2021 p.13-2 Table 13-1  
 Note: Cal Advocates did not conduct an independent review and assessment of PG&E's VMBA costs.

9 **IV. EXPENSES**

10 PG&E seeks to recover a total expense revenue requirement of \$1,410.4  
 11 million<sup>11</sup> excluding interest. PG&E states that this amount is associated with  
 12 expenses of \$747.2 million<sup>12</sup> recorded in the WMBA and the VMBA, \$490.5 million  
 13 recorded in the CEMA for certain CEMA events, \$6.3 million recorded in the  
 14 ECPMA, \$0.7 million recorded in the DMA, \$7.8 million recorded in the CPPMA,

<sup>10</sup> Ex. CA-01.

<sup>11</sup> PG&E's Errata testimony text shows \$1,404.5 million on page 13-3, but the associated Table 13-1 has errata amount of \$1,410.4 million.

<sup>12</sup> PG&E's Errata testimony text shows \$741.2 million on page 13-3, but the associated Table 13-1 has errata amount of \$747.2 million.

1 \$25.4 million in the CCPAMA, \$133.0 million recorded in the MGMA, and \$3.0  
 2 million in the TRRRMA.<sup>13</sup>

3 Cal Advocates recommends that PG&E recover a total expense requirement  
 4 of \$602.6 million, which is \$807.8 million lower than PG&E’s request.

5 Cal Advocates’ recommendation excludes PG&E’s VMBA request of \$591.7  
 6 million in its entirety. Cal Advocates recommends that the VMBA costs not be  
 7 authorized for recovery until the costs are properly reviewed for reasonableness.<sup>14</sup>

8 Table 9-2 below compares PG&E’s expense request and Cal Advocates’  
 9 expense recommendation.

10

Table 9-2					
2021 WMCE Expense Revenue Requirement Summary					
(Thousands of Dollars)					
Memo Account	Description	PG&E Proposed	Cal Advocates Recommended	Amount PG&E > Cal Advocates (e = c - d)	Percentage PG&E > Cal Advocates (f = e / d)
(a)	(b)	(c)	(d)	(e = c - d)	(f = e / d)
CEMA	Catastrophic Event Memo Acct	\$ 486,963	\$ 342,357	\$ 144,606	42%
VMBA	Vegetation Management Memo Acct	\$ 591,718	\$ -	\$ 591,718	N/A
WMBA	Wildfire Mitigation Balancing Acct	\$ 155,520	\$ 109,817	\$ 45,703	42%
CPPMA	Covid-19 Pandemic Protections Memo Acct	\$ 7,847	\$ 7,021	\$ 826	12%
DMA	Disconnections Memo Acct	\$ 666	\$ 87	\$ 579	666%
ECMA	Emergency Consumer Protections Memo Acct	\$ 6,271	\$ 9,500	\$ (3,229)	-34%
CCPAMA	California Consumer Privacy Act Memo Acct	\$ 25,414	\$ 4,230	\$ 21,184	501%
MGMA	Microgrids Memo Acct	\$ 132,977	\$ 130,345	\$ 2,632	2%
TRRRMA	Transmission Revenue Requirement Reclassification Memo Acct	\$ 3,039	\$ (781)	\$ 3,820	-489%
Total without interest		\$ 1,410,415	\$ 602,576	\$ 807,839	134%

Source: A.21-09-008, PG&E errata November 18, 2021 p.13-2 Table 13-1

Note: Cal Advocates did not conduct an independent review and assessment of PG&E’s VMBA costs.

11

12 **V. CAPITAL**

13 PG&E seeks to recover a total capital revenue requirement of \$63.3 million.  
 14 This amount is associated with the capital expenditures of \$190.4 million recorded in  
 15 the CEMA for certain CEMA events and \$0.6 million in the CCPAMA, \$6.2 million in  
 16 the MGMA, and \$22.1 million of net plant in the TRRRMA. There is no capital

<sup>13</sup> A.21-09-008, p. 13-4.

<sup>14</sup> Ex. CA-01.



1 revenue requirement for the VMBA, the WMBA, the CPPMA, the DMA, and the  
 2 ECMA.<sup>15</sup>

3 Cal Advocates recommends that PG&E recover a total capital revenue  
 4 requirement of \$37.8 million, which is \$25.5 million lower than PG&E’s request.

5 Table 9-3 below compares PG&E’s capital revenue requirement request and  
 6 Cal Advocates’ capital revenue requirement recommendation.

7

Table 9-3					
2021 WMCE Capital Revenue Requirement Summary					
(Thousands of Dollars)					
Memo Account	Description	PG&E Proposed	Cal Advocates Recommended	Amount PG&E >Cal Advocates	Percentage PG&E >Cal Advocates
(a)	(b)	(c)	(d)	(e = c - d)	(f = e / d)
CEMA	Catastrophic Event Memo Acct	\$ 47,588	\$ 28,411	\$ 19,177	67%
CCPAMA	Covid-19 Pandemic Protections Memo Acct	\$ 599	\$ 358	\$ 241	67%
MGMA	Microgrids Memo Acct	\$ 4,845	\$ 2,893	\$ 1,952	67%
TRRRMA	Transmission Revenue Requirement Reclassification Memo Acct	\$ 10,297	\$ 6,147	\$ 4,150	67%
Total without interest		\$ 63,329	\$ 37,808	\$ 25,521	67%

8 Source: A.21-09-008, PG&E errata November 18, 2021 p.13-2 Table 13-1

9

---

<sup>15</sup> A.21-09-008, p. 13-4.

1 **VI. WITNESS QUALIFICATIONS**

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

6 I have a Bachelor of Arts degree in Business Economics from the University  
7 of California, Los Angeles.

8 I joined the Commission's Energy Division in year 2000 and worked on  
9 different accounting, auditing, and financial issues, including procurement and ERRA  
10 proceedings.

11 In 2007, I transferred to the Water Branch within the Public Advocates Office  
12 (formerly the Office of Ratepayer Advocates) and worked on large water utility  
13 general rate cases, focusing on Administrative and General expenses, Operations  
14 and Maintenance expenses, Cost of Capital, Affiliate Transactions, Taxes, and  
15 Results of Operations.

16 In 2011, I transferred to the Energy Cost of Service and Natural Gas Branch  
17 and have worked as a contract manager, and as an expert witness in Taxes, Results  
18 of Operations, Cost of Capital, Information Technology, and Corporate Center /  
19 Shared Services / Shared Assets. I have supported my testimony in formal  
20 Commission hearings.

21 This completes my prepared testimony.