

Docket:	:	<u>A.15-09-001</u>
Exhibit Number	:	<u>ORA-1</u>
Commissioner	:	<u>M. Picker</u>
ALJ	:	<u>S. Roscow</u>
Witness	:	<u>C. Tang</u>



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations
for
Pacific Gas and Electric Company
Test Year 2017
General Rate Case**

Executive Summary

San Francisco, California
April 8, 2016

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1

EXECUTIVE SUMMARY

2 I. INTRODUCTION – THE OFFICE OF RATEPAYER ADVOCATES 3 RECOMMENDS REDUCTIONS IN PACIFIC GAS AND ELECTRIC 4 COMPANY’S PROPOSED REVENUE INCREASES FOR 2017 thru 5 2019

6 The Office of Ratepayer Advocates
7 (ORA) submits its reports and exhibits in
8 response to Pacific Gas and Electric
9 Company’s (PG&E) Application (A.) 15-09-001
10 for a Test Year (TY) 2017 General Rate Case
11 (GRC).¹ PG&E proposes a 3-year (2017-2019)
12 GRC term.

13 This exhibit presents ORA’s executive
14 summary, addressing PG&E’s proposed
15 revenue increases for TY2017, and for the
16 2018 and 2019 post-test years.

17 PG&E requests authorization from the California Public Utilities Commission
18 (CPUC or Commission) for revenue increases associated with its Gas Distribution,
19 Electric Distribution, and Electric Generation (i.e., Energy Supply) operations which
20 fall within the CPUC’s ratemaking jurisdiction.

21 When PG&E initially filed its GRC application on September 1, 2015, it
22 requested a \$457 million revenue requirement increase for 2017 relative to 2016
23 adopted levels. When PG&E served its update testimony on February 22, 2016, the
24 requested test year revenue increase was reduced to \$333 million, comprising \$62
25 million in Gas Distribution, \$71 million in Electric Distribution, and \$199 million in
26 Electric Generation. In contrast, ORA recommends GRC revenue decreases of \$59

PG&E requests a 3-year cumulative revenue increase of \$2.31 billion, comprising:

- a \$333 million (4.2%) increase beginning in 2017 (for 2017, 2018 and 2019)
- additional increases of \$469 million (5.7%) in 2018 (for 2018 and 2019) and \$368 million (4.2%) in 2019

ORA recommends a 3-year cumulative increase of \$576 million, comprising:

- an \$85 million (1.1%) decrease in 2017
- increases of \$274 million (3.49%) in 2018 and \$283 million (3.49%) in 2019

ORA also recommends a third attrition year, with a 3.50% revenue increase in 2020

¹ Per PG&E’s Proof of Rule 3.2(d) Compliance filed on November 2, 2015, a bill insert provided notice to customers about the utility’s requested revenue increase for gas and electric service, effective January 1, 2017.

1 million in Gas Distribution and \$146 million in Electric Distribution, and a revenue
 2 increase of \$119 million in Electric Generation, for the test year.

3 Table 1-1 compares ORA's and PG&E's forecasts of TY2017 GRC revenues
 4 relative to the utility's currently authorized level of 2016 revenues.^{2,3}

5 **Table 1-1**
 6 **PG&E Requests a \$333 Million Revenue Requirement Increase in 2017,**
 7 **While ORA Recommends an \$85 Million Decrease**
 8 **(in Millions of Dollars)**

Description (a)	PG&E's 2016 Adopted Revenues (b)	PG&E's 2017 Proposed Revenues (c)	PG&E's Forecasted Increase over 2016 Adopted Revenues (d=c-b)	ORA's 2017 Recommended Revenues (e)	ORA's Recommended Increase over 2016 Adopted Revenues (f=e-b)
Gas Distribution	\$1,742	\$1,804	\$63	\$1,683	(\$59)
Electric Distribution	\$4,213	\$4,284	\$71	\$4,067	(\$146)
Electric Generation	\$1,962	\$2,161	\$199	\$2,081	\$119
Total	\$7,916	\$8,249	\$333	\$7,831	(\$85)

9
 10

² According to PG&E, these amounts include revenues from: (a) PG&E's 2014 GRC, Decision (D.) 14-08-032, adjusted for 2015 and 2016 attrition; and (b) the adopted revenue requirements associated with Solar PV Projects, SmartGrid Pilots, Revised Customer Energy Statement (RCES), Share My Data, SmartMeter Opt-Out, Diablo Canyon Long Term Seismic Program, and Hercules Municipal Utility Assets. These amounts exclude pension costs, as rate recovery of PG&E's pension has been separately provided.

³ On February 22, 2016, PG&E served errata, Exhibit (Ex.) PG&E-18 and update testimony, Ex. PG&E-19, which supersede some of the September 1, 2015 testimony and forecasts submitted with its GRC application. To develop its Summary of Earnings, ORA used the Results of Operations (RO) model provided with PG&E's update testimony. Unless indicated otherwise, the ORA witnesses impacted by the errata and update testimony have incorporated the changes into their analyses.

1 Table 1-2 compares ORA's and PG&E's forecasts of post-test year 2018 and
2 2019 revenue increases.

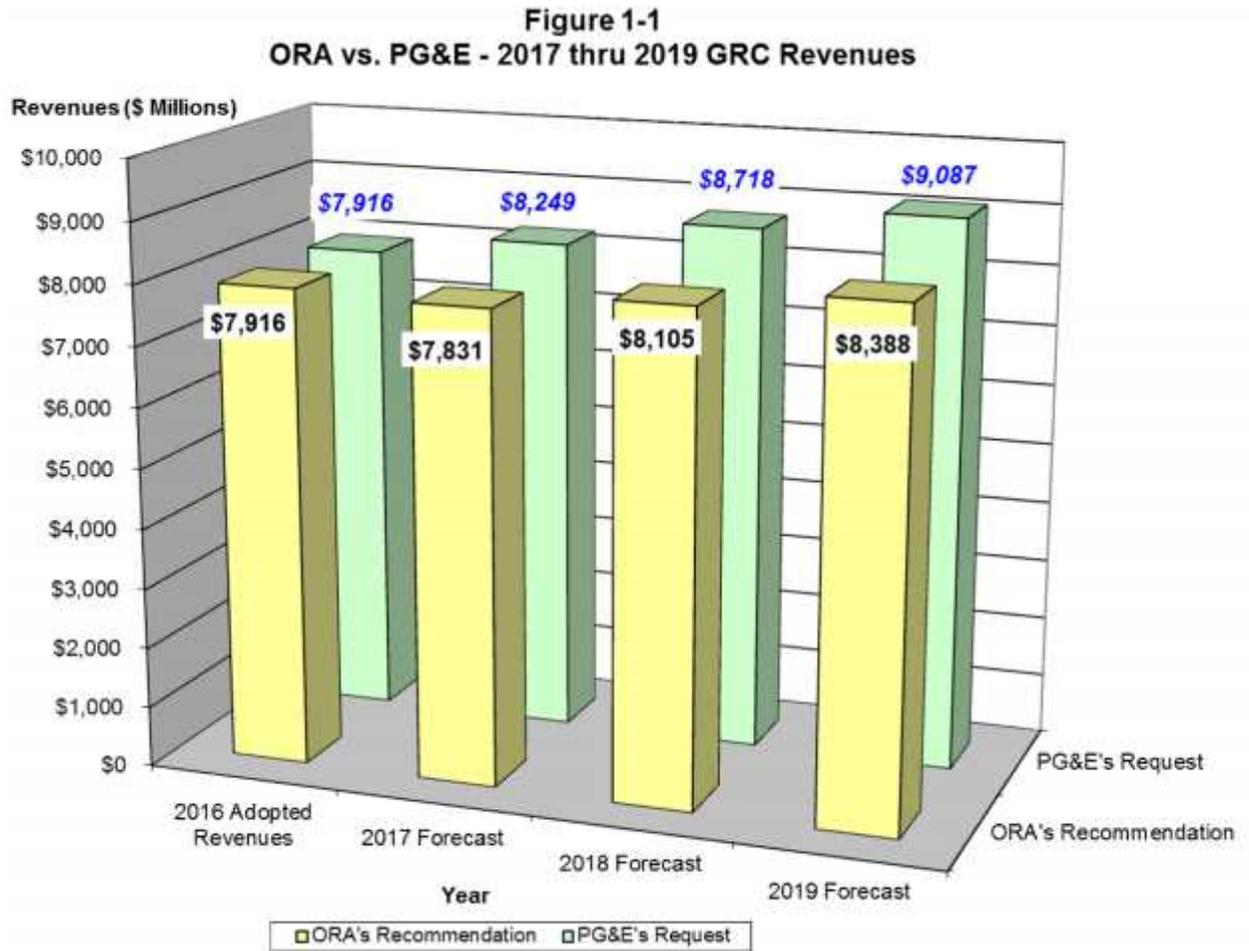
3 **Table 1-2**
4 **Comparison of PG&E's Proposed Post-Test Year Revenue Increases⁴**
5 **With ORA's Recommended Revenue Increases**
6 **(in Millions of Dollars)**

Description (a)	PG&E's Requested 2018 Revenue Increase (b)	PG&E's Requested 2019 Revenue Increase (c)	ORA's Recommended 2018 Revenue Increase (d)	ORA's Recommended 2019 Revenue Increase (d)
Gas Distribution	\$145	\$150	\$59	\$61
Electric Distribution	\$265	\$175	\$142	\$147
Electric Generation	\$58	\$43	\$72	\$75
Total	\$469	\$368	\$274	\$283

7 ORA also proposes a 4-year GRC term (2017-2020), i.e., third post-test year,
8 in 2020, where PG&E receives a 3.50% increase in revenues over 2019 levels. If
9 the Commission adopts ORA's proposal, PG&E's next GRC would be for a 2021 test
10 year.
11

⁴ Ex. PG&E-19 Workpapers, p. WP 19-15, lines 7 and 9.

1 Figure 1-1 illustrates ORA's recommended revenue requirement level for
2 2017 thru 2019, compared to PG&E's request as it appears in the update testimony,
3 Exhibit (Ex.) PG&E-19.



4

5

1 **II. SAFETY, RISK and INTEGRATED PLANNING**

2 This section provides an overview of ORA’s observations and/or
3 recommendations regarding PG&E’s safety, risk, and integrated planning process.

4 **A. Risk Assessment / Risk Management**

5 In Ex. ORA-3 (Safety, Risk and Integrated Planning), ORA recommends that
6 the Commission should not base its cost recovery decisions solely on PG&E’s safety
7 and risk management proposals (i.e., the Commission should not establish funding
8 priorities based on PG&E’s risk models.) Instead, the adequacy and linkage of
9 PG&E’s models should be left to the Safety Mitigation and Assessment Proceeding,⁵
10 and not be resolved in this GRC application.

11 **B. Safe, Reliable and Affordable Service**

12 PG&E states that its “...goal is to provide safe and reliable gas and electric
13 service that is affordable to our customers...”⁶ This is consistent with PG&E’s
14 stance as stated by Chief Executive Officer (CEO) and President Anthony Earley,⁷
15 and echoed by President of Gas Operations Nickolas Stavropoulos,⁸ during
16 evidentiary hearings in PG&E’s 2014 GRC.

17 ORA supports ratepayer funding for necessary and/or cost-effective capital
18 projects and maintenance programs/activities proposed in this GRC which are
19 intended to improve safety and reliability, as long as PG&E provides record evidence
20 which justifies and supports such proposals and requests. ORA expects PG&E to
21 implement measures that are necessary to keep its system safe and reliable.

⁵ A.15-05-002, -003, -004, and -005, consolidated.

⁶ Ex. PG&E-1, p. 1-4, lines 16-17.

⁷ A.12-11-009, 12 RT 850, Earley / PG&E. (“I think that safety, reliability and affordability all were considerations both for PG&E and in rate case proceedings...”)

⁸ A.12-11-009, 13 RT 1174, Stavropoulos / PG&E. (“I think that safety, reliability, and affordability are three key factors that need to be balanced and considered in thinking about the right level of performance expectations for an electric and gas company...”)

1 During its 2016 GRC, San Diego Gas & Electric (SDG&E) stated:
2 “...pursuant to existing statutes (e.g., P.U. Code 451) and Commission
3 rules and decisions, SDG&E is already obligated to operate safely and
4 reliably, regardless of authorized revenue requirement in any given
5 GRC. Although the authorized revenue requirement generally provides
6 the funding necessary to meet this obligation, SDG&E’s safety
7 obligation exists independently of revenue requirement, and SDG&E
8 is, as always, committed to maintaining a safe and reliable system.”⁹

9 ORA expects PG&E to: (1) operate its systems safely and reliably; (2)
10 understand that its safety obligation exists independently of revenue requirement;
11 and (3) be committed to maintaining a safe and reliable system.
12

⁹ See Joint Reply to Comments on Joint Motion for Adoption of Settlement Agreements Regarding San Diego Gas & Electric Company’s Test Year 2016 General Rate Case, Including Attrition Years 2017 and 2018, p. 2. (A copy of the Joint Reply is included as [Appendix 1](#) of this exhibit.)

1 **III. OVERVIEW / SUMMARY**

2 This section provides an overview and summary of PG&E’s requests and
 3 ORA’s recommendations regarding the utility’s 2017 through 2019 revenue
 4 requirement.

5 **A. PG&E Requests a \$333 Million (4.2%) Revenue Increase**
 6 **for 2017, and Post-Test Year Revenue Increases of \$469**
 7 **Million (5.7%) for 2018 and an Additional \$368 Million**
 8 **(4.2%) for 2019**

9 For its 2017 GRC, PG&E is requesting that the Commission authorize a
 10 CPUC-jurisdictional base rate revenue requirement of \$8.249 billion for the utility’s
 11 gas distribution, electric distribution, and electric generation operations, to be
 12 effective January 1, 2017, which represents a \$333 million increase in GRC base
 13 revenues over the current authorized level of \$7.916 billion.

14 The table below compares PG&E’s forecasts of Test Year 2017 GRC
 15 revenues (based on its February 22, 2016 update testimony) relative to its 2016
 16 authorized revenue requirement.

17 **Table 1-3**
 18 **PG&E Requests a \$333 Million Increase in GRC Revenues**
 19 **Effective January 1, 2017 for CPUC-Jurisdictional Operations**
 20 **(in Millions of Dollars)**

Description (a)	PG&E’s 2016 Adopted Revenues (b)	PG&E’s 2017 Proposed Revenues (c)	\$ Increase over 2016 Adopted Revenues (d=c-b)	% Increase over 2016 Adopted Revenues (e=d/b)
Gas Distribution	\$1,742	\$1,804	\$62	3.6%
Electric Distribution	\$4,213	\$4,284	\$71	1.7%
Electric Generation	\$1,962	\$2,161	\$199	10.1%
Total	\$7,916	\$8,249	\$333	4.2%

21 PG&E requests additional revenues in 2017 to cover higher costs associated
 22 with, among other things: operating and maintaining its gas and electric systems,
 23 customer-related expenses (e.g., meter reading, customer records and collection,
 24 and responding to customer inquiries), administrative and general expenses (e.g.,

1 employee salaries, insurance, and outside contractors), and rate base (e.g., net
2 infrastructure investment).

3 PG&E requests post-test year revenue increases of \$469 million (5.7%) for
4 2018 and an additional \$368 million (4.2%) for 2019.¹⁰

5 **Table 1-4**
6 **PG&E Estimates Post-Test Year Revenue Increases of**
7 **\$469 Million for 2018 and an Additional \$368 Million for 2019**
8 **(in Millions of Dollars)**

Description (a)	PG&E's 2017 Proposed Revenues (b)	PG&E's 2018 Proposed Revenue Increase (c)	PG&E's 2018 Proposed Revenues (d=b+c)	% Increase over 2017 Proposed Revenues (e=c/b)	PG&E's 2019 Proposed Revenue Increase (f)	PG&E's 2019 Proposed Revenues (g=f+d)	% Increase over 2018 Proposed Revenues (h=f/d)
Gas Distribution	\$1,804	\$145	\$1,950	8.0%	\$150	\$2,099	7.7%
Electric Distribution	\$4,284	\$265	\$4,549	6.2%	\$175	\$4,725	3.8%
Electric Generation	\$2,161	\$58	\$2,220	2.7%	\$43	\$2,263	1.9%
Total	\$8,249	\$469	\$8,718	5.7%	\$368	\$9,087	4.2%

9 PG&E's proposes a post-test year ratemaking (PTYR) mechanism to account
10 for: (1) escalation of operating expenses; (2) rate base growth; (3) and two discrete
11 attrition expense adjustments, associated with additional Customer Care-related
12 outreach and implementation costs and gas record scanning costs. PG&E also
13 proposes continuation of the Z-factor mechanism adopted in its 2014 GRC.

14 **B. PG&E's Proposed Revenue Increases for 2017 through**
15 **2019 Amount to \$2.31 Billion on a Cumulative Basis**

16 If PG&E's proposals are adopted by the Commission, the utility's ratepayers
17 would experience a 3-year cumulative revenue increase of \$2.305 billion.¹¹ Figure

¹⁰ Ex. PG&E-19 Workpapers, p. WP 19-15, lines 7 and 9.

¹¹ For this 3-year rate case cycle: (a) the \$333 million increase in 2017 would be in effect for three years—2017, 2018 and 2019; (b) the \$469 million increase in 2018 would be in effect for two years—2018 and 2019; and (c) the \$368 million increase in 2019 would be in effect for one year—2019. Therefore: (\$333 million x 3) + (\$469 million x 2) + (\$368 million x 1) = \$2,305 million.

1 1-2 illustrates PG&E's requested revenue requirement levels, and their components,
 2 for 2017 through 2019.

Figure 1-2
 PG&E's Requested Revenue Requirement for 2017 thru 2019
 (in Millions of Dollars)



3

4 **C. ORA Recommends More Modest Revenue Increases for**
 5 **the GRC Term**

6 ORA recommends that the Commission authorize \$7.831 billion in 2017 GRC
 7 base revenues for PG&E, compared to the utility's request for \$8.249 billion. ORA
 8 recommends the following changes in 2017 relative to PG&E's authorized 2016
 9 revenues:

- 10 • Decreasing PG&E's Gas Distribution revenue requirement by
- 11 \$59 million (3.4%) relative to the 2016 authorized level of
- 12 \$1.742 billion; and
- 13 • Decreasing PG&E's Electric Distribution revenue requirement
- 14 by \$146 million (3.5%) relative to the 2016 authorized level of
- 15 \$4.213 billion;

1 **D. ORA’s Recommended Revenue Increases for 2017**
2 **through 2019 Should be Adopted by the Commission**

3 ORA’s test year and post-test year forecasts would result in a 3-year
4 cumulative increase of \$576 million,¹² which is \$1.73 billion less than PG&E’s
5 request for a \$2.31 billion cumulative increase. For the reasons set forth in ORA’s
6 testimony exhibits, ORA’s recommended revenue increases should be adopted by
7 the Commission.

8 If the Commission adopts ORA’s forecasts, ratepayers will experience more
9 modest revenue increases over the 3-year period from 2017-2019 than PG&E
10 proposes. ORA’s forecasts, however, still allow for necessary system improvements
11 without negative impact on operations and service. ORA’s proposals are consistent
12 with its mandate under Public Utilities Code Section 309.5(a)¹³ and the Legislature’s
13 charge to the Commission in Public Utilities Code Section 963(b)(3).¹⁴

14 ORA’s recommended test year and attrition year percentage increases are
15 consistent with the objective expressed by PG&E CEO and President Anthony
16 Earley’s plan to keep future rate increases at or below inflation,¹⁵ in contrast to the
17 utility’s requested percentage increases.

¹² (-\$85 million x 3) + (\$274 million x 2) + (\$283 million x 1) = \$576 million.

¹³ ORA’s goal “...shall be to obtain the lowest possible rate for service consistent with reliable and safe service levels.”

¹⁴ “It is the policy of the state that commission and each gas corporation place safety of the public and gas corporation employees as the top priority. The commission shall take all reasonable and appropriate actions necessary to carry out the safety priority policy of this paragraph consistent with the principle of just and reasonable cost-based rates.”

¹⁵ A.12-11-009, 12 RT 856-859, Earley / PG&E. (ORA asked: “So what is in the first year that you expect that future rate increases would be kept at or below the rate of inflation?” Mr. Earley responded: “As I sit here I don’t know the first year where it actually flattens out. But as I said, over a longer period of time our plan is to keep it at or below the rate of inflation.”)

1 **E. Adopted Revenue Increases in PG&E’s TY2014 GRC**

2 In PG&E’s TY2014 GRC, the Commission adopted a test year revenue
3 increase of \$460 million (6.9%), and additional revenue increases of \$324 million
4 (4.5%) in 2015 and \$371 million (5.0%) in 2016,¹⁶ for a 3-year (2014-2016)
5 cumulative revenue increase of \$2.4 billion.¹⁷

6 **IV. ESTIMATED RATE IMPACT ON PG&E’s CUSTOMERS**

7 For customers not covered by the California Alternate Rates for Energy
8 (CARE) program, PG&E originally estimated in its GRC Application that the 2017 bill
9 impact, compared to 2015 levels, would be:¹⁸

- 10 • An increase of \$1.20 (2.34%) per month, from \$51.33 to \$52.53, for
11 a typical gas residential customer using 34 therms/month; and
12 • An increase of \$2.86 (3.20%) per month, from \$89.30 to \$92.16, for
13 a typical electric residential customer using 500 kWh/month.

14 Based on PG&E’s lower revenue requirement forecast presented in its
15 February 22, 2016 update testimony, PG&E now estimates that the 2017 bill impact
16 would be:¹⁹

- 17 • An increase of \$0.88 (1.72%) per month, from \$51.33 to \$52.22, for
18 a typical gas residential customer using 34 therms/month; and
19 • An increase of \$1.99 (2.23%) per month, from \$89.30 to \$91.29, for
20 a typical electric residential customer using 500 kWh/month.

¹⁶ D.14-08-032, *mimeo.*, at p. 2; Appendix C, Table 1; and Appendix D, Table 1.

¹⁷ For the 2014-2016, 3-year rate case cycle: (a) the \$460 million increase in 2014 is in effect for three years—2014, 2015 and 2016; (b) the \$324 million increase in 2015 is in effect for two years—2015 and 2016; and (c) the \$371 million increase in 2016 is in effect for one year—2016. Therefore: (\$469 million x 3) + (\$324 million x 2) + (\$371 million x 1) = \$2,399 million.

¹⁸ General Rate Case Application of Pacific Gas and Electric Company, p. 2, Table 1.

¹⁹ PG&E response to ORA-Oral023-Q01 (see [Appendix 2](#)).

1 If the Commission adopts ORA's revenue requirement forecast for 2017, ORA
2 currently estimates²⁰ that the 2017 bill impact would be approximately:

- 3 • A decrease of \$0.35 (0.68%) per month, from \$51.33 to \$50.98, for
4 a typical gas residential customer using 34 therms/month; and
- 5 • A decrease of \$0.09 (0.10%) per month, from \$89.30 to \$89.21, for
6 a typical electric residential customer using 500 kWh/month.

7 **V. PROCEDURAL BACKGROUND AND SCHEDULE**

8 On September 1, 2015, PG&E filed its Test Year 2017 GRC Application,
9 A.15-09-001, with the Commission. Per Decision (D.) 14-12-025, PG&E was not
10 required to tender a Notice of Intent (NOI). Therefore, ORA was not afforded the
11 opportunity to preview PG&E's GRC Application, submit deficiency notices, and
12 ensure that deficiencies were substantially cured prior to the filing of the Application.

13 PG&E's GRC Application was first noticed on the Commission's Daily
14 Calendar for September 3, 2015. ORA submitted a timely Protest to the Application
15 on October 5, 2015. PG&E submitted its Reply to Protests and Responses on
16 October 15, 2015.

17 A Prehearing Conference (PHC) was held on October 29, 2015. The
18 Assigned Commissioner's Ruling and Scoping Memo was issued on December 1,
19 2015, and established the following procedural schedule:

20

²⁰ A more precise determination of the rate impact on PG&E's customers will be addressed in PG&E's Revenue Allocation and Rate Design proceeding.

1

Procedural Schedule for Pacific Gas and Electric Company's Test Year 2017 General Rate Case, A.15-09-001	
Event	Dates
ORA Testimony	April 8, 2016
Intervenor Testimony	April 29, 2016
Settlement Discussions	May - June, 2016
Public Participation Hearings	May 2016
Rebuttal Testimony	May 27, 2016
Evidentiary Hearings	June 13 – July 1, 2016
Comparison Exhibit	July 22, 2016
Opening Briefs	August 1, 2016
Reply Briefs	August 15, 2016
ALJ Proposed Decision	November 1, 2016
Final Decision	December 1, 2016

2 On March 22, 2016, D.16-03-009 was issued, granting PG&E's request to
3 make its 2017 GRC revenue requirement effective as of January 1, 2017, even if the
4 Commission issues a final decision after that date. On March 24, 2016, an
5 Administrative Law Judge's (ALJ) Ruling was issued, which established procedures
6 regarding the compilation of a draft Joint Comparison Exhibit (JCE) and parties
7 submitting their testimony and workpapers through the Commission's electronic filing
8 system.

9 **VI. PROGRESSION OF PG&E's TEST YEAR REVENUE**
10 **REQUIREMENT FORECASTS**

11 Table 1-7 illustrates the progression of PG&E's 2017 revenue requirement
12 forecast from when the GRC Application was filed in September 2015, through when
13 errata and update testimony was submitted in February 2016, compared to ORA's
14 forecast.

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Table 1-7
Comparison of PG&E 2017 Revenue Requirement Forecasts
(in Millions of Dollars)

Date	Description	PG&E
September 1, 2015	GRC Application	\$8,373
February 22, 2016	Updated Results of Operations ²¹	\$8,249
April 8, 2016	ORA Testimony / Forecast	\$7,831

4 As shown in the table above, PG&E reduced its test year revenue request by
5 \$124 million since its GRC Application was filed in September 2015. ORA's
6 discovery efforts led to some of the errata and updates identified by PG&E.

7 **VII. ORA's ANALYSIS**

8 ORA is responding to PG&E's TY2017 GRC Application, A.15-09-001, with
9 the issuance of its reports and exhibits.

10 ORA's team for this case consists of approximately 20 persons responsible
11 for the project coordination, support, financial review, and analytical responsibilities
12 needed to process PG&E's GRC application.

13 ORA submits the following reports in support of its recommendations:

- 14 • Report on the Results of Operations for Pacific Gas and Electric
15 Company Test Year 2017 General Rate Case (Exhibits ORA-1
16 through ORA-21); and
- 17 • Report on the Results of Examination for Pacific Gas and Electric
18 Company Test Year 2017 General Rate Case (Exhibit ORA-22).

²¹ On February 22, 2016, PG&E served Ex. PG&E-18 (errata) and Ex. PG&E-19 (update testimony), updating the utility's Results of Operations report and 2017 GRC revenue requirement forecasts.

1 **VIII. ORGANIZATION OF ORA’s SHOWING / SUMMARY OF**
 2 **DIFFERENCES**

3 This section briefly: (1) indicates how ORA’s exhibits are organized; and (2)
 4 highlights the major differences between ORA and PG&E with respect to the various
 5 elements of revenues, operating expenses, and capital expenditures.

6 **A. Organization of ORA’s Exhibits**

7 Table 1-8 shows the specific exhibit(s) and subject matter(s) for which each
 8 ORA witness is responsible.

9 **Table 1-8**
 10 **ORA Exhibits with Corresponding Subject Matter and Witnesses**

<i>Exhibit No.</i>	<i>Subject</i>	<i>Witness</i>
ORA-1	Executive Summary	Clayton Tang
ORA-2	Summary of Earnings and Taxes	Jerry Oh
ORA-3	Safety, Risk and Integrated Planning	Nathaniel Skinner
ORA-4	Billings, Sales, and Other Operating Revenues	Marek Kanter
ORA-5	Cost Escalation	Thomas Renaghan
ORA-6	Gas Distribution Expenses (Part 1 of 2)	Sophie Chia
ORA-7	Gas Distribution Expenses (Part 2 of 2)	Mariana Campbell
ORA-8	Gas Distribution Capital Expenditures	Kelly Lee
ORA-9	Electric Distribution Expenses	Dao Phan
ORA-10	Electric Distribution Capital Expenditures (Part 1 of 2)	Thomas Roberts
ORA-11	Electric Distribution Capital Expenditures (Part 2 of 2)	Scott Logan
ORA-12	Energy Supply Costs	Godson Ezekwo
ORA-13	Customer Care Costs	Peter Morse
ORA-14	Shared Services Costs	Tamera Godfrey
ORA-15	Information Technology Costs	Mark Loy
ORA-16	Human Resources Costs	Stacey Hunter
ORA-17	Administrative & General Costs (Part 1 of 2)	Lindsay Laserson
ORA-18	Administrative & General Costs (Part 2 of 2)	Fransiska Hadiprodjo
ORA-19	Depreciation Expenses and Reserve	Matthew Karle
ORA-20	Rate Base (including Working Cash)	Katherine McNabb
ORA-21	Post Test Year Ratemaking	Clayton Tang
ORA-22	Results of Examination	Mark Waterworth, Grant Novack, Joyce Lee

1 **B. Summary of ORA’s Recommendations**

2 The following briefly summarizes the recommendations contained within each
3 of ORA’s report exhibits that address PG&E’s application.

4

Exhibit ORA-1 Executive Summary
This exhibit provides a brief overview of PG&E’s request; presents the overall organization of ORA’s exhibits; and summarizes the differences between ORA’s and PG&E’s Test Year 2017 and Post-Test Year estimates.

5

Exhibit ORA-2 Summary of Earnings and Taxes
This exhibit compares ORA’s and PG&E’s Summary of Earnings for 2017, and addresses the Results of Operations (RO) model and PG&E’s tax expenses for 2017.

6

Exhibit ORA-3 Safety, Risk and Integrated Planning
This exhibit addresses PG&E’s policies pertaining to safety, risk, and integrated planning. ORA recommends that the Commission should not establish GRC funding priorities based on PG&E’s risk models.

7

8

Exhibit ORA-4 Billings, Sales, and Other Operating Revenues
This exhibit addresses Billings (i.e., customers), Sales, and Other Operating Revenues (OOR) forecasts for 2015 thru 2017. <ul style="list-style-type: none">• ORA does not oppose PG&E’s forecasts for gas and electric billings and sales.• ORA forecasts 31,412 electric residential new meter connections for 2017, compared to PG&E’s forecast of 32,575. ORA does not oppose PG&E’s forecast of 14,640 electric non-residential new meter connections.• ORA forecasts \$130.7 million in OOR compared to PG&E’s forecast of \$117.5 million.

1

**Exhibit ORA-5
Cost Escalation**

This exhibit addresses PG&E's proposed escalation rates for 2015 thru 2017. As ORA's forecasts of PG&E's labor, non-labor, and capital escalation rates for 2015, 2016, and 2017 are not significantly different than PG&E's, ORA does not oppose PG&E's escalation rate forecasts and has not altered any escalation rate inputs in the Results of Operations (RO) model.

2

**Exhibit ORA-6
Gas Distribution Expenses (Part 1 of 2)**

This exhibit addresses PG&E's Gas Distribution expenses for 2017, excluding those addressed in Ex. ORA-7.

- ORA forecasts \$412.7 million compared to PG&E's forecast of \$482.9 million.

ORA's primary adjustments/recommendations are associated with Corrosion Control, Leak Management, and Information Technology Applications and Infrastructure. ORA recommends that PG&E continue with its current 5-year leak survey cycle and that PG&E not receive additional funding for its As-Built Record Consolidation Project.

3

**Exhibit ORA-7
Gas Distribution Expenses (Part 2 of 2)**

This exhibit addresses PG&E's Gas Distribution expenses for 2017 associated with Distribution Mains & Services; plus Measurement & Control and Compressed Natural Gas Stations.

- ORA does not oppose PG&E's forecast of \$44.9 million, but recommends new reporting requirements for PG&E's cross-bore program.

4

**Exhibit ORA-8
Gas Distribution Capital Expenditures**

This exhibit addresses PG&E's Gas Distribution capital expenditures for the 3-year period 2015 thru 2017.

- ORA forecasts capital expenditures of \$686.5 million in 2015, \$716.6 million in 2016, and \$1.0 billion in 2017, compared to PG&E's forecasts of \$736.4 million, \$736.1 million, and \$1.0 billion, respectively.

ORA's primary adjustments/recommendations are associated with using 2015 recorded capital expenditures; Measurement & Control and Compressed Natural Gas Stations; and Leak Management.

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Exhibit ORA-9
Electric Distribution Expenses

This exhibit addresses PG&E's Electric Distribution expenses for 2017.

- ORA forecasts \$673.5 million compared to PG&E's forecast of \$722.6 million.

ORA's primary adjustments/recommendations are associated with Electric Distribution Mapping & Records Management (\$10.6 million difference), Electric Distribution System Operations (\$9.2 million difference), and Electric Distribution Technology (\$7.4 million difference).

2

Exhibit ORA-10
Electric Distribution Capital Expenditures (Part 1 of 2)

This exhibit addresses certain PG&E Electric Distribution capital expenditures for the 3-year period 2015 thru 2017.

- For the capital projects addressed in this exhibit, ORA forecasts capital expenditures of \$654.7 million in 2015, \$690.5 million in 2016, and \$728.4 million in 2017, compared to PG&E's forecasts of \$676.9 million, \$740.2 million, and \$824.0 million, respectively.

ORA's primary adjustments/recommendations are associated with using recorded 2015 capital expenditures, Rule 20A, Customer Connects, and Information Technology (the Volt/Var Optimization program).

3

Exhibit ORA-11
Electric Distribution Capital Expenditures (Part 2 of 2)

This exhibit addresses certain PG&E Electric Distribution capital expenditures, not addressed in Ex. ORA-10, for the 3-year period 2015 thru 2017.

- For the capital projects addressed in this exhibit, ORA forecasts capital expenditures of \$926.7 million in 2015, \$879.1 million in 2016, and \$979.8 million in 2017, compared to PG&E's forecasts of \$943.2 million, \$879.1 million, and \$979.8 million, respectively.

ORA's primary adjustments/recommendations are associated with using recorded 2015 capital expenditures. ORA reviewed and did not oppose PG&E's forecasts in 2016 and 2017 in the following program areas: Emergency Response; Safety, Maintenance & Compliance; Operations, Automation & Support; and Asset Management & Reliability.

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Exhibit ORA-12
Energy Supply Costs

This exhibit addresses PG&E's Energy Supply expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.

- For expenses, ORA forecasts \$712.9 million compared to PG&E's forecast of \$748.3 million.
- For capital expenditures, ORA forecasts \$499.1 million in 2015, \$549.8 million in 2016, and \$480.2 million in 2017, compared to PG&E's forecasts of \$575.7 million, \$549.8 million, and \$480.2 million, respectively.

ORA's primary adjustments/recommendations are associated with using a different forecasting methodology in developing its expense forecasts, and using recorded 2015 capital expenditures. ORA reviewed and accepted PG&E's forecasts in 2016 and 2017.

2

Exhibit ORA-13
Customer Care Costs

This exhibit addresses issues related to PG&E's Customer Care expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.

- For expenses, ORA forecasts \$383.2 million compared to PG&E's forecast of \$436.4 million.
- For capital expenditures, ORA forecasts \$173.3 million in 2015, \$185.6 million in 2016, and \$198.1 million in 2017, compared to PG&E's forecasts of \$177.7 million, \$186.9 million, and \$198.1 million, respectively.

ORA's primary expense adjustments/recommendations are associated with Pricing Products; Contact Centers; Billing, Revenue & Credit; and Customer Energy Solutions. ORA's adjustment to 2015 and 2016 capital expenditures is associated with the Residential Rate OIR.

3

Exhibit ORA-14
Shared Services Costs

This exhibit addresses issues related to PG&E's Shared Services expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.

- For expenses, ORA forecasts \$107.8 million compared to PG&E's forecast of \$144.8 million.
- For capital expenditures, ORA forecasts \$246.6 million in 2015, \$246.4 million in 2016, and \$298.3 million in 2017, compared to PG&E's forecasts of \$286.3 million, \$246.4 million, and \$298.3 million, respectively.

ORA's primary expense adjustments/recommendations are associated with Enterprise Records and Information Management, the Enterprise Corrective Action Program, and Real Estate. ORA used recorded 2015 capital expenditures, and accepted PG&E's forecasts in 2016 and 2017.

4

1

Exhibit ORA-15
Information Technology Costs

This exhibit addresses issues related to PG&E's Information Technology (IT) expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.

- For expenses, ORA forecasts \$282.8 million compared to PG&E's forecast of \$285.9 million.
- For capital expenditures, ORA forecasts \$193.2 million in 2015, \$183.0 million in 2016, and \$200.6 million in 2017, compared to PG&E's forecasts of \$156.7 million, \$183.0 million, and \$200.6 million, respectively.

ORA's primary adjustments/recommendations are associated with using a different forecasting methodology in developing its expense forecasts, and using recorded 2015 capital expenditures.

2

Exhibit ORA-16
Human Resources Costs

This exhibit addresses PG&E's Human Resources-related expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.

- For HR-related expenses (department and companywide), ORA forecasts \$777.9 million compared to PG&E's forecast of \$884.6 million.
- For HR-related IT expenses, ORA does not oppose PG&E's forecast of \$1.1 million.
- For HR-related IT capital expenditures, does not oppose PG&E's forecasts of \$5.2 million for 2015, \$6.1 million for 2016, and \$3.6 million for 2017.

ORA's primary adjustments/recommendations are associated with the Short-Term Incentive Plan (\$90 million difference), relocation expenses (\$3.2 million difference), Supplemental Executive Retirement Plans (\$2.6 million difference), the Rewards & Recognition program (\$4.2 million difference), and Service Rewards (\$1.1 million difference).

3

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Exhibit ORA-17 Administrative and General Costs (Part 1 of 2)
<p>This exhibit addresses PG&E Departmental Administrative & General (A&G) expenses for 2017, as well as A&G Department Information Technology (IT) expenses for 2017 and capital expenditures for the 3-year period 2015 thru 2017.</p> <ul style="list-style-type: none">• For A&G Department expenses, ORA forecasts \$183.8 million compared to PG&E's forecast of \$186.6 million.• For A&G Department-related IT expenses, ORA does not oppose PG&E's forecast of \$6.7 million.• For A&G Department-related IT and other capital expenditures, ORA forecasts \$36.7 million in 2015, \$27.9 million in 2016, and \$33.3 million in 2017, compared to PG&E's forecasts of \$32.7 million, \$27.9 million, and \$33.3 million, respectively. <p>ORA's primary adjustments/recommendations are associated with staffing, contract costs, and outside services in developing its expense forecasts, and using recorded 2015 capital expenditures for its A&G Department information technology capital forecasts.</p>

2

Exhibit ORA-18 Administrative and General Costs (Part 2 of 2)
<p>This exhibit addresses PG&E's Companywide Administrative & General (A&G) expenses for 2017, which include litigation settlements and judgments, third-party claims, and insurance.</p> <ul style="list-style-type: none">• ORA forecasts \$138.4 million in expenses compared to PG&E's forecast of \$143.9 million. <p>ORA's primary adjustments/recommendations are associated with excess liability insurance and Directors & Officers insurance.</p>

3

Exhibit ORA-19 Depreciation Expenses and Reserve
<p>This exhibit addresses PG&E's depreciation expenses and weighted average depreciation reserve for 2017.</p> <ul style="list-style-type: none">• For Gas Distribution, ORA forecasts \$482.6 million in depreciation expense compared to PG&E's forecast of \$483.9 million. ORA forecasts \$5.718 billion in weighted average depreciation reserve vs. PG&E's forecast of \$5.715 billion.• For Electric Distribution, ORA forecasts \$1.351 billion in depreciation expense compared to PG&E's forecast of \$1.435 billion. ORA forecasts \$13.518 billion in weighted average depreciation reserve vs. PG&E's forecast of \$13.539 billion.• For Electric Generation, ORA forecasts \$550.1 million in depreciation expense compared to PG&E's forecast of \$552.2 million. ORA forecasts \$9.364 billion in weighted average depreciation reserve vs. PG&E's forecast of \$9.356 billion. <p>ORA's primary adjustments/recommendations are associated with net salvage rates and survivor curves for specific Electric Distribution assets (accounts).</p>

1

Exhibit ORA-20
Rate Base (including Working Cash)

This exhibit addresses PG&E's weighted-average depreciated rate base for 2017.

- For Gas Distribution, ORA forecasts \$5.196 billion in rate base compared to PG&E's forecast of \$5.241 billion.
- For Electric Distribution, ORA forecasts \$13.829 billion in rate base compared to PG&E's forecast of \$13.903 billion.
- For Electric Generation, ORA forecasts \$5.330 billion in rate base compared to PG&E's forecast of \$5.404 billion.

ORA's primary adjustments/recommendations are associated with purchased power expenses used in the working cash determination, and the treatment of customer deposits. Expense and capital expenditure forecasts from other ORA exhibits flow through and impact certain rate base components, such as working cash, weighted-average plant, and depreciation reserve.

2

Exhibit ORA-21
Post-Test Year Ratemaking

This exhibit addresses PG&E's Post-Test Year Ratemaking proposals for 2018 and 2019.

- Given ORA's TY2017 revenue requirement forecast, ORA recommends post-test year revenue increases of \$274 million (3.49%) in 2018 and an additional \$283 million (3.49%) in 2019, compared to PG&E's requested increases of \$469 million (5.7%) and \$368 million (4.2%), respectively.
- ORA proposes a 4-year GRC term, with a third post-test year in 2020, whereby PG&E receives a 3.5% revenue increase.
- ORA presents an alternate recommendation for determining attrition revenue increases if the Commission does not adopt ORA's primary recommendation.

ORA opposes PG&E's request for applying Z-factor adjustments to the test year.

3

Exhibit ORA-22
Report on the Results of Examination

This exhibit presents ORA's review of PG&E's financial records and internal controls for the utility's 2017 GRC. Based on the procedures conducted, ORA does not recommend any audit adjustments.

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1 **IX. USING PG&E’s RECORDED 2015 DATA**

2 In numerous discovery requests, ORA asked PG&E for 2015 recorded data.
3 In many instances, PG&E responded by saying:

4 “PG&E objects to this question on the grounds that the question asks
5 for actual 2015 data while PG&E’s 2017 GRC forecast generally uses
6 a base year of 2014 recorded data in accordance with the
7 Commission’s Rate Case Plan. Notwithstanding the foregoing, and
8 without waiving PG&E’s right to object to the admissibility of the
9 requested information into evidence, as described in Exhibit (PG&E-2),
10 Chapter 1, page 1-1, in March 2016, PG&E intends to provide 2015
11 spending by Major Work Category through supplemental workpapers
12 in this proceeding.”²²

13 PG&E made a similar argument in its TY2014 GRC. The Commission
14 rejected it in its decision resolving that GRC. In the TY 2014 GRC, the utility used
15 base year 2011 data. PG&E took issue with intervenors considering and/or using
16 more recent recorded 2012 data to develop their forecasts. Throughout D.14-08-
17 032, the Commission used recorded 2012 capital expenditures in lieu of PG&E’s
18 2012 capital expenditure forecasts.²³ In addition, Conclusion of Law 7 of D.14-08-
19 032 stated:

20 PG&E’s 2014 GRC forecast utilizes 2011 recorded data as a base
21 year, although use of more recent data to determine 2014 forecasts is
22 not prohibited by the Rate Case Plan, and may be considered where
23 useful in developing improved forecasts.²⁴

24

²² For example, in PG&E’s response to data request ORA-PG&E-040-TLG, where ORA requested certain recorded data through September 2015.

²³ For example, D.14-08-032, *mimeo.*, p. 98 (MWC 14), p. 103 (MWC 50), pp. 191-192 (MWC 7, where PG&E actually agreed to accept 2012 recorded capital expenditures), and p. 208 (MWC 16).

²⁴ D.14-08-032, *mimeo.*, at p 725.

1 The Commission also rejected such an argument in its decision resolving
2 SCE's TY2012 GRC. In that case, the utility used base year 2009 data. SCE took
3 issue with intervenors considering and/or using more recent 2010 recorded data to
4 develop their forecasts. In D.12-11-051, the Commission stated:

5 According to the Rate Case Plan, SCE is required to prepare its
6 application based on 2009, not 2010, recorded expenses. However,
7 there is nothing in the Rate Case Plan which limits discovery of 2010
8 actual recorded expenditures and the Commission finds them
9 informative.²⁵

10 The same policy applies to this rate case; ORA and other parties are free to
11 request PG&E's recorded 2015 data, consider the data, and incorporate the data
12 into their forecasts if they so choose. The Commission can also choose to request
13 PG&E's recorded 2016 year-to-date capital expenditures and expenses, or year-end
14 2016 data if a final decision is not issued by December 31, 2016. It would be an
15 unproductive use of the Commission's and every parties' time if PG&E were to
16 challenge this notion in rebuttal testimony or during evidentiary hearings when the
17 Commission has already established that parties are free to consider and/or use the
18 most recent recorded data to develop their forecasts.

19 On March 9, 2016, PG&E provided ORA with 2015 adjusted-recorded capital
20 expenditures and expenses.²⁶ On March 31, 2016, PG&E served a copy of its
21 "March 31, 2016 Budget Report in Compliance with California Public Utilities
22 Commission Decision 14-08-032" as supplemental workpapers supporting Chapter 1
23 of Ex. PG&E-1. Unless indicated otherwise, ORA's 2015 capital expenditure
24 forecasts generally relied upon the adjusted-recorded 2015 capital expenditure
25 figures which PG&E provided on March 9, 2016, given that PG&E's Budget

²⁵ D.12-11-051, *mimeo.*, at p.13.

²⁶ PG&E provided ORA with 2015 adjusted-recorded capital expenditures and expenses by email on March 9, 2016, with the subject line "A.15-09-001: PGE's Response to ORA_Oral025-Q01 with atchs" (see [Appendix 3](#)). In that data request response, PG&E stated: "PG&E is continuing to adjust the recorded data and the preliminary attachments are provided for ORA's analysis. PG&E will submit the final 2015 recorded data in its Budget Compliance Report on March 31, 2016."

1 Compliance Report was submitted six business days prior to ORA's due date for
2 serving testimony. If ORA considered PG&E's 2015 adjusted-recorded expenses in
3 developing its 2017 forecasts, that is noted in those specific ORA exhibits.

4 **X. WITNESS QUALIFICATIONS**

5 My name is Clayton K. Tang. My business address is 505 Van Ness Avenue,
6 San Francisco, California. I am employed by the California Public Utilities
7 Commission as a Program and Project Supervisor in the Office of Ratepayer
8 Advocates Energy Cost of Service and Natural Gas Branch.

9 I received a Master of Business Administration degree from San Francisco
10 State University and a Bachelor of Science degree in Mechanical Engineering from
11 San Jose State University. I am a registered Professional Engineer in Mechanical
12 Engineering in the State of California.

13 Since joining the Commission in 1986, I have worked on numerous general
14 rate cases (GRCs) in an advocacy role with ORA, and on various matters in an
15 advisory role with the Energy Division. I am also ORA's Project Coordinator for this
16 GRC.

17 This completes my prepared testimony.

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APPENDICES

Appendix 1

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2016.

Application No. 14-11-003
(Filed November 14, 2014)

Application of Southern California Gas Company (U 904 G) for Authority to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2016.

Application No. 14-11-004
(Filed November 14, 2014)

**JOINT REPLY TO COMMENTS ON JOINT MOTION FOR ADOPTION OF
SETTLEMENT AGREEMENTS REGARDING SAN DIEGO GAS & ELECTRIC
COMPANY'S TEST YEAR 2016 GENERAL RATE CASE,
INCLUDING ATTRITION YEARS 2017 AND 2018**

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October 27, 2015

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**BEFORE THE PUBLIC UTILITIES COMMISSION
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**JOINT REPLY TO COMMENTS ON JOINT MOTION FOR ADOPTION OF
SETTLEMENT AGREEMENTS REGARDING SAN DIEGO GAS & ELECTRIC
COMPANY’S TEST YEAR 2016 GENERAL RATE CASE,
INCLUDING ATTRITION YEARS 2017 AND 2018**

I. INTRODUCTION

Pursuant to Rule 12.2 of the Commission’s Rules of Practice and Procedure, San Diego Gas & Electric Company (“SDG&E”), Office of Ratepayer Advocates (“ORA”), Federal Executive Agencies (“FEA”), Environmental Defense Fund (“EDF”), Joint Minority Parties (“JMP”), The Utility Reform Network (“TURN”), and Utility Consumers’ Action Network (“UCAN”) (collectively referred to hereafter as “Settling Parties”) jointly submit this Reply to Comments on their Joint Motion for adoption of a settlement of SDG&E’s Test Year 2016 revenue requirement, including attrition years 2017 and 2018 (“SDG&E TY 2016 Settlement Agreement”). The Joint Motion also requested approval of settlement agreements executed among (1) SDG&E, Southern California Gas Company (“SoCalGas”), and EDF (the “EDF Settlement”), (2) SDG&E, SoCalGas, and JMP (the “JMP Settlement”), (3) SDG&E, SoCalGas, and FEA (the “FEA Settlement”), and (4) SDG&E, SoCalGas, and TURN/UCAN (the “TURN/UCAN Settlement”) (collectively referred to hereafter as “Bilateral GRC Settlements”). Comments regarding the SDG&E TY 2016 Settlement Agreement were limited to those filed by only two parties: the Coalition of California Utility Employees (“CUE”) and Mussey Grade Road Alliance (“MGRA”). No party provided comments regarding the Bilateral GRC Settlements.

Many of the comments raised by CUE and MGRA purport to relate to safety concerns. Settling Parties acknowledge the importance of safe utility operations for this GRC cycle and at all other times. Contrary to CUE's and MGRA's arguments, however, the SDG&E TY 2016 Settlement Agreement remains reasonable in light of the record, in the public interest and consistent with the law. As stated in the Joint Motion:

The Settling Parties have a common interest that SDG&E provides safe and reliable service to customers. Therefore, Settling Parties believe and expect that SDG&E will operate its system in a safe and reliable manner, in line with its assertions that customer, employee, and system safety are priorities for the company.¹

This joint assertion has the substantive merit of coming from the majority of parties, including the consumer advocates to this proceeding who have developed an extensive record regarding safety and reliability of the SDG&E system.

II. CUE'S ATTACK OF THE SDG&E SETTLEMENT IS GROUNDLESS

A. CUE Ignores the Record Evidence and On-Going Proceedings Focused on Safety and Risk Metrics

CUE's comments generally allege that the SDG&E TY 2016 Settlement Agreement fails to show that it will result in safe and reliable service, claiming that it simply "splits the baby" between revenue requirement amounts SDG&E sought in its testimony and alternative amounts proposed by ORA, "without any safety analysis."² It is not clear what type of analysis CUE claims is lacking. Moreover, pursuant to existing statutes (e.g., P.U. Code 451) and Commission rules and decisions, SDG&E is already obligated to operate safely and reliably, regardless of authorized revenue requirement in any given GRC. Although the authorized revenue requirement generally provides the funding necessary to meet this obligation, SDG&E's safety obligation exists independently of revenue requirement, and SDG&E is, as always, committed to maintaining a safe and reliable system. This commitment, as well as a reference to the on-going safety/risk proceeding, is reflected in the Joint Motion seeking approval of the SDG&E TY 2016 Settlement Agreement:

The Settling Parties have a common interest that SDG&E provides safe and reliable service to customers. Therefore, Settling Parties believe and

¹ Joint Motion for Adoption of Settlement Agreements Regarding San Diego Gas and Electric Company's Test Year 2016 General Rate Case, Including Attrition Years 2017 and 2018 ("Joint Motion"), filed September 12, 2015 at 9.

² CUE Comments at 7.

expect that SDG&E will operate its system in a safe and reliable manner, in line with its assertions that customer, employee, and system safety are priorities for the company. Parties, as well as the Commission’s Safety and Enforcement Division, have created a record on safety, reliability, and operational risk policy in this proceeding. The TY 2016 Settlement Agreement does not reach any explicit findings and conclusions over the various risk issues raised in this proceeding. However, it does specify the cost forecasts adopted for the specific areas of electric and gas operations that are related to risks, as well as the other cost categories. The Commission, having recently adopted a more safety-focused Rate Case Plan in Rulemaking (“R.”) 13-11-006, will expect upcoming GRCs filed by utilities to incorporate these and other elements in a more uniform and systematic way. For purposes of SDG&E’s TY 2016 GRC cycle, SDG&E will not only be an active participant in helping the Commission determine a safety-focused GRC, but will be preparing to file its next GRC under the new Rate Case Plan. At present, this continues to be an evolving process.³

CUE dismisses this statement as insufficient, arguing that “the Commission must not punt safety and reliability to the next GRC.”⁴ CUE also claims that Settling Parties are relying on a “single paragraph” to support the SDG&E TY 2016 Settlement Agreement.⁵ CUE’s approach not only ignores the fact that the Safety Model Assessment Proceeding (“S-MAP”) and Risk Assessment and Mitigation Phase (“RAMP”) proceedings are on-going and applicable to future GRCs, it also fails to acknowledge all the facts currently in the record on safety and reliability issues. In particular, CUE ignores the fact that SDG&E presented a heightened showing in its direct case related to safety, and demonstrated the link between SDG&E’s TY 2016 GRC forecast requests and its safety-related culture, practices, projects and activities. Specifically, as described below, the testimony of Diana Day, David Geier, Douglas Schneider, and that of other witnesses reflect SDG&E’s commitment to safety, reliability and security for customers, employees and the communities they serve.

Diana Day, the Vice President of Enterprise Risk Management for SDG&E and SoCalGas, agreed with the Commission that the implementation of risk, asset and investment management processes and tools are evolving and improving, and stated SDG&E and SoCalGas’ belief that their “commitments are directionally aligned with the

³ Joint Motion at 9.

⁴ CUE Comments at 11.

⁵ *Id.* at 8.

CPUC and, based on all of our risk witnesses' testimonies, that SDG&E's and SoCalGas' TY 2016 GRCs are based on an assessment of the safety, reliability and security risks of SDG&E and SoCalGas systems."⁶

In addition, SDG&E's direct testimony of David Geier, who sponsored testimony as Vice President of Electric Transmission and System Engineering, and Douglas Schneider, who sponsored testimony as Vice President of Gas Engineering and System Integrity, provided an overview of SDG&E's and SoCalGas' strong safety culture and commitment to further developing processes and programs for both gas operations and electric operations that are designed to manage safety risks and promote system reliability.⁷ Mr. Geier testified that "SDG&E has a well-developed safety culture founded on proven employee-based programs, continuous safety training programs and education of SDG&E's workforce," which "promotes safe, reliable electric system operation that benefits the public and employees,"⁸ and Mr. Schneider testified similarly for SDG&E's and SoCalGas' gas operations.⁹ Mr. Geier also described SDG&E's safety philosophy and practices, including continued operational commitment to risk management through targeted programs and initiatives and particular focus in the last decade to minimizing fire risk, and identified some of the highest priority risks SDG&E faces and the specially designed practices SDG&E has in place to mitigate them.¹⁰ Mr. Schneider identified similar high priority risks for SDG&E's and SoCalGas' gas operations.¹¹

Consistent with Ms. Day's testimony, Mr. Geier and Mr. Schneider confirmed SDG&E's commitment to the continued growth and development of SDG&E's existing risk management processes into a more fully integrated enterprise risk management ("ERM") governance structure.¹² Mr. Geier confirmed that SDG&E's TY 2016 electric distribution operations forecasts included capital and operations and maintenance ("O&M") proposals to enhance and expand risk mitigation efforts, such as the Fire Risk Mitigation ("FiRM") project, and that revenue requirement requests are tied to risk mitigation processes and will allow SDG&E to

⁶ Ex. 15, SDG&E/Day at 11.

⁷ Ex. 21, SDG&E/Geier/Schneider at DLG-ii, DMS-ii.

⁸ *Id.* at DLG-ii.

⁹ *Id.*

¹⁰ *Id.* at DLG-3.

¹¹ *Id.* at DMS-4.

¹² *Id.* at DLG-ii, DMS-ii.

continue providing safe and reliable service to our customers at reasonable rates.¹³ Mr. Schneider similarly confirmed that SDG&E's TY 2016 gas distribution operations forecasts included proposals to enhance and expand gas operations risk management practices, and that SDG&E's TY 2016 gas operations revenue requirement requests are tied to risk management processes and will allow SDG&E to continue providing safe and reliable service to customers at reasonable rates.¹⁴ Both Mr. Geier and Mr. Schneider provided a breakdown of risk categories and their related safety and risk management requests.¹⁵ Both Mr. Geier and Mr. Schneider confirmed SDG&E's commitment to maintain system reliability and safety well into the future, through continued risk management efforts.¹⁶

Other SDG&E witnesses presented further testimony establishing a link between SDG&E's TY 2016 revenue requirement requests and its safety-related activities, including the following:

- EX-SDGE-02-R: Revised Direct Testimony of Caroline Winn & Scott Drury regarding SDG&E governing policy consisting of employee safety, customer and public safety, and the safety of SDG&E's gas and electric delivery systems. Also addressed are: safety culture, SDG&E's 'Commitment to Safety' statement, SDG&E's efforts toward risk management, cyber and physical security and environmental stewardship, as discussed in subsequent witness testimonies.
- EX-SDGE-29 and EX-SDGE-32: Direct and Rebuttal Testimony of Raymond K. Stanford regarding Gas Engineering and Gas Transmission Capital, addressing pipeline design standards and mitigation of risks associated with infrastructure integrity, system reliability and physical security of gas facilities and compressor stations.
- EX-SDGE-43: Rebuttal Testimony of Beth Musich regarding Gas Transmission O&M, addressing SDG&E's plans for inspection and maintenance of post-PSEP (Pipeline Safety Enhancement Plan) infrastructure.
- EX-SDGE-53 and EX-SDGE-56: Direct and Rebuttal Testimony of Maria T. Martinez regarding Pipeline Integrity for Transmission & Distribution, addressing Pipeline and Hazardous Materials Safety Administration ("PHMSA") compliance, the Transmission Integrity Management Program ("TIMP"), the Distribution Integrity Management Program ("DIMP"), risk mitigation assessment and prioritization, replacement of Aldyl-A plastic pipe, the Gas Infrastructure Protection Program ("GIPP"), Programs and Activities to Assess Risk ("PAARs"), the Sewer Lateral Inspection Program ("SLIP"), and anodeless risers.

¹³ *Id.* at DLG-ii.

¹⁴ *Id.* DMS-ii.

¹⁵ *Id.* at DLG-12, DMS-9.

¹⁶ *Id.* at DLG-ii, DMS-ii.

- EX-SDGE-62 and EX-SDGE-65: Direct and Rebuttal Testimony of Frank B. Ayala regarding Gas Distribution, addressing public and employee safety, regulatory and legislative compliance, and distribution system reliability.
- EX-SDGE-70 and EX-SDGE-72: Revised Direct and Rebuttal Testimony of Jonathan T. Woldemariam regarding Electric Distribution O&M, addressing the Fire Risk Mitigation (“FiRM”) program, the development of the Reliability Improvements for Rural Areas (“RIRAT”) team, vegetation management, fire response planning, the use of dedicated meteorological and fire response personnel, the development of sophisticated fire risk mapping and real-time monitoring systems, Red Flag warning operations, elevated wind condition operational procedures and protocol, safety patrol costs for restoration of outages in high risk fire areas, and electric reliability performance incentives.
- EX-SDGE-266: Rebuttal Testimony of Mason Withers regarding Electric Reliability Performance Incentives, addressing additional details of SDG&E’s proposed electric reliability performance indicators.
- EX-SDGE-134 and EX-SDGE-136: Revised Direct and Rebuttal Testimony of John Jenkins regarding Electric Distribution Capital, addressing capital project efforts for the FiRM program, risk mitigation alternatives evaluation, selection and prioritization of risk mitigation projects, and various capital budget categories for reliability improvements, facility physical security, provision of new business services, and system upgrades and hardening.
- EX-SDGE-74 and EX-SDGE-77: Direct and Rebuttal Testimony of Carl LaPeter regarding Electric Generation and capital projects, addressing system reliability, physical security, natural disaster.
- EX-SDGE-84: Direct Testimony of Sue E. Garcia regarding Electric and Fuel Procurement, addressing the assessment of energy resource availability and reliability both for present and future resource planning.
- EX-SDGE-86 and EX-SDGE-88: Direct and Rebuttal Testimony of Sara A. Franke regarding Customer Service Field Operations, addressing safe and reliable provision of gas and electric service through trained and experienced Field Technicians.
- EX-SDGE-101 and EX-SDGE-104: Direct and Rebuttal Testimony of Brad Baugh regarding Customer Service Operations, Information and Technologies, addressing customer contact in the case of emergencies, service dispatching in response to those emergency calls, and dispatch practices for non-emergency field safety inspections.
- EX-SDGE-121 and EX-SDGE-123: Direct and Rebuttal Testimony of Sarah E. Edgar regarding Human Resources and Safety, addressing Safety Operations, Safety Compliance, and Wellness Programs that support public and employee safety and reduce the incidence of accidents and injuries, and SDG&E’s Emergency Operations Center (“EOC”), Regional Emergency Operations, and Business Continuity and Resumption Planning.
- EX-SDGE-153 and EX-SDGE-156: Amended Revised Direct and Rebuttal Testimony of Stephen J. Mikovits regarding Information Technologies, addressing

cyber security, customer data privacy, control system security, data loss, corruption or theft, key risk indicators for cyber security, and monitoring and mitigation of system intrusions or breaches.

- EX-SDGE-166 and EX-SDGE-168: Direct and Rebuttal Testimony of Carmen Herrera regarding Fleet Services, addressing vehicle design and operational safety in compliance to NHTSA and OSHA requirements, routine vehicle and equipment inspections and maintenance, and contribution of fleet services' activities to the provision of reliable gas and electric service by SDG&E technicians and work crews.
- EX-SDGE-174 and EX-SDGE-176: Direct and Rebuttal Testimony of Scott Pearson regarding Environmental Services, addressing the importance of environmental protection and compliance, and SDG&E's efforts to meet those compliance requirements and emerging legislation.
- EX-SDGE-270 and EX-SDGE-273: Direct and Rebuttal Testimony of James Seifert regarding Real Estate, Land and Facilities, addressing facility-related projects categorized as safety and environmental improvements, as well as facility management services to operate and maintain fire safety systems, facility security and access control systems, back-up emergency generators and uninterruptable power systems among others.

Thus, SDG&E's witnesses testified to its mature, successful safety culture and continued commitment to providing safe and reliable service and addressing risks associated with its electric and gas distribution systems, while acknowledging the Commission's ongoing efforts to bring utility analysis of those risks into a much more formal framework.

Although not listed above, Settling Parties, other than SDG&E, also contributed to the record on safety and reliability in this proceeding, as well as on the costs and forecasts related to such efforts. It was this entire record, taken as a whole, which formed the basis upon which Settling Parties agree the SDG&E TY 2016 Settlement Agreement is in the public interest and why they "believe and expect that SDG&E will operate its system in a safe and reliable manner, in line with its assertions that customer, employee, and system safety are priorities for the company."¹⁷ Indeed, a settlement is by its nature an agreement containing terms mutually acceptable to the settling parties. It is not meant to be a reproduction of the body of evidence, and an analysis of that evidence, for each and every settled term. The tendered settlement agreements embody the Settling Parties' compromise positions in lieu of a litigated outcome, and are supported by the evidence that these Settling Parties helped create. Of course, non-settling parties, such as CUE and

¹⁷ Joint Motion at 9.

MGRA are exercising their right to contest the settlements; however, suggesting that the Settling Parties tendered a portfolio of settlements devoid of any consideration of safety is to ignore Settling Parties substantial contributions to the record on safety matters in this proceeding.

Moreover, in areas where safety and reliability are key drivers, the settled amounts are equal or nearly equal to the amounts SDG&E originally requested in its testimony, as shown in the following tables:

Table 1 – O&M programs¹⁸

Program	SDG&E Request	Settlement
TIMP	\$ 5,451	\$ 5,451
DIMP	\$ 6,033	\$ 6,033
Tree Trimming	\$ 24,559	\$ 24,559
Pole Brushing	\$ 4,292	\$ 4,292
Electric Regional Operations	\$ 35,449	\$ 35,449
Electric Distribution Operations	\$ 15,315	\$ 14,000

Table 2 – Capital programs¹⁹

Program	SDG&E Request	Settlement
TIMP	\$ 15,861	\$ 15,861
DIMP	\$ 25,113	\$ 25,113
FiRM Phase 1 and 2	\$ 38,332	\$ 34,807
FiRM Phase 3	\$ 80,318	\$ 77,455

Thus, CUE is wrong when it claims that “the record is devoid of evidence that the Settlement Agreement would result in safe and reliable service” or that the SDG&E TY

¹⁸ Joint Motion, Settlement Comparison Exhibit at 326.

¹⁹ *Id.* at 341 and 343.

2016 Settlement Agreement “would approve insufficient funding in many areas of infrastructure replacement”²⁰ Moreover, contrary to CUE’s characterization of how the Settling Parties reached settlement, the settlement figures show that the negotiation was not a simple process of “splitting the baby.” Each area was considered in light of the record evidence, resulting in settled amounts that taken together constitute a reasonable revenue requirement that balances the need to maintain safety, reliability and reasonable rates. This process resulted in a settlement that is reasonable in light of the record, in the public interest and consistent with the law.

B. The Fact that the SDG&E TY 2016 Settlement Agreement Does Not Satisfy CUE’s Specific Spending Requests Does Not Mean the Settlement Taken as a Whole Is Invalid

A significant portion of CUE’s comments are devoted to argument for additional spending related to specific gas-related capital projects (e.g., Aldyl-A Pipe), electric distribution O&M expenses (e.g., skills and compliance training, grid operations, hiring of troubleshooters), and electric-related capital projects (e.g., underground cable, switches, capacitors). These sections of CUE’s comments resort to hyperbole (e.g., “abysmal performance,” “absurdly inadequate,” “are an embarrassment”) and seem to dare the Commission to approve a settlement which CUE claims is insufficient (“The Commission cannot credibly claim it cares about safety while letting Aldyl-A pipe remain in San Diego”).²¹ In other words, according to CUE, if the Commission does not accept CUE’s view of the issues and what it claims is needed for safe and reliable operations, then the Commission must not care about safety.

Putting aside CUE’s exaggerations, as noted above, the record includes evidence that weighs against CUE’s position on each of the issues it raises. However, since the response to this portion of CUE’s comments is more appropriate for legal briefing (in fact, similar and overlapping arguments are raised in CUE’s opening brief), SDG&E will address these arguments in its reply brief, to be filed on November 2, 2015.

For purposes of this Reply, however, it should be noted that CUE’s arguments are based on a false premise that unless the SDG&E TY 2016 Settlement Agreement provides for all that SDG&E requested (or even more in some instances) in any particular area, then it will not allow for safe and reliable service. The premise is false because the settlement process involved the

²⁰ CUE Comments at 7 and 10.

²¹ *Id.* at 13.

weighing of all the various proposed forecasts or adjustments to forecasts in evidence. That a final settlement was reached on figures that are different from those presented by SDG&E or CUE or more closely align with those of ORA or any other Settling Party in any particular area, does not automatically mean that those figures are insufficient for purposes of safety and reliability or that the settlement taken as a whole is insufficient. In assessing settlements, the Commission has said that “we consider individual settlement provisions but, in light of strong public policy favoring settlements, ***we do not base our conclusion on whether any single provision is the optimal result.*** Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.”²²

Indeed, as noted in the Joint Motion, it is the nature of settlements that the final settled amounts reflect a combination of considerations and that they do not align exactly with any particular party’s position on any issue:

We consider whether the settlement ***taken as a whole*** is in the public interest. In so doing, we consider individual elements of the settlement in order to determine whether the settlement generally balances the various interest at stake as well as to assure that each element is consistent with our policy objectives and the law.²³

Also, where a settlement is contested, the underlying evidentiary record provides the basis upon which to measure the reasonableness of the settlement:

Since the Settlement before us is contested, we take note of the approach followed regarding a contested settlement in D.01-12-018. There, we stated that when a contested settlement is presented to us where hearings have been held on the contested issues, we are free to consider such settlements under Rule 51.1(e) or as joint recommendations. Evidentiary hearings were held on the contested issues in this proceeding, although various parties elected to waive or curtail cross-examination. Nonetheless, ***the underlying testimony was received into evidence, and forms an independent basis against which to evaluate the reasonableness of the Settlement Agreement.***²⁴

²² D.11-05-018, 2011 Cal. PUC LEXIS 275 at *23 (emphasis added).

²³ D.03-04-030, 2003 Cal. PUC LEXIS 246 at *66-67 (internal citation omitted)(emphasis added). This policy was also reaffirmed in D.10-12-035, 2010 Cal. PUC LEXIS 647 at *39-40 and D.11-12-053, 2011 Cal. PUC LEXIS 585 at *111-113.

²⁴ D.03-04-030, 2003 Cal. PUC LEXIS 246 at *67 (emphasis added).

The Settling Parties are confident that a fair and reasonable review of the record as a whole in light of the settlement figures will show that the SDG&E TY 2016 Settlement Agreement should be approved.

III. MGRA HAS FAILED TO RAISE ISSUES SHOWING THAT THE SDG&E TY 2016 SETTLEMENT AGREEMENT SHOULD NOT BE APPROVED

Unlike CUE, which opposed the entire SDG&E TY 2016 Settlement Agreement, MGRA limited its comments to raising two issues: “(1) metrics to track prioritization and effectiveness and thereby provide transparency and accountability for the FiRM program; and (2) to prevent incentivizing SDG&E employees to collect money from ratepayers in wildfire litigation before the Commission.”²⁵ As shown below, MGRA’s issues do not constitute sufficient grounds to modify and/or reject any part of the SDG&E TY 2016 Settlement Agreement.

A. MGRA’s Demand for Metrics is Premature

Regarding FiRM and ERM funding, MGRA’s comments support the SDG&E TY 2016 Settlement Agreement. Indeed, MGRA states that “[t]he Settlement Agreement submitted on September 11th, 2015 grants a significant fraction of the requested funds according to the schedule originally proposed by SDG&E. We believe that this outcome is in the interest of residents and ratepayers of SDG&E’s service territory.”²⁶ MGRA, however, is not completely satisfied and claims that the SDG&E TY 2016 Settlement Agreement is incomplete without the “inclusion of analysis, metrics and reporting requirements” that it addresses in detail in its concurrently filed opening brief.²⁷ As with many of the issues raised by CUE, SDG&E will provide its specific response to these requests in its reply brief, to be filed on November 2, 2015.

However, for purposes of this Reply, it should be noted that MGRA’s requests are directly related to requirements stemming from the Commission’s decision (D.14-12-025) in R.13-11-006 (CPUC Proceeding to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities). Among other things, D.14-12-025 initiated the S-MAP and RAMP proceedings and a requirement to provide annual verification reports, including a Risk Mitigation Accountability

²⁵ MGRA Comments at 6.

²⁶ *Id.* at 8-9.

²⁷ *Id.* at 8.

Report and a Risk Spending Accountability Report.²⁸ But, it should be noted that D.14-12-025 and the Safety Action Plan were issued a month after SDG&E filed its TY 2016 GRC Application.²⁹ More importantly, the modifications to the Rate Case Plan adopted in D.14-12-025, including the new S-MAP, RAMP, and annual reporting requirements, are to apply to GRC applications beginning February 1, 2015, not before.³⁰ Accordingly, the type of analysis MGRA claims is lacking in the SDG&E TY 2016 Settlement Agreement falls outside the scope of this proceeding and is currently being shaped via the on-going S-MAP and RAMP proceedings, in which MGRA is an active participant. Accordingly, the SDG&E TY 2016 Settlement Agreement is not incomplete because it lacks the type of analysis, metrics and reporting requirements that will come out of the S-MAP and RAMP proceedings.

B. MGRA’s Allegations Regarding Incentive Compensation Do Not Present Grounds Upon Which the SDG&E TY 2016 Settlement Agreement Should Be Denied or Modified

MGRA is concerned that the SDG&E TY 2016 Settlement Agreement may “incentivize SDG&E employees to pursue an outcome that would reduce safety or result in baseless litigation against ratepayers”³¹ This concern is addressed in detail in MGRA’s opening brief. Accordingly, SDG&E will specifically address this issue in its reply brief to be filed on November 2, 2014. It should also be noted that SDG&E has filed comments to the Assigned Commissioner Ruling and a Motion to Strike related to MGRA’s position on incentive compensation.³²

However, for purposes of this Reply, it should be noted that MGRA has stated incorrectly that “[t]he issue relevant to the current GRC is whether the Commission wishes to approve a compensation plan embedded in the current settlement”³³ The Settling Parties are not seeking Commission approval of SDG&E’s ICP plans and those plans are not “embedded” in the

²⁸ See generally, D.14-12-025.

²⁹ See, D.14-12-025 (issued December 9, 2014) and SDG&E Application and Original Testimony for TY 2016, A.14-11-003 (filed November 14, 2014).

³⁰ D.14-12-025 at Ordering Paragraph 3 (“Beginning February 1, 2015, the risk-based decision-making framework, as described and adopted in today’s decision, shall apply to all future General Rate Case application filings of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company.”).

³¹ MGRA Comments at 14.

³² See, Reply Comments of SDG&E and SoCalGas on Assigned Commissioner’s Ruling, filed October 16, 2015 and SDG&E’s and SoCalGas’ Expedited Motion to Strike Portions of Mussey Grade Road Alliance’s Brief and Comments, filed October 21, 2015.

³³ MGRA Brief at 48.

Appendix 2

**PACIFIC GAS AND ELECTRIC COMPANY
2017 General Rate Case Phase I
Application 15-09-001
Data Response**

PG&E Data Request No.:	ORA_Oral023-Q01		
PG&E File Name:	GRC-2017-PhI_DR_ORA_Oral023-Q01		
Request Date:	February 25, 2016	Requester DR No.:	023
Date Sent:	March 3, 2016	Requesting Party:	Office of Ratepayer Advocates
PG&E Witness:	Shelly Sharp	Requester:	Clayton Tang

SUBJECT: UPDATED REVENUE REQUIREMENT BILL IMPACT

QUESTION 1

Given the updated RRQ numbers, does PG&E have updated bill impact figures?

ANSWER 1

PG&E's GRC Update Testimony (filed on February 22, 2016) reduced PG&E's GRC forecasted revenue requirement increase from \$457 million to \$333 million for 2017. Below is the 2017 estimated residential customer bill impact information with the updated GRC revenue requirement:

- An increase of \$1.99 (2.23%) per month, from \$89.30 to \$91.29, for a typical electric residential customer using 500 kWh/month;
- An increase of \$2.79 (1.89%) per month, from \$147.97 to \$150.76, for a typical electric residential customer using 700 kWh/month; and
- An increase of \$0.88 (1.72%) per month, from \$51.33 to \$52.22, for a typical gas residential customer using 34 therms/month.

All other assumptions are the same as set forth in the September 1 testimony.

Appendix 3

**PACIFIC GAS AND ELECTRIC COMPANY
2017 General Rate Case Phase I
Application 15-09-001
Data Response**

PG&E Data Request No.:	ORA_Oral025-Q01		
PG&E File Name:	GRC-2017-Phl_DR_ORA_Oral025-Q01		
Request Date:	February 29, 2016	Requester DR No.:	025
Date Sent:	March 9, 2016	Requesting Party:	Office of Ratepayer Advocates
PG&E Witness:	Shelly Sharp, Chuck Marre	Requester:	Clayton Tang

QUESTION 1

Please provide 2015 recorded expense and capex data.

ANSWER 1

Attachment GRC-2017-Phl_DR_ORA_Oral025-Q01Atch01 details PG&E 2015 capital expenditures for Exhibits (PG&E-3) to (PG&E-9). Attachment GRC-2017-Phl_DR_ORA_Oral025-Q01Atch02 details PG&E 2015 recorded O&M expense for Exhibits (PG&E-3) to (PG&E-9). In both attachments, the data is presented by exhibit, chapter, and major work category (MWC) as presented in PG&E's 2017 GRC Application in the "MWC Summary" tab. The "MAT Summary" tab additionally provides maintenance activity type (MAT) code-level detail for Exhibits (PG&E-3) and (PG&E-4). MAT code information is not readily available for other exhibits because it is not consistently used by those lines of business.

Attachment GRC-2017-Phl_DR_ORA_Oral025-Q01Atch03 provides PG&E's 2015 recorded A&G expense for Exhibits (PG&E-8) and (PG&E-9) by FERC account.

PG&E is continuing to adjust the recorded data and the preliminary attachments are provided for ORA's analysis. PG&E will submit the final 2015 recorded data in its Budget Compliance Report on March 31, 2016.

Exhibit	Chapter	MWC	MWC Description	2015 Recorded Adjusted (000s Nominal Dollars)
3	4	14	G Dist Pipeline Repl Program	235,633
		27	Gas Meter Protection-Capital	639
		50	G Dist Reliability General	98,992
	4 Total			335,264
	5	2K	G Dist Repl/Convert Cust HPR	17,786
		31	NGV - Station Infrastructure	3,644
		50	G Dist Reliability General	15,101
	5 Total			36,531
	7	47	G Dist Capacity	26,960
		4A	G Dist Ctrl Operations Assets	26,676
	7 Total			53,636
	8	29	G Dist Customer Connects	66,414
		51	G Dist WRO	74,388
	8 Total			140,802
	9	2F	Build IT Apps & Infra	40,791
	9 Total			40,791
	10	05	Tools & Equipment	6,387
		78	Manage Buildings	10,397
	10 Total			16,784
	6A	74	Install New Gas Meters	4,311
	6A Total			4,311
	6B	50	G Dist Reliability General	6,170
	6B Total			6,170
	6C	50	G Dist Reliability General	50,739
		52	G Dist Leak Repl/Emergency	1,439
	6C Total			52,178
3 Total				686,469
4	3	21	Misc Capital	9,041
			3 Total	9,041
		4	17	E Dist Routine Emergency
		95	E Dist Major Emergency	59,563
	4 Total			205,349
	5	63	E T&D Control System/ Facility	20,591
		2F	Build IT Apps & Infra	(52)
	5 Total			20,538
	6	2A	E Dist Inst/Repl OH General	109,976
		2B	E Dist Inst/Repl UG	43,506
		2C	E Dist Inst/Repl Network	19,694
	6 Total			173,176
	8	07	E Dist Inst/Repl OH Poles	103,053
	8 Total			103,053
	9	08	E Dist Reliability Base	29,661
		2F	Build IT Apps & Infra	14
		49	E Dist Reliability Ckt/Zone	50,149
	9 Total			79,825
	10	09	E Dist Automation & Protection	44,281
	10 Total			44,281
	11	56	E Dist Replace UG Asset-Gen	90,905
	11 Total			90,905

	12	48	E Dist Subst Repl Other Equip	49,184
		54	E Dist Subst Repl Transformer	46,571
		58	E Dist Repl Substation Safety	3,222
		59	E Dist Subst Emergency Repl	34,092
	12 Total			133,069
	13	06	E Dist Line Capacity	95,723
		46	E Dist Subst Capacity	68,301
	13 Total			164,024
	15	2F	Build IT Apps & Infra	33,355
		3M	Install/Repl Var Bal Acct	27,325
	15 Total			60,681
	17	10	E Dist WRO General	93,335
		16	E Dist Customer Connects	355,443
	17 Total			448,778
	18	30	E Dist WRO Rule 20A	41,885
	18 Total			41,885
	19	05	Tools & Equipment	4,617
		23	Implement RealEstate Strategy	2,175
	19 Total			6,792
4 Total *				1,581,397
5	3	03	Office Furniture & Equipment	292
		04	Fleet / Auto Equip	1,044
		05	Tools & Equipment	1,042
		20	DCCP Capital	178,389
		3I	Nuclear Safety and Security	43,286
	3 Total			224,052
	4	03	Office Furniture & Equipment	(0)
		05	Tools & Equipment	2,563
		11	Relicensing Hydro Gen	3,064
		12	Implement Environment Projects	2,274
		2F	Build IT Apps & Infra	139
		2L	Instl/Rpl for Hydro Safety&Reg	32,712
		2M	Instal/Repl Hydro Gneratng Eqp	109,933
		2N	Instal/Repl Resv,Dams&Waterway	52,214
		2P	Instl/Repl Hydr BldgGrndInfrst	11,727
		3H	Hydroelec Lic & Lic Conditions	19,585
	4 Total			234,210
	5	05	Tools & Equipment	276
		2R	Instl/Rpl for Fosil Safety&Reg	122
		2S	Instal/Repl Fosil Gneratng Eqp	5,897
		2T	Instl/Repl Fosl BldgGrndInfrst	2,249
		3A	Instl/Rpl for AltGen Safty&Reg	-
		3B	Instal/Repl AltGen GneratngEqp	289
		3C	Instl/Rpl AltGn BldgGrndInfrst	-
	5 Total			8,834
	6	23	Implement RealEstate Strategy	(0)
	6 Total			(0)
	7	2F	Build IT Apps & Infra	28,295
		3M	Install/Repl Var Bal Acct	3,733
	7 Total			32,029
5 Total				499,125
6	2	21	Misc Capital	-

		3M	Install/Repl Var Bal Acct	3,159
	2 Total			3,159
	4	23	Implement RealEstate Strategy	71
	4 Total			71
	5	21	Misc Capital	513
	5 Total			513
	7	01	IT - Desktop Computers	17
		05	Tools & Equipment	252
		25	Install New Electric Meters	47,028
		74	Install New Gas Meters	89,187
		3J	Smart Meter Opt Out	1,264
	7 Total			137,748
	10	05	Tools & Equipment	12
		2F	Build IT Apps & Infra	36,014
	10 Total			36,026
6 Total				177,517
7	2	2F	Build IT Apps & Infra	1,672
	2 Total			1,672
	3	04	Fleet / Auto Equip	121,667
		05	Tools & Equipment	876
		21	Misc Capital	1,305
		28	EV - Station Infrastructure	3,370
		2F	Build IT Apps & Infra	3,871
	3 Total			131,089
	4	05	Tools & Equipment	1,215
		21	Misc Capital	415
		2F	Build IT Apps & Infra	1,004
	4 Total			2,634
	5	2F	Build IT Apps & Infra	16
	5 Total			16
	6	22	Maintain Buildings	43,701
		23	Implement RealEstate Strategy	56,270
		2F	Build IT Apps & Infra	8
	6 Total			99,979
	7	05	Tools & Equipment	399
		12	Implement Environment Projects	4,687
		2F	Build IT Apps & Infra	85
	7 Total			5,170
	9	2F	Build IT Apps & Infra	193,228
	9 Total			193,228
	10	2F	Build IT Apps & Infra	-
	10 Total			-
	8A	2F	Build IT Apps & Infra	3,141
	8A Total			3,141
	8B	05	Tools & Equipment	2,896
	8B Total			2,896
7 Total				439,827
8	3	2F	Build IT Apps & Infra	1,963
	3 Total			1,963
	4	2F	Build IT Apps & Infra	1,191
	4 Total			1,191
	5	2F	Build IT Apps & Infra	13

	5 Total			13
	6	04	Fleet / Auto Equip	8
		05	Tools & Equipment	240
		22	Maintain Buildings	602
		2F	Build IT Apps & Infra	7,934
	6 Total			8,785
8 Total				11,952
9	2	2F	Build IT Apps & Infra	4,981
	2 Total			4,981
	3	21	Misc Capital	147
		2F	Build IT Apps & Infra	5,262
	3 Total			5,408
	4	2F	Build IT Apps & Infra	12,752
	4 Total			12,752
	5	2F	Build IT Apps & Infra	1,642
	5 Total			1,642
	7	01	IT - Desktop Computers	4
		23	Implement RealEstate Strategy	(79)
		2F	Build IT Apps & Infra	11,959
	7 Total			11,884
9 Total				36,668
Grand Total				3,432,954

* PG&E is not seeking recovery of CEMA eligible costs for Electric Distribution in the 2017 GRC; therefore these costs have been removed from the recorded capital costs provided above.

Exhibit	Chapter	MWC	MWC Description	2015 Recorded Adjusted (000s Nominal Dollars)
3	4	EX	G Dist Meter Protection	503
		FI	G Dist Corrective Maint	3,072
		JQ	G Dist Integrity Mgt (Non Bal)	25,437
	4 Total			29,012
	5	GM	Manage Energy Efficiency-NonBA	6,369
	5 Total			6,369
	7	FG	G Dist Operate System	14,099
		GG	Gas Trans & Dist Sys Modeling	8,645
	7 Total			22,744
	8	LK	G Dist WRO - Maintenance	7,494
	8 Total			7,494
	9	GZ	R&D Non-Balancing Account	1,210
		JV	Maintain IT Apps & Infra	20,073
	9 Total			21,284
	10	AB	Misc Expense	8,791
		DN	Develop & Provide Trainng	1,986
		GF	Gas Trans & Dist Sys Mapping	6,566
	10 Total			17,343
	6A	DD	Provide Field Service	105,653
		DF	G&E T&D Locate and Mark	39,770
		FH	G Dist Preventive Maint	15,769
		FI	G Dist Corrective Maint	9,663
		HY	Change/Maint Used Gas Meters	3,726
		JU	Gas Distrib Leak Srvy & Repair	1,941
	6A Total			176,523
	6B	DG	G Dist Cathodic Protection	13,710
		FH	G Dist Preventive Maint	922
		FI	G Dist Corrective Maint	9,763
		JU	Gas Distrib Leak Srvy & Repair	8,540
	6B Total			32,935
	6C	DE	G Dist Leak Survey	28,269
		FI	G Dist Corrective Maint	61,023
		JU	Gas Distrib Leak Srvy & Repair	21,132
	6C Total			110,424
3 Total				424,128
4	3	AB	Misc Expense	9,857
		3 Total		9,857
		4	BH	E Dist Routine Emergency
IF	E Dist Major Emergency		45,015	
	4 Total			127,653
	5	BA	E Dist Operate System	40,203
		DD	Provide Field Service	28,878
		JV	Maintain IT Apps & Infra	323
	5 Total			69,404
	6	BF	E T&D Patrol/Insp	50,235
		BK	Maint Other Equip	2,718
		KA	E Dist Maint OH General	62,511
		KB	E Dist Maint UG	25,358
		KC	E Dist Maint Network	6,444
	6 Total			147,266
	7	HN	E Dist Tree Trim Bal Acct	194,094
	7 Total			194,094
	8	GA	E T&D Maint OH Poles	12,490
	8 Total			12,490
	10	HX	E T&D Automation & Protection	2,088

Exhibit	Chapter	MWC	MWC Description	2015 Recorded Adjusted (000s Nominal Dollars)
	10 Total			2,088
	12	GC	E Dist Subst O&M	41,662
	12 Total			41,662
	14	FZ	E Dist Planning & Ops Engineer	21,156
	14 Total			21,156
	15	JV	Maintain IT Apps & Infra	4,791
	15 Total			4,791
	16	GE	E Dist Mapping	6,443
	16 Total			6,443
	17	EV	Manage Service Inquiries	13,627
		EW	E TD WRO - Maintenance	16,575
	17 Total			30,202
	19	AB	Misc Expense	14,720
		DN	Develop & Provide Training	2,073
	19 Total			16,793
4 Total*				683,900
5	3	AB	Misc Expense	15,260
		AK	Manage Environmental Oper	3,439
		BP	Manage DCPD Business	5,207
		BQ	DCPD Support Services	47,925
		BR	Operate DCPD Plant	99,064
		BS	Maintain DCPD Plant Assets	149,514
		BT	Nuclear Generation Fees	17,519
		BU	Procure DCPD Materials & Svcs	499
		BV	Maintain DCPD Plant Configurtn	58,149
		CR	Mnge Waste Disp & Transp	75
		EO	Provide Nuclear Support	203
		IG	Manage Var Bal Acct Processes	22,581
	3 Total			419,434
	4	AB	Misc Expense	3,320
		AK	Manage Environmental Oper	1,412
		AX	Maint Resv,Dams&Waterways	26,344
		AY	Habitat and Species Protection	197
		BC	Perf Reimburs Wk for Oth	(21)
		EP	Manage Property & Bldgs	1,536
		ES	Implement Environment Projects	417
		GE	E Dist Mapping	1
		IG	Manage Var Bal Acct Processes	527
		JV	Maintain IT Apps & Infra	-
		KG	Operate Hydro Generation	52,693
		KH	Maint Hydro Generating Equip	31,348
		KI	Maint Hydro Bldg,Grnd,Infrast	14,248
		KJ	License Compliance Hydro Gen	35,424
	4 Total			167,445
	5	AK	Manage Environmental Oper	3,399
		KK	Operate Fossil Generation	15,488
		KL	Maint Fossil Generating Equip	32,369
		KM	Maint Fossil Bldg,Grnd,Infrast	2,434
		KQ	Operate Alternative Gen	906
		KR	Maint AltGen Generating Equip	1,896
		KS	Maint AltGen Bldg,Grnd,Infrast	522
	5 Total			57,014
	6	AB	Misc Expense	2,041
		BI	Maint Buildings	453
		CT	Acq & Manage Elect Supply	49,909

Exhibit	Chapter	MWC	MWC Description	2015 Recorded Adjusted (000s Nominal Dollars)
		CV	Acq & Manage Gas Supply	4,069
	6 Total			56,472
	7	JV	Maintain IT Apps & Infra	2,850
	7 Total			2,850
5 Total				703,215
6	2	EL	Develop New Revenue	17,051
		EZ	Manage Var Cust Care Processes	5,743
		FK	Retain & Grow Customers	1,126
		GM	Manage Energy Efficiency-NonBA	2,688
		HW	Manage Customer Generation	922
		IV	Provide Account Services	25,330
		IW	Manage Demand Response	1,886
	2 Total			54,746
	3	EZ	Manage Var Cust Care Processes	20,690
		GM	Manage Energy Efficiency-NonBA	12,766
		IG	Manage Var Bal Acct Processes	6,020
	3 Total			39,475
	4	DK	Manage Customer Inquiries	96,172
	4 Total			96,172
	5	DK	Manage Customer Inquiries	11,251
		EZ	Manage Var Cust Care Processes	963
		IU	Collect Revenue	18,281
	5 Total			30,495
	6	FK	Retain & Grow Customers	277
	6 Total			277
	7	AR	Read & Investigate Meters	21,997
		DD	Provide Field Service	2,040
		EY	Change/Maint Used Elec Meter	24,674
		EZ	Manage Var Cust Care Processes	1,043
		HY	Change/Maint Used Gas Meters	16,369
		IG	Manage Var Bal Acct Processes	10,343
	7 Total			76,464
	8	AR	Read & Investigate Meters	3,317
		EZ	Manage Var Cust Care Processes	3,392
		IG	Manage Var Bal Acct Processes	489
		IS	Bill Customers	67,922
		IT	Manage Credit	23,267
		IU	Collect Revenue	16,160
	8 Total			114,547
	9	EZ	Manage Var Cust Care Processes	7,431
		IG	Manage Var Bal Acct Processes	227
	9 Total			7,658
	10	JV	Maintain IT Apps & Infra	923
	10 Total			923
6 Total				420,757
7	2	AB	Misc Expense	37
		FL	Safety Engineering & OSHA Cmpl	24,382
		JV	Maintain IT Apps & Infra	814
	2 Total			25,232
	3	AB	Misc Expense	1,079
		BP	Manage DCP Business	4,072
		JV	Maintain IT Apps & Infra	550
	3 Total			5,700
	4	AB	Misc Expense	65
		JL	Procure Materials & Services	(799)

Exhibit	Chapter	MWC	MWC Description	2015 Recorded Adjusted (000s Nominal Dollars)
		JV	Maintain IT Apps & Infra	140
	4 Total			(593)
	5	JL	Procure Materials & Services	12,653
		JV	Maintain IT Apps & Infra	1,630
	5 Total			14,284
	6	AB	Misc Expense	3,066
		BI	Maint Buildings	8,467
		EP	Manage Property & Bldgs	307
		JH	Implement RealEstate Strategy	6,092
		JV	Maintain IT Apps & Infra	471
	6 Total			18,403
	7	AB	Misc Expense	964
		AK	Manage Environmental Oper	8,977
		AY	Habitat and Species Protection	148
		CR	Mnge Waste Disp & Transp	2,337
		ES	Implement Environment Projects	622
		FA	Spc A&G/Oth Csts-Bud Dept	1,569
		JE	Manage Land Services	3,211
		JK	Manage Environ Remed (Earning)	6,645
		JV	Maintain IT Apps & Infra	441
	7 Total			24,913
	8A	AB	Misc Expense	2,579
	8A Total			2,579
	8B	AB	Misc Expense	12,924
	8B Total			12,924
	9	JV	Maintain IT Apps & Infra	258,262
		KX	Prov Human Resource Svcs	(150)
		LL	Charges from Affiliates	423
	9 Total			258,536
7 Total				361,978
8	4	JV	Maintain IT Apps & Infra	178
	4 Total			178
	5	JV	Maintain IT Apps & Infra	7
	5 Total			7
	6	JV	Maintain IT Apps & Infra	659
	6 Total			659
8 Total				844
9	2	JV	Maintain IT Apps & Infra	1,083
	2 Total			1,083
	3	JV	Maintain IT Apps & Infra	404
	3 Total			404
	4	JV	Maintain IT Apps & Infra	(2)
	4 Total			(2)
	7	JV	Maintain IT Apps & Infra	957
	7 Total			957
9 Total				2,442
Grand Total				2,597,264

Notes:

*PG&E is not seeking recovery of CEMA eligible costs for Electric Distribution in the 2017 GRC; therefore these costs have been removed from the recorded expense costs provided above.

**PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Exhibit 8 - Human Resources**

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Human Resource Organization		
1	920 - Admin & Gen Salaries	45,912
2	921 - Office Supplies & Ex	7,380
3	923 - Outside Svc Employ - Utility	17,073
4	923 - Outside Svc Employ - Corp	810
5	Total	<u><u>71,175</u></u>

Note: These are 2015 recorded above-the-line expenses. The organizational structure is consistent with 2017 GRC Application.

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Talent Management and Diversity		
6	920 - Admin & Gen Salaries	17,183
7	921 - Office Supplies & Ex	2,306
8	923 - Outside Svc Employ - Utility	6,007
9	923 - Outside Svc Employ - Corp	0
10	Total	<u>25,495</u>
Compensation, STIP and Labor Escalation		
11	920 - Admin & Gen Salaries	2,693
12	921 - Office Supplies & Ex	380
13	923 - Outside Svc Employ - Utility	4,156
14	923 - Outside Svc Employ - Corp	0
15	Total	<u>7,229</u>
Employee Benefits		
16	920 - Admin & Gen Salaries	2,844
17	921 - Office Supplies & Ex	1,112
18	923 - Outside Svc Employ - Utility	769
19	923 - Outside Svc Employ - Corp	0
20	Total	<u>4,726</u>
Disability and Workers' Compensation		
21	920 - Admin & Gen Salaries	6,076
22	921 - Office Supplies & Ex	1,939
23	923 - Outside Svc Employ - Utility	640
24	923 - Outside Svc Employ - Corp	0
25	Total	<u>8,655</u>
Other Human Resources Functions		
26	920 - Admin & Gen Salaries	17,116
27	921 - Office Supplies & Ex	1,643
28	923 - Outside Svc Employ - Utility	5,500
29	923 - Outside Svc Employ - Corp	810
30	Total	<u>25,069</u>

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Other Human Resource Functions Departments		
6A_SVP		
31	920 - Admin & Gen Salaries	202
32	921 - Office Supplies & Ex	142
33	923 - Outside Svc Employ - Utility	162
34	923 - Outside Svc Employ - Corp	810
35	Total	<u>1,316</u>
6B_ACADEMY		
36	920 - Admin & Gen Salaries	3,051
37	921 - Office Supplies & Ex	38
38	923 - Outside Svc Employ - Utility	2,189
39	923 - Outside Svc Employ - Corp	0
40	Total	<u>5,278</u>
6C_BP_LR		
41	920 - Admin & Gen Salaries	10,168
42	921 - Office Supplies & Ex	997
43	923 - Outside Svc Employ - Utility	865
44	923 - Outside Svc Employ - Corp	0
45	Total	<u>12,030</u>
6D_BUS_OPS		
46	920 - Admin & Gen Salaries	2,269
47	921 - Office Supplies & Ex	114
48	923 - Outside Svc Employ - Utility	276
49	923 - Outside Svc Employ - Corp	0
50	Total	<u>2,659</u>
51	920 - Admin & Gen Salaries	1,426
52	921 - Office Supplies & Ex	353
53	923 - Outside Svc Employ - Utility	2,008
54	923 - Outside Svc Employ - Corp	0
55	Total	<u>3,786</u>

PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Exhibit 9 - Administrative and General Expenses

2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)

Line	Description	2015 Nominal \$'s
Exhibit 9 Organizations		
1	920 - Admin & Gen Salaries	107,154
2	921 - Office Supplies & Ex	14,096
3	923 - Outside Svc Employ - Utility	115,724
4	923 - Outside Svc Employ - Corp	12,521
5	Total	<u>249,495</u>

Note: 1. These are 2015 recorded above-the-line expenses. The organizational structure is consistent with 2017 GRC Application.

2. The Law and Regulatory Affairs organizations include San Bruno and ex parte costs, where applicable. These costs were removed from the 2017 GRC Application, and PG&E is not seeking recovery of these costs.

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Finance Organization		
6	920 - Admin & Gen Salaries	29,395
7	921 - Office Supplies & Ex	2,022
8	923 - Outside Svc Employ - Utility	7,986
9	923 - Outside Svc Employ - Corp	3,789
10	Total	<u>43,191</u>
1) CFO Immediate Office		
11	920 - Admin & Gen Salaries	284
12	921 - Office Supplies & Ex	156
13	923 - Outside Svc Employ - Utility	62
14	923 - Outside Svc Employ - Corp	885
15	Total	<u>1,387</u>
2) Business Finance		
16	920 - Admin & Gen Salaries	8,846
17	921 - Office Supplies & Ex	623
18	923 - Outside Svc Employ - Utility	678
19	923 - Outside Svc Employ - Corp	310
20	Total	<u>10,456</u>
3) Controller		
21	920 - Admin & Gen Salaries	15,358
22	921 - Office Supplies & Ex	1,243
23	923 - Outside Svc Employ - Utility	5,184
24	923 - Outside Svc Employ - Corp	2,475
25	Total	<u>24,260</u>
4) Treasury		
26	920 - Admin & Gen Salaries	4,907
27	921 - Office Supplies & Ex	0
28	923 - Outside Svc Employ - Utility	2,062
29	923 - Outside Svc Employ - Corp	118
30	Total	<u>7,089</u>

2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)

Line	Description	2015 Nominal \$'s
Risk and Audit Organization		
31	920 - Admin & Gen Salaries	14,665
32	921 - Office Supplies & Ex	1,776
33	923 - Outside Svc Employ - Utility	3,101
34	923 - Outside Svc Employ - Corp	667
35	Total	<u>20,208</u>
1) CRO Immediate Office		
36	920 - Admin & Gen Salaries	423
37	921 - Office Supplies & Ex	35
38	923 - Outside Svc Employ - Utility	633
39	923 - Outside Svc Employ - Corp	9
40	Total	<u>1,100</u>
2) Market and Credit Risk		
41	920 - Admin & Gen Salaries	4,284
42	921 - Office Supplies & Ex	357
43	923 - Outside Svc Employ - Utility	158
44	923 - Outside Svc Employ - Corp	0
45	Total	<u>4,799</u>
3) Internal Auditing		
46	920 - Admin & Gen Salaries	6,083
47	921 - Office Supplies & Ex	652
48	923 - Outside Svc Employ - Utility	338
49	923 - Outside Svc Employ - Corp	652
50	Total	<u>7,724</u>
4) EORM and Insurance		
51	920 - Admin & Gen Salaries	1,462
52	921 - Office Supplies & Ex	165
53	923 - Outside Svc Employ - Utility	132
54	923 - Outside Svc Employ - Corp	6
55	Total	<u>1,765</u>
5) Corporate Security		
56	920 - Admin & Gen Salaries	2,413
57	921 - Office Supplies & Ex	566
58	923 - Outside Svc Employ - Utility	1,840
59	923 - Outside Svc Employ - Corp	0
60	Total	<u>4,820</u>

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Regulatory Affairs Organization		
61	920 - Admin & Gen Salaries	19,286
62	921 - Office Supplies & Ex	1,352
63	923 - Outside Svc Employ - Utility	5,429
64	923 - Outside Svc Employ - Corp	0
65	Total	<u>26,067</u>
1) SVP Regulatory Affairs		
66	920 - Admin & Gen Salaries	2,428
67	921 - Office Supplies & Ex	532
68	923 - Outside Svc Employ - Utility	1,393
69	923 - Outside Svc Employ - Corp	0
70	Total	<u>4,352</u>
2) FERC and ISO Relations		
71	920 - Admin & Gen Salaries	1,911
72	921 - Office Supplies & Ex	24
73	923 - Outside Svc Employ - Utility	152
74	923 - Outside Svc Employ - Corp	0
75	Total	<u>2,087</u>
3) CPUC Regulatory Relations		
76	920 - Admin & Gen Salaries	14,940
77	921 - Office Supplies & Ex	795
78	923 - Outside Svc Employ - Utility	3,685
79	923 - Outside Svc Employ - Corp	0
80	Total	<u>19,421</u>
4) Compliance & Continuous Improvement		
81	920 - Admin & Gen Salaries	7
82	921 - Office Supplies & Ex	1
83	923 - Outside Svc Employ - Utility	199
84	923 - Outside Svc Employ - Corp	0
85	Total	<u>207</u>

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Law Organization		
86	920 - Admin & Gen Salaries	22,266
87	921 - Office Supplies & Ex	2,491
88	923 - Outside Svc Employ - Utility	83,460
89	923 - Outside Svc Employ - Corp	1,136
90	Total	<u>109,352</u>
1) SVP General Counsel Immediate Office		
91	920 - Admin & Gen Salaries	(2)
92	921 - Office Supplies & Ex	5
93	923 - Outside Svc Employ - Utility	1
94	923 - Outside Svc Employ - Corp	1,136
95	Total	<u>1,139</u>
2) Law		
96	920 - Admin & Gen Salaries	22,268
97	921 - Office Supplies & Ex	2,486
98	923 - Outside Svc Employ - Utility	83,459
99	923 - Outside Svc Employ - Corp	0
100	Total	<u>108,213</u>

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
CEO Organization		
101	920 - Admin & Gen Salaries	3,103
102	921 - Office Supplies & Ex	766
103	923 - Outside Svc Employ - Utility	5,840
104	923 - Outside Svc Employ - Corp	3,802
105	Total	<u>13,511</u>
1) Chairman, CEO, and President's Office		
106	920 - Admin & Gen Salaries	(16)
107	921 - Office Supplies & Ex	0
108	923 - Outside Svc Employ - Utility	66
109	923 - Outside Svc Employ - Corp	3,802
110	Total	<u>3,851</u>
2) President's Office		
111	920 - Admin & Gen Salaries	1,072
112	921 - Office Supplies & Ex	231
113	923 - Outside Svc Employ - Utility	36
114	923 - Outside Svc Employ - Corp	0
115	Total	<u>1,339</u>
3) Utility Enterprise Strategy		
116	920 - Admin & Gen Salaries	570
117	921 - Office Supplies & Ex	(24)
118	923 - Outside Svc Employ - Utility	4,612
119	923 - Outside Svc Employ - Corp	0
120	Total	<u>5,159</u>
4) Corporate Secretary		
121	920 - Admin & Gen Salaries	1,477
122	921 - Office Supplies & Ex	559
123	923 - Outside Svc Employ - Utility	1,126
124	923 - Outside Svc Employ - Corp	0
125	Total	<u>3,162</u>

**2015 RECORDED EXPENSES
UNADJUSTED ABOVE-THE-LINE
(\$ in thousands)**

Line	Description	2015 Nominal \$'s
Corporate Affairs		
126	920 - Admin & Gen Salaries	18,439
127	921 - Office Supplies & Ex	5,690
128	923 - Outside Svc Employ - Utility	9,908
129	923 - Outside Svc Employ - Corp	3,128
130	Total	<u>37,165</u>
1) SVP Corporate Affairs Immediate Office		
131	920 - Admin & Gen Salaries	191
132	921 - Office Supplies & Ex	180
133	923 - Outside Svc Employ - Utility	(817)
134	923 - Outside Svc Employ - Corp	1,868
135	Total	<u>1,422</u>
2) Corporate Relations		
136	920 - Admin & Gen Salaries	9,897
137	921 - Office Supplies & Ex	3,497
138	923 - Outside Svc Employ - Utility	8,659
139	923 - Outside Svc Employ - Corp	0
140	Total	<u>22,054</u>
3) Local Government Relations		
141	920 - Admin & Gen Salaries	4,207
142	921 - Office Supplies & Ex	683
143	923 - Outside Svc Employ - Utility	617
144	923 - Outside Svc Employ - Corp	0
145	Total	<u>5,507</u>
4) State Government Relations		
146	920 - Admin & Gen Salaries	1,236
147	921 - Office Supplies & Ex	139
148	923 - Outside Svc Employ - Utility	80
149	923 - Outside Svc Employ - Corp	0
150	Total	<u>1,455</u>
5) Federal Affairs		
151	920 - Admin & Gen Salaries	697
152	921 - Office Supplies & Ex	719
153	923 - Outside Svc Employ - Utility	721
154	923 - Outside Svc Employ - Corp	898

155	Total	3,035
	6) Community Relations	
156	920 - Admin & Gen Salaries	2,210
157	921 - Office Supplies & Ex	472
158	923 - Outside Svc Employ - Utility	648
159	923 - Outside Svc Employ - Corp	361
160	Total	3,691