

PACIFIC GAS AND ELECTRIC COMPANY’S COMMENTS ON RATE CASE PLAN WORKSHOP NUMBER 4

I. INTRODUCTION

On February 9, 2021, the California Public Utilities Commission’s (Commission) Energy Division (ED) hosted the fourth workshop (Workshop) pursuant to the Rate Case Plan (RCP) decision¹ and in conjunction with the Risk-Based Decision-Making Framework OIR (Risk OIR).² The series of workshops from the RCP decision focus on standardization of the General Rate Case (GRC) and Risk Assessment and Mitigation Phase (RAMP) filings across the investor-owned utilities (IOUs). The purpose of the February 9, 2021 workshop was to develop proposals to “better integrate the RAMP into the GRC and the Risk Spending Accountability Report (RSAR) as well as standardize the organization and format of GRC and RAMP filings.”³

At the Workshop, parties were invited to submit comments on the Workshop and the Workshop Report. Pacific Gas and Electric Company (PG&E) respectfully requests that the Commission (1) clarify the terms used for the RSAR and other reports; and (2) reject the proposal to require cost forecasts and a master data request in RAMP.

II. DISCUSSION

A. PG&E Requests that the Commission Clarify Terms for the RSAR and Other Reports

ED proposed methods for “imputing authorized costs and work completed.”⁴ The purpose of this proposal is to standardize how the IOUs “show how authorized costs are imputed into the RSAR because the public has a hard time understanding how this is done.”⁵ PG&E

¹ D.20-01-002, Ordering Paragraph 5, p. 79.

² R.20-07-013, Assigned Commissioner’s Scoping Memo and Ruling, p. 6.

³ General Rate Case Plan, Workshop #4 Report (Workshop Report), Standardization of RAMP Filings, March 11, 2021, p. 1.

⁴ Workshop Report, p. 7.

⁵ Id.

generally agrees with this proposal,⁶ though we request that the Commission clarify the differences between “authorized,” “adopted” and “imputed adopted” amounts.

PG&E understands the term “authorized” to be properly used in those situations where the Commission approves and directs a specific level of funding, sometimes associated with a specific volume of work. For example, the Commission “authorizes” rates and PG&E cannot charge a rate other than the what the Commission has authorized.

In contrast, the Commission generally “adopts” forecasts in rate cases as a non-binding building block used to arrive at an overall revenue requirement and, hence, “authorized” rate. For instance, there may be an “adopted” forecast for, say, IT spending. This “adopted” amount for IT spending would be used by the Commission as one component of an overall “authorized” level of revenue requirement, but the amount of IT spending “adopted” by the Commission would not be intended to bind the utility’s spending.

With respect to the term “imputed,” we understand the term to refer to things that are implicit in – or capable of being derived from -- a Commission decision, but not explicitly identified therein. In that regard, we understand the term “imputed adopted,” to refer to amounts that can be calculated or derived from a Commission decision, but not specifically set forth therein. For instance, the Commission may “adopt” a funding level for one of PG&E’s Major Work Categories (MWC), but it may be necessary to create “imputed adopted” levels for the various MAT code levels that could comprise an MWC.

PG&E requests that the Commission clarify that any proposal to standardize costs and work completed reflect the definitions of “authorized,” “adopted” and “imputed adopted” work discussed above.

⁶ “The IOUs have or intent to impute most RAMP mitigations and controls and will provide a view of imputed and recorded amounts as part of upcoming RSARs....[and] identify adopted activities that are cancelled or deferred.” Workshop Report, p. 8.

B. Cost Forecasts and a Master Data Requests for RAMP Are Not Necessary

At the Workshop and reflected in the Workshop Report, parties discussed the quality of the RAMP cost estimates. Specifically, parties discussed the Commission Staff comment that the RAMP does not provide GRC-quality forecasts.⁷ The purpose of RAMP is “to provide information about the utility’s assessment of its key safety risks and its proposed programs for mitigating those risks.”⁸ For PG&E, the costs presented in the RAMP are rooted in the same internal planning process as the GRC forecast process and provide reliable information on the general scope and costs of risk mitigation activities. The majority of the feedback received in RAMP relates to the risk analysis; the reasonableness of the utility’s forecast is more appropriately addressed in the GRC.

However, PG&E agrees that the IOUs could provide better transparency into the cost estimates presented in RAMP. In Track 1 of this proceeding, the technical working group is currently evaluating how to effectively communicate potential uncertainties in all aspects of the RAMP analysis, including cost estimates. There may be a wide range of confidence in the cost of mitigation programs depending on historical information, scale, and other factors. Therefore, rather than require the IOUs to provide detailed cost forecasts accompanied by a reasonableness showing in RAMP, PG&E recommends that the guidelines established in Track 1 of this proceeding address how the IOUs can effectively communicate the cost certainty of mitigation programs.

Additionally, the ED stated that parties consider a Master Data Request (MDR) in the RAMP as directed in D.20-01-002.⁹ PG&E reiterates its opposition to a standard MDR as a precursor or requirement for a RAMP filing. PG&E’s RAMP includes hundreds of pages of workpapers including detailed data sets that support the analysis that goes into the risk modeling

⁷ Workshop Report, pp. 12-13.

⁸ D.14-12-025, p. 36.

⁹ Workshop Report, p. 14.

process. However, PG&E is committed to working with parties to make sure that information provided within RAMP is organized and accessible. As discussed above, parties are currently working in Track 1 of this proceeding to develop guidelines on how to best convey the risk analysis in RAMP. To the extent that additional information is desired and is not already included in RAMP, PG&E suggests that that information be discussed in the guideline development in Track 1 of this proceeding.

III. CONCLUSION

PG&E appreciates the opportunity to participate in the Workshop and comment on the Commission's proposals to better incorporate the RAMP into the GRC.