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

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020. (U39M)	Application 18-12-009 (Filed December 13, 2018)

OPENING COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) ON THE ADMINISTRATIVE LAW JUDGES' PROPOSED DECISION

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INDEX OF RECOMMENDED CHANGES

PG&E recommends the following changes to the Administrative Law Judges' proposed decision (PD):

A. Community Wildfire Safety Program

1. The full funding for PG&E's Community Wildfire Safety Program (CWSP) capital investments for 2021 and 2022 agreed upon by the Settling Parties should be restored; the PD's reductions of **35%** in 2021 and **47.5%** in 2022, which were not requested by any party supporting or opposing the Settlement, should be rejected.
2. The reductions to PG&E's unit costs for overhead system hardening and undergrounding should be rejected and, instead, the amounts specified in the Settlement adopted.
3. The requirement to file an application for approval of costs recorded in the Wildfire Mitigation Balancing Account (WMBA), Vegetation Management Balancing Account (VMBA), and Risk Transfer Balancing Account (RTBA) exceeding 130% of the authorized amounts should be rejected; consistent with precedent, the Commission should instead approve the more expedient advice letter process to seek cost recovery for undercollections specified in the Settlement.
4. The Commission should approve a more expedient process for PG&E to obtain a finding that CWSP costs recorded in its Wildfire Mitigation Plan Memorandum Account (WMPMA) are just and reasonable so that PG&E can securitize these costs pursuant to Assembly Bill (AB) 1054 and reduce customers' financing costs.
5. If PG&E meets the $3.2 billion equity exclusion threshold in AB 1054 with other capital expenditures, including those outside of this General Rate Case (GRC), PG&E should be permitted to return to normal ratemaking.

B. Customer Care

6. PG&E should be authorized to file a Tier 1 advice letter to close 10 of the 17 customer service offices at issue in this proceeding, consistent with the Settlement.

7. The PD should reflect that for the purpose of cost allocation, PG&E should track whether calls made to its Contact Centers are for generation purposes.
8. The PD should be revised to clarify that PG&E's data showed no correlation between monthly utility bills and disconnections.

C. Human Resources

9. The discussion of the Commission's policy on cost recovery for PG&E's Short-Term Incentive Plan is erroneous and should be corrected.

D. Excess Liability Insurance

10. The cap on the undercollections of insurance premiums that can be recovered through the RTBA without an application should be revised because it does not provide sufficient funding for PG&E to acquire excess liability insurance in amounts consistent with its historical coverage and AB 1054 requirements for wildfire insurance coverage.
11. The PD should be revised to allow PG&E to obtain cost recovery in the RTBA of PG&E's actual costs for up to $1.4 billion in excess liability coverage and to seek approval of costs for excess liability coverage exceeding this coverage amount by Tier 2 advice letter, consistent with the Settlement.

E. Accumulated Deferred Income Taxes

12. The discussion of Accumulated Deferred Income Taxes (ADIT) should be clarified to specify that the Average Rate Assumption Method is the method Congress established to return the excess ADIT to ratepayers over the regulatory book life.

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OPENING COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) ON THE ADMINISTRATIVE LAW JUDGES' PROPOSED DECISION

Pacific Gas and Electric Company (PG&E) comments on the October 23, 2020 proposed decision of Administrative Law Judges (ALJs) Lirag and Lau (PD) pursuant to Rule 14.3 (a) of the Commission's Rules of Practice and Procedure.[1] Appendix A includes PG&E's proposed changes to the Findings of Fact, Conclusions of Law and Ordering Paragraphs to reflect the changes requested in these comments. Appendix B includes a list of typographical errors and similar corrections.

I. INTRODUCTION AND EXECUTIVE SUMMARY

PG&E thanks the ALJs for a thorough PD which would approve most of the Settlement Agreement (Settlement) in this proceeding. The Settlement was submitted by a diverse set of parties representing consumer, safety, labor and environmental interests on December 20, 2019 following a year of extensive litigation and months of arms-length negotiations. PG&E respectfully urges several changes to the PD to approve the Settlement in its entirety and provide adequate funding to address the increasing threats of catastrophic wildfire in California.

Wildfire-Related System Hardening: The PD errs by severely limiting funding for the wildfire-related system hardening program for 2021 and 2022. The system hardening program in the Settlement would allow PG&E to ramp up execution of this program from 2020-2022. The PD would instead cap the authorized budget for this program at the amount of the 2020 forecast, reducing PG&E's 2021 budget by **35%** and its 2022 budget by **47.5%**. The reduced budgets are insufficient to execute on the work PG&E must do to make our communities safer from the continuing threats of wildfire.

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[1] These opening comments do not address the Commission's standard of review of settlements, which is addressed concurrently in the Joint Comments of PG&E, The Public Advocates Office, The Utility Reform Network, Small Business Utility Advocates, Center For Accessible Technology, The National Diversity Coalition, Coalition Of California Utility Employees, California City County Street Light Association, and the Safety And Enforcement Division (collectively "the Settling Parties") On The Proposed Decision. PG&E is authorized to file comments with the Settling Parties and separately by an ALJ e-mail ruling dated November 4, 2020.

Flexible Mechanisms for Wildfire System Hardening and Vegetation Management to Reduce Wildfire Risk: The PD should be revised to approve the more flexible funding mechanisms in the Settlement for the Wildfire Mitigation Balancing Account (WMBA) and the Vegetation Management Balancing Account (VMBA). The Settling Parties agreed that PG&E should seek additional funding for the work funded through these accounts above a specified reasonableness threshold through Tier 3 advice letters. In contrast, the PD would require PG&E to file applications to request funding exceeding 130% of the authorized budgets. As explained below, PG&E would be required to carry large balances for underfunded work due to the requirement to file applications for additional funding. This is particularly detrimental when combined with the PD's reductions to the wildfire system hardening capital (discussed above) and newly-enacted legislation that has significantly increased vegetation management costs discussed in Section II below.

Excess Liability Insurance: The PD provides insufficient funding for excess liability insurance, which the Commission has repeatedly acknowledged is a reasonable cost of providing utility service and protects customers from exposure to losses from wildfire and other third-party claims. PG&E proposed, and the PD approves, a two-way Risk Transfer Balancing Account (RTBA) to account for uncertainties regarding the availability of insurance and escalating premium costs. AB 1054 requires PG&E to maintain a reasonable amount of wildfire insurance and incur at least $1 billion in wildfire claims payments to access the Wildfire Fund. The PD would disapprove negotiated settlement terms allowing PG&E to purchase up to $1.4 billion in excess liability coverage, including wildfire liability coverage, and seek approval of the costs for any coverage exceeding $1.4 billion threshold by Tier 2 advice letter. Instead, the PD would cap the amount PG&E can recover in this proceeding for insurance costs at an amount that only slightly exceeds PG&E's 2018 premium costs.[2] These terms are inconsistent with the Commission's finding earlier this year that the utilities' insurance costs are increasing outside of the utilities' control due to wildfire risk and the application of inverse condemnation laws in California. The PD's changes to the Settlement leave PG&E with the choice of increasing customer exposure to

[2] In D.20-09-024, the Commission found SCE's liability premium costs quadrupled from 2017 to 2018 and that these increases were outside of SCE's control. Findings of Fact (FOF) 8, 45.

uninsured claims or obtaining an appropriate level of coverage without certainty of future cost recovery. The PD should be revised to approve the Settlement terms that allow PG&E to obtain cost recovery for the costs of excess liability coverage consistent with historic levels of coverage and costs to comply with AB 1054's wildfire liability insurance coverage requirements.

PG&E respectfully requests these and other changes to the PD in the discussion below.

II. ELECTRIC DISTRIBUTION (SECTION 7)

A. The PD's Significant and Unwarranted Reduction In The Community Wildfire Safety Program Should Be Rejected

California is experiencing more and more devastating wildfires, including the unprecedented 2020 wildfires. Consistent with Senate Bill (SB) 901 and AB 1054, PG&E proposed funding for 2020-2022 for its CWSP, a comprehensive program addressing many of the wildfire risks associated with utility facilities.[3] After thousands of pages of testimony, weeks of hearings, and hundreds of exhibits, the Settling Parties agreed on the appropriate scope and funding for CWSP in recognition of the critical importance of hardening PG&E's infrastructure to protect communities from wildfire risk.

The PD acknowledges California's unprecedent wildfires, the critical elements of and benefits from CWSP,[4] and adopts the Settlement provisions regarding certain CWSP programs. However, the PD declines to adopt funding sufficient to ramp up PG&E's system hardening program. It substantially reduces PG&E's authorization for capital expenditures in the Settlement by **35%** in 2021 and **47.5%** in 2022. These reductions are unsupported by the record, inconsistent with State policy, and would provide insufficient funding for these critical safety programs. This aspect of the PD should be rejected.

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[3] PG&E's CWSP is the program through which PG&E executes upon State policy directives to "invest in hardening of the state's electrical infrastructure and vegetation management to reduce the risk of catastrophic wildfires." HE-234: AB 1054, Section 2(b).

[4] PD, p. 4.

1. The Proposed CWSP Capital Amounts for 2021 and 2022 Are Reasonable and Well-Supported

The Settling Parties agreed on expense and capital amounts for CWSP for 2020-2022.[5] The primary driver for the increase in capital expenditures between 2020 and 2022 is PG&E's proposed system hardening program, as shown in Table 1 below.

Table 1[6]
CWSP Capital Expenditures

Line No.	Capital	2020	2021	2022
1	Enhanced Operational Practices	$7.443	$7.640	$7.844
2	Enhanced Situational Awareness	$10.500	$6.438	$6.588
3	System Hardening	$584.843	$916.212	$1,136.091
4	Support Programs	$0.555	$0.570	$0.585
5	**Total Capital**	**$603.341**	**$930.860**	**$1,151.108**

The Settlement provides that these amounts would be recovered through a two-way balancing account, the WMBA, with any unspent funds returned to customers at the end of the GRC period.[7]

PG&E's electric distribution system hardening program includes two key elements. The first element is hardening portions of its overhead electric distribution system in High Fire Threat District (HFTD) areas. At its most basic level, overhead system hardening involves replacing existing primary and secondary wires with insulated conductors and replacing poles to account for additional weight and fire resistance to reduce ignitions caused by vegetation and wind events.[8] The second system hardening program element is undergrounding. PG&E is undergrounding distribution facilities in HFTD areas where there is increased risk due to egress and ingress constraints, based on site specific inspections, estimating, and engineering.[9] PG&E is also proposing undergrounding in areas where there is dense

[5] PD, p. 119.

[6] *See* HE-18: Exhibit (PG&E-4), WP 2A-1, Table 2A-1. The scope of work and forecast costs included in line 3, System Hardening are: Wildfire System Hardening (MAT 2AP), Non-Exempt Surge Arrester Replacement (MAT 2AR), Wildfire System Hardening – Overhead (MAT 08W), Wildfire System Hardening – Underground (MAT 08W), and Resilience Zones (MAT 49M) found in HE-18: Exhibit (PG&E-4), WP 2A-1, Table 2A-1, forecast costs for MAT codes 2AP, 2AR, and 49M in the System Hardening scope of work. HE-96: Exhibit (PG&E-30), p. 2A-3, Revised Table 2A-2, forecast costs for MAT 08W in the System Hardening scope of work.

[7] Settlement, § 2.3.2.2.3.

[8] HE-16: Exhibit (PG&E-4), p. 9-33, line 14 to p. 9-34, line 4.

[9] HE-20: Exhibit (PG&E-18), p. 2A-14, lines 3-19; and HE-96: Exhibit (PG&E-30), p. 2A-1, line 7 to p. 2A-2, line 19, and p. 2A-3 (providing revised rebuttal testimony).

vegetation that poses an elevated risk of a tree falling into an overhead line and other conditions that would suggest that undergrounding is a safer alternative in a particular location.

Determining whether overhead hardening or undergrounding is in the best interests of customers and communities involves scoping, assessing and evaluating specific locations. This work is performed by experts in fire and public safety, emergency restoration, vegetation management, engineering, land and environmental regulation.[10] Because the system hardening program covers more than three years of work, PG&E's testimony stated that it had not yet determined the exact number of circuit miles of overhead system hardening and undergrounding, and that it would continue to refine its scope of work.[11]

To the extent the PD would limit PG&E's funding due to uncertainty regarding the work scope, such a reduction is unwarranted. PG&E has already hardened 238 miles, 108% of its 2020 Wildfire Mitigation Plan (WMP) and GRC target, as of September 30, 2020, not including mileage installed in the fourth quarter.[12] There is no uncertainty that PG&E will continue system hardening work. Any uncertainty regarding whether PG&E would overcollect for its wildfire work is resolved by the Settlement's establishment of a two-way balancing account, which would require PG&E to return any unspent funds to customers in 2024.[13]

2. The PD's Proposal To Significantly Reduce System Hardening Is Unsupported And Inconsistent With State Policy

The PD recognizes the importance and benefits of the CWSP and approves a two-way balancing account to record and recover the associated costs:

> Based on our review of the record of this proceeding, we agree with the settling parties on the need to establish the two-way WMBA to record both O&M and capital

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[10] HE-96: Exhibit (PG&E-30), p. 2A-1, lines 19-29.

[11] HE-96: Exhibit (PG&E-30), p. 2A-2, lines 9-19.

[12] PG&E estimated in the WMP and GRC that it would harden a total of 221 miles in 2020. *See* HE-96: Exhibit (PG&E-30), Table 2A-2. In Advice Letter (AL) 5984-E at p. 2, submitted on October 28, 2020, PG&E provided an update on system hardening in 2020, indicating that 238 miles were already completed. Available at: https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5984-E.pdf. (as of Nov. 6, 2020). See Motion for Official Notice, Attachment A.

[13] PD, p. 121.

> expenditures from PG&E's CWSP. The CWSP programs aggressively seek to mitigate wildfire risk by incorporating a risk-based approach to identify and address PG&E's assets that are most at risk from the threat of a wildfire and its associated events. We generally find the five main programs under CWSP as well as specific programs and projects proposed under the five main programs reasonable and necessary.[14]

The PD explains that the scope and nature of the CWSP work is still somewhat "difficult to predict" given the program is new, but that the two-way balancing account will be able to effectively address any over- and under-spending.[15] However, the PD perfunctorily cuts funding for the system hardening program by 35% in 2021 and 47.5% in 2022. The PD's sole rationale for these drastic reductions are: (1) the system hardening program may not be fully undertaken or completed in 2021 and 2022; and (2) there is "insufficient support" for PG&E's unit costs.[16] Both assertions are flawed.

First, PG&E has already exceeded its 2020 system hardening target and there is nothing in the record to indicate that as PG&E continues work on estimating, engineering, and project development in 2021 and 2022, its costs will remain flat, as the PD assumes. While PG&E's testimony acknowledges that the scope and amount of overhead and undergrounding work will change during the 2020-2022 time period,[17] there is no evidence to support a finding that PG&E's costs or units will be static over the three-year period.

Second, the PD cites constraints PG&E identified in its rebuttal testimony as the basis for its significant capital forecast reductions, explaining that using the 2020 forecast of work for 2021 and 2022 is "more realistic."[18] The PD misunderstands PG&E's testimony. PG&E's rebuttal testimony reduced the forecasted system hardening work due to the resources required by the Wildfire Safety Inspection Program (WSIP).[19] This reduction was the most substantial in 2020 given the priority and timing of WSIP repairs.[20] However, as these repairs are completed, additional resources may be devoted to

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[14] PD, p. 120.

[15] PD, pp. 120-121.

[16] PD, p. 121.

[17] HE-96: Exhibit (PG&E-30), p. 2A-3, lines 1-8.

[18] PD, pp. 121-122.

[19] HE-20: Exhibit (PG&E-18), p. 2A-8, lines 1-10.

[20] HE-20: Exhibit (PG&E_18), p. 2A-6, lines 16 to p. 2A-7, line 15 (explaining timing for WSIP repairs).

system hardening in 2021 and 2022. PG&E's rebuttal testimony forecast, which factored in the impact of WSIP repairs, was the basis for the Settlement amounts.[21] Thus, the PD's concern about "constraints" is misplaced because those constraints were already addressed by PG&E's reductions to its forecast in its rebuttal testimony that were included in the Settlement.

Third, the Settlement establishes unit costs for the purpose of reasonableness review for overhead system hardening that includes increases for 2021 and 2022 to account for increases in materials and labor.[22] The PD arbitrarily caps PG&E's unit cost at the 2020 amounts. PG&E's unit cost forecasts were based on actual data from recent projects, as the PD acknowledges.[23] The increase in unit costs for 2021 and 2022, which ranges from approximately 4% to 8%,[24] simply reflects cost escalation. There is no reasonable basis to conclude that PG&E's unit costs will not increase over the rate case period. Moreover, the Settling Parties, who actively litigated the unit cost issue, agreed to these unit costs with escalation and a process for reasonableness review of costs exceeding the forecast. The PD's cap on the unit costs is unsupported and is unreasonable; the unit costs included in the Settlement should be restored.

Finally, the California Legislature has provided clear direction regarding the need for the utilities to conduct wildfire mitigation measures. SB 901 requires the utilities to "construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment."[25] In order to achieve this risk minimization, a utility's wildfire mitigation programs must be designed "to ensure its system will achieve the highest level of safety, reliability, and resiliency, and to ensure that its system is prepared for a major event, including hardening and modernizing its infrastructure with improved

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[21] HE-20: Exhibit (PG&E-18), p. 2A-9, lines 1-6 and Table 2A-2; and HE-96: Exhibit (PG&E-30), Revised Table 2A-2.

[22] Settlement, § 2.3.2.2, Table 2.

[23] PD, p. 121; *see also* HE-20: Exhibit (PG&E-18), p. 9-11, lines 17-27 and Tr. Vol. 18, 1999:13-22, PG&E/Singh (explaining basis for unit cost forecast).

[24] PD, p. 119 (chart of agreed to unit costs).

[25] Pub. Util. Code § 8386(a) (emphasis added).

engineering, system design, standards, equipment, and facilities … ."[26] In AB 1054, the Legislature found: "[t]he state's electrical corporations must invest in hardening of the state's electrical infrastructure and vegetation management to reduce the risk of catastrophic wildfire.[27] The PD's reduction to the Settlement's system hardening forecast by more than a third in 2021 and almost a half in 2022 is out of step with these Legislative directives. The PD's proposal to undo this aspect of the Settlement and underfund a substantial portion of this critical safety work should be rejected.

B. The PD's Changes to the Wildfire Mitigation and Vegetation Management Balancing Accounts Should Be Revised to Allow Timely Cost Recovery Of Undercollections By Advice Letter Instead of By Application

The PD would approve Settlement provisions establishing a new two-way WMBA for the CWSP expenditures and changing the existing one-way Vegetation Management Balancing Account (VMBA) to a two-way balancing account.[28] For these accounts, the Settlement establishes a "reasonableness threshold" (i.e., 115% for the WMBA and 120% for the VMBA) and requires that costs above that threshold be requested through a Tier 3 advice letter.[29]

The PD would revise the Settlement to require that amounts above the threshold of 130% be sought by application, rather than advice letter.[30] The PD offers limited justification for this change, simply stating that "[f]or large undercollections, we find it reasonable for the review to be conducted via an application as opposed to a Tier 3 advice letter as provided by the Settlement Agreement." The PD states an application "allows the Commission to conduct a more thorough review of large variances between forecast and recorded costs."[31] This revision has a significant impact on PG&E's ability to obtain timely cost recovery and should be reversed for several reasons.

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[26] Pub. Util. Code § 8386(c)(13) (emphasis added).

[27] HE-234: AB 1054, Section 2(b) (emphasis added).

[28] PD, p. 78 (VMBA) and p. 120 (WMBA).

[29] Settlement, §§ 2.3.2.2 (WMBA), 2.3.4.2 (VMBA), and 2.8.3.2 (RTBA).

[30] PD, Ordering Paragraph (OP) 1, pp. 411-413, 1.a, 1.c. and 1.f.

[31] PD, p. 122; *see also* PD, p. 78 (application allows for enhanced review for VMBA).

First, the Settlement provision allowing review by advice letter rather than by application is consistent with Commission precedent. In Southern California Gas Company (SoCalGas) and San Diego Gas and Electric Company's (SDG&E) 2019 GRC, which was decided a little more than a year ago, the Commission authorized a two-way Liability Insurance Premium Balancing Account (LIPBA) which would allow the utilities to submit Tier 2 advice letters to seek recovery of additional costs above authorized amounts.[32] In that case, the Office of Ratepayer Advocates (ORA) proposed review of additional insurance costs through an application. The Commission rejected this approach explaining:

> [W]e agree with ORA that there should be some mechanism within which to review additional insurance expenditure that was not requested in these GRCs. . . . However, we also recognize Applicants' concern about being exposed to increased risk for a significant period while waiting for approval of an application in cases where it finds a need to purchase other and additional liability insurance coverage. Thus, we find that Applicants should be required to file a Tier 2 advice letter when they seek recovery of costs for additional liability insurance coverage that were not requested in these GRCs. This approach balances the concerns raised by ORA and UCAN about greater Commission review and Applicants' concern about exposure to additional risk for a significant period.[33]

Similarly, in D.12-05-004, the Commission addressed the differences between the use of an advice letter and an application to seek cost recovery for undercollections in two-way balancing accounts for seismic studies for Southern California Edison Company (SCE) and SDG&E, and explained why a Tier 3 advice letter is appropriate:

> DRA recommends a separate application process for the recovery of additional costs. A Tier 3 advice letter process provides a process fundamentally similar to the application process recommended by DRA for recovery of additional costs. SCE and SDG&E would be required to file the Tier 3 advice letter, serve it upon all interested parties (including the intervenors to this proceeding), and describe the extent of and reasons for the increased costs.
>
> A Tier 3 advice letter process provides many of the due process protections provided by an application process. Similar to an application process, the Tier 3 advice letter process is subject to protest from intervenors and disputed issues could go to hearing if the Commission desired. The principal advantage to the Tier 3 advice letter process is that in

[32] D.19-09-051, pp. 777-778, OP 7.e. and OP 8.c.

[33] D.19-09-051, p. 535.

> the event there are no protests, the time to process the advice letter will be faster, allowing the SONGS 2 & 3 seismic activities to continue without delay.[34]

The rationale in these decisions for using advice letters applies with equal force here. In both cases, the utilities expressed concern about the time required to process an application. The Commission recognized this concern and determined that an advice letter provides due process protections and allows for the careful review afforded by an application.

Second, the Commission noted in these two decisions that the amount of time required to resolve an application can be detrimental to the utility and slow the work funded by the balancing account. Here, similarly, carrying the large balances the PD would require for costs incurred above 130% of the revenue requirement for PG&E's critical wildfire mitigation work and liability insurance premiums would negatively impact PG&E's financial health, which affects both PG&E and its customers. PG&E witness David Thomason explained that delays in cost recovery of undercollected balances can detrimentally impact PG&E's credit rating, which will ultimately impact PG&E customers.[35] The Commission has acknowledged that timely recovery of large undercollections in balancing accounts can impact a utility's financial health.[36] Because PG&E finances its capital programs primarily through debt and equity, a credit rating impact could directly affect PG&E's ability to borrow and the cost of borrowing.[37] Delaying cost recovery by requiring a new application could significantly and adversely impact PG&E's ability to finance critical safety programs, such as the CWSP, and increase the cost of financing. The PD does not address Mr. Thomason's testimony or explain how customers benefit from an application process which provides additional delay but no additional clarity.

The reasons for PG&E's increase in vegetation management costs highlight the need for an expedited process to approve undercollections. Vegetation management costs have increased substantially due to recent changes in California law. Public Utilities Code Section 8386.6(b), enacted

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[34] D.12-05-004, p. 13.

[35] HE-5: Exhibit (PG&E-15), p. 2-15, line 16 to p. 2-16, line 7; p. 2-16, line 29 to p. 2-18, line 14.

[36] D.20-09-024, p. 58 and p. 68, FOF 57, 59 and 60.

[37] HE-5: Exhibit (PG&E-15), p. 2-16, lines 8-28.

in October 2019, requires "[a]ll qualified line clearance tree trimmers shall be paid no less than the prevailing wage rate for a first period apprentice electrical utility lineman as determined by the Director of Industrial Relations." PG&E has experienced a significant cost increase due to this new law. The PD would further increase the costs that would be recorded in the VMBA by requiring PG&E to record costs for vegetation management related to tree mortality that PG&E currently records in CEMA.[38] As PG&E did not include a forecast for the tree mortality work in the GRC, PG&E will continue to carry these significant costs until it receives Commission approval by application. Because VMBA undercollections will exceed the reasonableness threshold in the Settlement due to these new legal and regulatory requirements, the more expeditious advice letter process should be approved.[39] The full Commission must vote on resolutions at a formal voting meeting. The Commission's involvement in resolving any conflicts regarding the reasonableness of PG&E's costs is not diminished by the advice letter process.

Finally, it is notable that the use of an advice letter process was agreed to by the Settling Parties, who represented a wide variety of interests, and whose conclusions regarding the use of this mechanism should not be so easily discounted. Because this aspect of the PD contradicts the Settlement and is inconsistent with Commission precedent, the PD's application requirements should be rejected.

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[38] This work is conducted in response to the 2014 Drought Emergency proclamation, Commission Res. ESRB-4, the Governor's October 30, 2015 Bark Beetle Tree Mortality Emergency Proclamation, and the February 18, 2014 letter from the CPUC Safety and Enforcement Division, all of which relate to mitigating the effects of the drought on tree mortality and fire risk reduction. PG&E is currently seeking the following costs for Tree Mortality and Fire Risk Reduction in its 2018 CEMA Application, A.18-03-015: $254.3M for 2016; $135M for 2017; $90M for 2018; and $77M for 2019. (Motion for Official Notice, Attachment C).

[39] The PD errs by finding that PG&E's 2018 enhanced vegetation management costs "are a good representation of future cost because the programs and projects included in the enhanced VM are the same." (PD, p. 76.) PG&E's 2020 EVM forecast included significant increases in the volume of work to address wildfire risk. HE 20: (Exhibit PG&E-18), p. 7-9, lines 1-10.

C. Assembly Bill 1054 Issues (Section 7.5.)

1. Approving PG&E's Wildfire Capital Request And Process for A Timely Review Of Additional Capital Expenditures Will Reduce Financing Costs

The PD would approve the Settlement's proposed methodology to implement AB 1054's restrictions on earning a rate of return on the first $3.21 billion of PG&E's wildfire mitigation capital.[40] However, the PD would delay PG&E's ability to securitize much of its wildfire capital both by reducing the amount of authorized capital for wildfire safety in 2021 and 2022 that is determined "just and reasonable" (discussed in Section II.A above) and by requiring an application for approval of costs exceeding 130% of the authorized amount of wildfire capital expenditures (discussed in Section II.B above). Both limitations would unnecessarily increase the financing costs for a substantial amount of PG&E's wildfire capital, to the detriment of PG&E's customers.

As the PD notes, the Settlement revenue requirement assumes PG&E will finance the wildfire capital expenditures at the cost of debt.[41] Once the Commission finds these PG&E's wildfire capital expenditures "just and reasonable," PG&E be able to file an application to securitize these costs.[42] PG&E's current approved cost of debt is 4.17%.[43] PG&E estimates that the securitization interest rate in mid-2021 based on today's rate is 2.9%.[44] Therefore, a regulatory process that would allow an earlier securitization would result in customer benefits because after securitization of the debt, PG&E will remove "the debt return and other capital-related expenses from its GRC forecast"[45] and pass on the savings to customers.

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[40] PD, pp. 125-128. This amount is based on the allocation of the $5 billion in Pub. Util. Code § 8380(n)(2), which is subject to adjustment by the administrator of the Wildfire Fund pursuant to Pub. Util. Code § 3280.

[41] PD, p. 126.

[42] Pub. Util. Code, § 850(a)(2).

[43] PG&E AL 4275-G/5887-E, p. 1 (Accepted July 22, 2020).

[44] A.20-04-023, PG&E's Securitization Prepared Testimony (Updated), p. 1-6, lines 23-24. The actual rate would be determined at the time of securitization and may be higher or lower. See Motion for Official Notice, Attachment B.

[45] PD, p. 127.

Capital expenditures recorded in balancing or memorandum accounts up to the amount of the cap are reasonable and can be securitized. However, amounts that exceed the provisionally-authorized amounts cannot be securitized because they have not yet been approved as just and reasonable will earn a rate of return at the higher adopted cost of debt rather than the lower financing costs that could be achieved through securitization. For these additional reasons, the Commission should approve all the wildfire mitigation-related capital in the Settlement as just and reasonable and approve an advice letter process to address undercollections above the reasonableness threshold in the Settlement.

2. The Commission Should Expedite Review Of Wildfire Capital Expenditures Recorded In The WMPMA To Reduce Customer Financing Costs.

The Settlement also would allow PG&E to seek a finding of just and reasonableness for wildfire capital expenditures recorded in the Wildfire Mitigation Plan Memorandum Account (WMPMA) in a Tier 3 advice letter, rather than by application.[46] The PD would reject this provision and, instead, require PG&E to file a ***first*** application to ask the Commission to find the expenditures just and reasonable, before filing a ***second*** application to request authority to securitize the costs.[47] Thus, it would take a number of years and two regulatory proceedings to securitize the costs recorded in WMPMA. Recorded costs would earn a return on rate base based on the adopted cost of debt while these proceedings are pending. As noted above, customers will be harmed because they will bear higher financing costs while the Commission processes two applications regarding the same wildfire mitigation capital expenditures. The PD should instead be revised to approve Section 2.3.2.4 of the Settlement to allow a more expeditious review of PG&E's wildfire capital expenditures to allow PG&E to securitize such costs more quickly.

3. PG&E Should Be Allowed to Update Its GRC Revenue Requirement To Include Wildfire Mitigation Capital Expenditures in Rate Base After It Satisfies The AB 1054 Capital Exclusion.

The PD contains a new requirement for PG&E to update its revenue requirement approved in the decision by using PG&E's current cost of debt for the wildfire capital expenditures subject to the equity

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[46] Settlement, § 2.3.2.4.

[47] PD, p. 128.

return exclusion.[48] As noted above and in the PD, PG&E will satisfy the equity return exclusion with capital expenditures recorded in the WMBA and in the WMPMA.[49] It is uncertain -- given the different funding mechanisms and timing of cost recovery -- at what point PG&E's wildfire capital expenditures will satisfy the $3.2 equity exclusion. Given the uncertainty about the amount of wildfire capital expenditures that will be approved outside of the GRC, PG&E adjusted its 2020-2022 GRC revenue requirement to exclude all of the wildfire capital from the normal debt-equity financing ratio applicable to PG&E's other capital expenditures.[50] If PG&E satisfies its obligation to exclude from rate base $3.2 billion in expenditures during the rate case period due to capital expenditures recorded in the WMPMA, PG&E should be allowed to adjust its GRC revenue requirement for future wildfire mitigation capital expenditures that exceed the $3.2 billion requirement to allow it to earn the standard rate of return.

III. CUSTOMER CARE (SECTION 9)

A. The Commission Should Retain the Customer Service Office Closure Procedure Agreed to in the Settlement

PG&E has 75 Customer Service Offices (CSOs) and 565 Neighborhood Payment Centers (NPCs).[51] PG&E proposed to close 17 of its CSOs.[52] The Commission has approved closures for each of the other California utilities in the last five years, including for SoCalGas in 2016,[53] SDG&E in 2019,[54] and SCE in October 2019.[55] PG&E is the only large California utility with a significant number of CSOs.[56]

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[48] PD, p. 127.

[49] PD, p. 128.

[50] PD, p.124; *Amendment to Pacific Gas and Electric Company's (U 39 M) Brief on Public Utilities Code Section 8386.3 (E)* (Dec. 31, 2019).

[51] Since filing its 2020 GRC, PG&E has increased its NPCs to 626.

[52] PD, p. 177.

[53] D.16-06-046, p. 57, OP 1 and 2.

[54] D.19-09-051, p. 347.

[55] Res. E-5005, p. 7, OP 1. Following the closures approved in this resolution, SCE will no longer have customer service offices.

[56] The CSOs have been closed since March 2020 due to the pandemic.

PG&E considered the following six key factors for each CSO when considering whether to close any of them: (1) declining transaction volume; (2) at least two NPCs within a three-mile radius of the CSO; (3) fewer than 6.5 non-payment transactions per day on average; (4) public transportation within one mile of the CSO to the nearest NPC; (5) percentage of CARE customers who make payments exclusively at CSOs; and (6) percentage of CARE customers who make cash-only payments.[57] PG&E also conducted a survey at these offices to better understand the specific needs, demographics, and preferences of these customers.[58] PG&E submitted extensive evidence regarding its analysis of these factors for each of the 17 CSOs.

The Settling Parties did not support all of the office closures proposed by PG&E, but supported closure of 10.[59] Under the Settlement, PG&E would initiate closure of these 10 offices through a Tier 1 advice letter and follow all notification requirements set forth in D.07-05-058.[60]

The PD modifies the Settlement in several key respects. First, the PD requires PG&E to file a Tier 3 advice letter – rather than Tier 1 – to effectuate the closures.[61] Second, with the Tier 3 advice letter, PG&E is required to include an additional two years' worth of data on the six elements PG&E initially included as part of its opening testimony.[62] Third, the PD requires PG&E to provide notice of the closure sixty days prior to filing the advice letter.[63] None of these changes is justified.

First, with respect to the Tier 3 requirement, it is unnecessary and will create administrative inefficiencies and delay. Using the initial criteria set forth in testimony, ongoing evaluation of the facilities and impacted employees, and conversations with external parties -- including CUE -- PG&E has identified the following offices for closure: Auburn, Colusa, Davis, Kerman, Lakeport, Livermore,

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57 HE-91: Exhibit (PG&E-6), p. 5-2, lines 13-21; HE-91: Exhibit (PG&E-6), p. 5-3, lines 1-4.

58 HE-91: Exhibit (PG&E-6), p. 5-3, lines 5-10.

59 PD, p. 179.

60 PD, p. 179.

61 PD, p. 181-182.

62 PD, pp. 181-182.

63 PD, p. 182.

Oakhurst, Sanger, Walnut Creek, and Wasco. With the parties' input on these offices already gathered, the Tier 3 requirement is unnecessary.

Second, the requirement for two more years' worth of data is unnecessary because PG&E already submitted the requisite data for these CSOs with its testimony as required by D.07-05-058.[64] Any and all transactions that could be performed at the CSOs proposed for closure can be resolved through alternative channels, whether at NPCs, PG&E's contact centers, phone self-service, PG&E's website, PG&E's mobile service options and mail. There is no customer service remaining that must be done at a CSO.[65] Additionally, PG&E has already provided four years of data (2014-2017) for all 75 CSOs, broken out by payment transaction, including non-payment transactions.[66]

Third, the PD requires PG&E to provide customers with notice sixty days prior to filing the advice letter,[67] rather than before the date of closure as required by D.07-05-058 and agreed to by the Settling Parties.[68] The notifications to customers sixty days prior to filing a Tier 3 advice letter, rather than prior to the actual closures, will likely create confusion for our customers. The Commission should instead adopt notification requirements in D.07-05-058.

The PD adds these new requirements due to concerns that the CSO closures may impact "part of the more vulnerable portion of the population" that only contacts PG&E in person.[69] PG&E has committed to engage in targeted outreach to help facilitate the customers' transition to the many readily-available alternative payment channels.[70] PG&E will work directly with those customers to inform them about these reasonable alternatives and will develop additional communication materials to educate the remaining five percent of customers regarding the alternative payment options.

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64 D.07-05-058, Appen. B, p. B-5, Number 12.

65 HE-91: Exhibit (PG&E-6), p. 5-17, Table 5-4, PG&E Compliance with D.07-05-058.

66 HE-92: Exhibit (PG&E-6), WP 5-14 to WP 5-28.

67 PD, p. 182.

68 D.07-05-058, Appen. B, Attachment 3, p. B-25; Settlement, Section 2.5.6 (CSOs), p. 21.

69 PD, p. 181.

70 HE-93: Exhibit (PG&E-20), p. 5-17, lines 6-14.

In effect, the PD's new provisions would require PG&E to re-litigate the reasonableness of the closure of these offices, which has already been agreed to by the Settling Parties. The additional requirements for multi-year data and an extensive Tier 3 filing advice letter are unnecessary.

B. Data Regarding Customer Use of Contact Centers For Generation-Related Inquiries

The PD directs PG&E to "track and report data showing the extent to which its Customer Care services and programs support its electric generation function" and "present this detailed data to justify and support its proposed cost allocation method of Customer Care expenses in its next GRC."[71] In 2020, PG&E began tracking calls to its Contact Centers by customer and call type. PG&E anticipates having one year of recorded data to include in its 2023 GRC. As "customer services and programs" is not a specific term, PG&E requests that the Commission clarify in the final decision that the tracking requirement is for PG&E's Contact Centers.

C. The PD Should Be Revised to Clarify That There Is No Correlation Between Monthly Residential Bills and Disconnections

The PD concludes that PG&E's analysis of its residential bill and disconnection data for the 2010-2017 period "shows that the correlation between residential bills and the volume of nonpayment disconnections is none-to-weak for non-CARE customers but is moderate-to-high for CARE customers."[72] The finding that there is a moderate-to-high correlation between residential bills and disconnections for CARE customers is based on PG&E's ***initial*** analysis that it provided in a data response to TURN,[73] which was based on a linear regression analysis that uses *annual* averages. TURN criticized PG&E's initial annual methodology because the data "does not fully capture the relationship between rates and disconnections for all customers."[74]

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[71] PD, p. 315.

[72] PD, p. 190.

[73] HE-294: Exhibit TURN-08, p. 13, lines 5-8.

[74] HE-294: TURN-08, p. 16, lines 3-4.

In response, PG&E submitted a monthly analysis in its rebuttal testimony.[75] PG&E performed a linear regression analysis based on the monthly relationship between average bills and total disconnections.[76] The results compare bills for a particular month with the same disconnections in that month using monthly data from 2010 to 2017.[77] The revised results demonstrate no correlation between monthly bill and total disconnections for both CARE and non-CARE customers.[78] PG&E recommends that the Commission accordingly revise the PD to reflect this finding.

IV. SHORT-TERM INCENTIVE PROGRAM (SECTION 11.2)

The PD's discussion regarding PG&E's Short-Term Incentive Plan (STIP) should be revised to more accurately describe the Commission's current policy regarding cost recovery for STIP expressed in Sempra's 2019 GRC. The PD states that "[i]n PG&E's 2014 and 2017 GRCs, the Commission found that the STIP expenses benefit both ratepayers and shareholders and STIP costs should be shared between ratepayers and shareholders."[79] The PD also suggests that, in D.19-09-051, issued in the most recent GRC decision for SoCalGas and SDG&E, the Commission examined the STIP metrics and reduced funding for costs associated with achieving metrics that benefited shareholders.[80]

However, the PD should be revised to acknowledge that in D.19-09-051, the Commission arrived at a different conclusion than it reached in PG&E's 2014 and 2017 GRCs. In D.19-09-051, the Commission concluded that funding for a short term incentive mechanism should be reduced only where the incentive plan metrics ***primarily*** benefit shareholders, rather than whenever an incentive mechanism

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[75] HE-93: Exhibit (PG&E-20), p.7-3, lines 25-29.

[76] HE-93: Exhibit (PG&E-20), p. 7-4, lines 2-6.

[77] HE-93: Exhibit (PG&E-20), p. 7-4, lines 2-6.

[78] HE-93: Exhibit (PG&E-20), p. 7-5, Table 7-2, Regression Analysis Comparison Monthly Vs. Annual.

[79] PD, p. 235. The 2017 GRC decision approved (with modifications) an all-party settlement and should not be cited in the PD as precedent on this issue. (See Commission Rule 12.5.)

[80] PD, p. 235.

metric happens to align the interests of customers and shareholders.[81] The PD does not accurately describe that decision.

The PD's Conclusion of Law 75, which states that "STIP costs should be shared when STIP expenses benefit both ratepayers and shareholders," is thus inconsistent with D.19-09-051. PG&E addressed this issue at length in its testimony in this case. We explained why reducing program funding where customer and shareholder interests are aligned amounts to bad policy for customers.[82] The PD does not address the evidentiary record on this issue. It is not necessary for the PD to reframe its STIP policy in the context of a negotiated settlement. The Commission need only find that the Settlement represents a fair compromise of the parties' litigation positions, just as it has done for most other Settlement terms.

V. EXCESS LIABILITY INSURANCE (SECTION 12.2.2.2)

The Commission has consistently found that purchasing general liability insurance is a reasonable cost of service that benefits customers and is appropriately included in utility rates.[83] Indeed, the Commission believes that "not purchasing adequate insurance imperils a utility's financial health [and] results in higher financing costs that must be recovered from customers."[84] Further with the passage of AB 1054, PG&E became legally obliged to purchase wildfire liability insurance or self-insure to cover up to $1 billion of wildfire liability claims[85] before it has access to the Wildfire Fund.[86]

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[81] D.19-09-051, p. 542 ("most of the performance metrics provide tangible benefits to ratepayers in that they encourage and promote either safety, operational efficiency, reduced costs, improved service, or a policy that the Commission. While some metrics also align with shareholder goals, we find that these are not necessarily inconsistent with ratepayer benefits;) D.19-09-051, p. 543 (However, with respect to the financial metrics, we find that these primarily benefit the utilities and its shareholders. . . Therefore, we find that 10 percent of the ICP, or the amount representing the financial metrics, should be disallowed.)

[82] HE-207: Exhibit (PG&E-8), p. 4-16 to p. 4-19; HE-214: Exhibit (PG&E-22), p. 4-15 to p. 4-23.

[83] D.20-09-024, p. 63, FOF 23, p. 67, FOF 49; HE-159: Exhibit (PG&E-23), p. 3-13, lines 14-15, fn. 30, citing Res. E-4994 (Feb. 21, 2019) authorizing Z-factor recovery of incremental insurance premium costs for SCE; D.14-08-032, p. 550 ("Procuring excess liability insurance is a reasonable business practice.").

[84] D.20-09-024, p. 63, FOF 21.

[85] HE-234: AB 1054 (Holden, Chapter 79, Stats. 2019) directs that a wildfire fund address utility losses exceeding $1 billion, with each utility insuring the first $1 billion of losses through its own insurance.

[86] D.20-09-024, p. 63, FOF 20.

The Settlement supports this policy by allowing PG&E to recover the actual costs of procuring up to $1.4 billion in insurance coverage annually (wildfire and all perils) through the two-way RTBA that exceed the authorized amount of $296.785 million[87] consistent with Cal Advocates' recommendation.[88] The Settlement requires PG&E to file a Tier 2 advice letter to recover any additional costs for insurance coverage exceeding $1.4 billion, similar to the advice letter process the Commission approved for SDG&E and SoCalGas (discussed on page 9 above).[89]

The PD would substantially modify the Settlement by changing the RTBA and creating a lengthier process for PG&E to obtain cost recovery for insurance premiums exceeding the authorized amount in the PD. The PD would cap the amount recoverable through the RTBA at $385.8 million,[90] which is 130% of the settled amount of $296.785 million (company-wide). The PD would require PG&E to file an application to recover expenditures that exceed that amount.[91] These substantial changes to the Settlement should be rejected for the following reasons: (1) the new cost cap, which essentially would freeze PG&E's insurance premium costs at an amount that is only slightly above 2018 levels, is insufficient to purchase excess liability coverage (both wildfire and all perils) in the amounts PG&E has historically acquired or the amount of wildfire liability insurance required by AB 1054 in the current market; (2) the changes would significantly delay cost recovery and require PG&E to carry additional insurance premium costs on its books for years; and (3) the PD's requirements are inconsistent with the Commission's decision in SDG&E's and So Cal Gas's 2019 GRC.

A. The PD Would Not Provide Sufficient Flexibility To Allow PG&E To Purchase Adequate Liability Insurance In The Current Market

The PD incorrectly claims that its changes to the settlement terms regarding the RTBA will "allow PG&E to address uncertainty in a timely manner and at the same time ensure that there is

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87 Settlement, § 2.8.3.2.

88 HE-174: Exhibit (CalAdv-17), p. 10, lines 3-7.

89 Settlement, § 2.8.3.2; *Joint Motion for Approval of Settlement Agreement*, p. 14 (citing D.19-09-051, p. 533.)

90 PD, pp. 412-413, OP 1.f.

91 PD, pp. 412-413, OP 1.f.

adequate insurance coverage."[92] The PD acknowledges the uncertainty regarding pricing and availability of insurance for the California utilities.[93] However, the uncertainty is not *whether* premium prices are increasing, but rather *by how much*.

PG&E's testimony provides extensive information regarding the increasing cost of insurance, from $52 million in 2014, to $124 million in 2017 and $360 million in 2018.[94] PG&E's GRC insurance forecast of approximately $356.9 million was based on 2018 pricing which was more favorable than current market conditions caused by the continued extreme wildfire risk in California.[95] Further, though not addressed in the PD, PG&E's rebuttal testimony demonstrated that in 2019, PG&E, on average, received offers to purchase insurance for wildfire and non-wildfire insurance at approximately 50 cents for every dollar of coverage.[96] Because market prices continue to increase, the PD's proposed cap on insurance premiums would authorize an amount that is clearly insufficient for the 2020-2022 period.

It is beyond reasonable dispute that PG&E must purchase insurance to satisfy the requirement in AB 1054 to cover the first $1 billion of wildfire claims, plus additional all perils liability coverage in amounts consistent with PG&E's historic practices. This coverage may be acquired in two insurance towers depending on the availability of different types of coverage in the market, as SCE has recently acquired.[97]

The Commission recently acknowledged in D.20-09-024, a decision approving additional recorded insurance costs for SCE, that there is decreasing capacity and increased premium costs in the current liability insurance market,[98] which it referred to as a "sellers' market," and concluded that the

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[92] PD, p. 255.

[93] PD, p. 255; PD, p. 380, FOF 288; Joint Motion for Approval of Settlement Agreement, p. 14.

[94] HE-157: Exhibit (PG&E-9), p. 3-18, Table 3-3; PD, p. 255. These numbers represent the cost of purchasing policies at the annual renewal.

[95] PD, p. 255.

[96] HE-159: Exhibit (PG&E-23), p. 3-27, line 22 to p. 3-28, line 2 (noting that, PG&E received indicative offers for up to $2.4 billion of wildfire coverage and $1.4 billion of general liability coverage for approximately $1.9 billion in premiums.)

[97] D.20-09-024, p. 14.

[98] D.20-09-024, p. 61, FOF 10 and p. 63, FOF 21.

price increases were largely out of the utility's control.[99] It also determined that insurance costs are "increasing dramatically on a per-coverage-dollar basis" due in large part to "the increased frequency and severity of California's wildfires" and inverse condemnation.[100] The Commission found that the utilities' use of insurance brokers conformed to industry standards and helped them obtain the best pricing possible.[101]

Despite these conditions, the PD would impose a balancing account cap of 130% on the amount of additional premium costs PG&E could seek above the authorized amount without an additional application. The PD's sole justification for the cost cap is a need for PG&E to provide further information to "explain instances wherein the cost of insurance coverage differs greatly from the forecasts presented and authorized in this decision."[102] The need for this information is insufficient to require such a fundamental change in the Settlement. The evidentiary record is already replete with information about the scarcity of available coverage and the increase in insurance premium costs. The cost cap in the PD is set at approximately the price paid in 2018, despite PG&E's uncontroverted testimony indicating that 2019 price offers exceeded 2018 prices and approximated $.50 for a dollar of coverage. It is unreasonable for the Commission to require PG&E to file an application to explain market conditions it knows exist.[103] The PD should be revised to remove the arbitrary cost cap of 130%, allow PG&E to obtain insurance coverage in the amount of $1.4 billion, and authorize PG&E to file a Tier 2 advice letter for cost recovery for any insurance coverage exceeding $1.4 billion, consistent with the Settlement.

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[99] D.20-09-024, p. 66, FOF 45.

[100] D.20-09-024, p. 61, FOF 10, 12.

[101] D.20-09-024, p. 65, FOF 39 and p. 66, FOF 42.

[102] PD, p. 256.

[103] D.20-09-024, p. 68, FOF 60.

B. The PD's Application Requirement Would Not Provide Timely Funding.

As we discuss above, the PD's revisions to the Settlement will most certainly require PG&E to file an application to obtain additional funding of its insurance premiums.[104] The PD is thus wrong to state that a two-way balancing account will "allow PG&E to address uncertainty in a timely manner."[105] This would have been true without the cap and application requirement, though it is no longer so.

Requiring PG&E to proceed by application to obtain the remainder of the annual insurance premium costs will create significant uncertainty and will delay PG&E's ability to recover a reasonable cost to operate the utility. The application requirement will likely force PG&E to carry significant unfunded insurance costs for years. This will harm not only PG&E, but also our customers. The Commission has previously acknowledged that "SCE is likely to suffer weaker financial health if under-collected balances [for insurance premiums] remain unfinanced over time."[106] PG&E would suffer the same financial consequences if it is forced to carry unfinanced balances due to inadequate funding and funding flexibility for insurance coverage in the decision.

C. The PD's Requirements For Recovery of Insurance Premium Costs Are Inconsistent with those Authorized for SDG&E and So Cal Gas to Manage Similar Risk.

The PD's RTBA premium cap and application requirement are inconsistent with SoCalGas and SDG&E's 2019 GRC, which approved a two-way insurance balancing account for insurance premiums with a Tier 2 advice letter to seek additional coverage costs. As discussed in Section II B above, a more favorable approach was approved by the Commission for So Cal Gas and SDG&E in their 2019 GRCs when it approved their two-way balancing account, the LIPBA, which allowed the utilities to submit Tier 2 advice letters to seek recovery of additional costs above authorized amounts to address the continuing volatility in the liability insurance market.[107] The decision did not require a cost cap or application for costs exceeding the initial authorized amounts, as the PD would do here.[108] The decision required a Tier

[104] PD, pp. 412-413, OP 1.f.

[105] PD, p. 255.

[106] D.20-09-024, p. 68, FOF 60.

[107] D.19-09-051, p. 533-536 and pp. 777-778, OP 7 and OP 8.

[108] *Id.*

2 advice letter only if the utilities procured different or additional insurance not included in their GRC applications.[109] Thus, the PD's changes are certainly not "consistent with" the two-way balancing account authorized for SoCalGas/SDG&E,[110] as the PD incorrectly states.

D. Portions of the PD Require Correction or Clarification

Other minor clarifications to the PD's insurance discussion are warranted. The PD states, "PG&E intends to purchase insurance prudently and seeks to avoid insurance that cost more than 50 percent of the coverage provided."[111] This is not entirely accurate. PG&E's testimony included guiding principles from its 2019 insurance renewal, which included the goal of not paying more than 50 cents for a dollar of coverage.[112] The guiding principles described for 2019 were not proposed to be static. With increasing prices in the market, these goals and targets will need to be adjusted. The Settling Parties acknowledged as much, stating that PG&E will implement the self-insurance options "consistent with the 'guiding principles' set forth in its [R]ebuttal [T]estimony, ***as updated from time to time to reflect changing market conditions***."[113]

The PD also erroneously states that: "$1.4 billion represents the amount of coverage for the $356.958 million that the settling parties agreed to."[114] The Settlement included an agreed upon amount of $296.785 million, not $356.958 million for insurance, and the Settling Parties did not conclude that PG&E could acquire $1.4 billion of liability insurance for this amount. To the contrary, the Settling Parties agreed to the flexible funding mechanism for the RTBA because of the uncertainty regarding the cost and availability of liability insurance. The incorrect sentence quoted above should be stricken.

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109 *Id.* SDG&E recently filed a tier two Advice Letter 3638-E/2922-G seeking cost recovery for costs that were not requested in its 2019 GRC (Nov. 9, 2020).

110 PD, p. 255.

111 PD, p. 380, FOF 291.

112 The PD cites to PG&E's rebuttal testimony for this proposition. *See* PD, pp. 256-257, fn 248, citing to Ex. 159, p. 3-27.

113 Settlement, § 2.8.3.3 (emphasis added; internal reference omitted).

114 PD, p. 256. $356.958 was PG&E's forecast; the settlement amount as noted on p. 249 is $297.785 million.

Further, the PD's discussion of the RTBA should be revised as it states that PG&E is required to seek recovery of costs in excess of 130% of the authorized by application "*instead of by a Tier 3 advice letter*."[115] This is incorrect. The Settlement requires a Tier 2 advice letter for coverage purchased in excess of $1.4 billion, not a Tier 3 advice letter for premium costs above a certain level. Ultimately, these problems can, and should, be fixed by striking Ordering Paragraph 1(f) in its entirety to delete the cost cap and application requirement.

VI. ACCUMULATED DEFERRED INCOME TAXES (SECTION 13.2)

As noted by the PD, the Settlement requires PG&E to file an advice letter "to correctly reflect the return of excess [Accumulated Deferred Income Taxes] ADIT created by the passage of the 2017 Tax Act, consistent with the methodology ordered by D.19-08-023."[116] As recognized by that decision, the Average Rate Assumption Method (ARAM) is the method Congress established to return the excess ADIT to ratepayers over the regulatory book life.[117] While the PD mentions that the methodology in D.19-08-023 would apply to PG&E's return of excess ADIT, it does not specifically state that PG&E would use the ARAM methodology to return excess ADIT to customers. For avoidance of any doubt, PG&E requests two clarifications to the PD. PG&E requests that the PD be revised to specifically acknowledge that Ordering Paragraphs 6, 7, and 8 from D.19-08-023 continue to apply to PG&E's return of the ADIT and that PG&E's return of the ADIT will use the ARAM methodology.

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115 PD, pp. 412-413, OP 1.f (emphasis added).

116 PD, p. 288.

117 D.19-08-023, p. 4.

VII. CONCLUSION

The Settlement is reasonable in light of the entire record, consistent with the law, and in the public interest. For the reasons set forth above, PG&E respectfully requests that the Commission revise the PD to fully approve the Settlement as agreed upon by the Settling Parties, without modification.

Respectfully Submitted,

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PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX A

Appendix A
PG&E's Proposed Changes to Findings of Fact, Conclusions of Law, and Ordering Paragraphs

Findings of Fact

Gas Distribution

9. Gas distribution O&M expenses are for operations work activities related to labor and expenses, ~~storage,~~ operations supervision and engineering, main and service expenses, measurement and regulator ~~storage~~ station expenses, other gas distribution expenses, maintenance supervision and engineering, maintenance of mains and services, ~~measurement and regulator station expenses,~~ maintenance of meters and house regulators, and maintenance of other equipment.

10. Some of the specific work performed by Gas Distribution includes leak~~age~~ surveys, leak repairs, application of corrosion control measures, valve maintenance, monitoring meter accuracy, adding odorant to gas, and locating and marking buried pipes to avoid damage caused by third-party dig-ins.

12. As discussed in the Gas Distribution section, the O&M forecasts for Distribution Operations and ~~Management~~ Maintenance Programs, Leak Management, Gas System Operations, and New Business and WRO~~s~~ are reasonable.

Electric Distribution

40. Many of ~~T~~the CWSP programs included under EP&R are additional precautionary measures that PG&E implemented after the wildfires in 2017 which are intended to further reduce the risk of wildfires.

43. PG&E will continue other wildfire mitigation efforts such as expanded weather station deployment, advanced fire modeling, costs relating to satellite fire detection, and costs relating to storm outage prediction ~~and~~ model automation.

47. Reasonableness of the CEMA and MEBA has already been addressed in PG&E's prior GRC. We require PG&E to record costs for vegetation management that are now recovered through the CEMA in the new VMBA but otherwise ~~and~~ we make the same findings regarding continuation of these two accounts.

56. Enhanced VM began in 2018 and includes work intended to reduce wildfire risk in Tier 2 and Tier 3 HFTDs such as overhang clearing, targeted tree species work, fuel reduction, and light detection and ranging (LiDAR).

58. ~~The scope of work for VM is not clearly defined and the pace of work planned is unpredictable.~~

59. ~~2018 is also the only year where~~ PG&E began enhanced VM ~~has been performed~~ in 2018 and thus at the time its 2020 GRC was filed, it did not have ~~there are no~~ other years that can be used as a historical reference for programs and projects and costs.

60. ~~Most of the projects and programs for enhanced VM proposed in the TY are substantially the same as those performed in 2018~~.

63. The enhanced VM program is new and a proper forecast that balances the need for affordable rates with work that needs to be performed is difficult to determine. Thus, a balancing account is appropriate for recovery of enhanced VM costs.

64. The scope of enhanced VM activities continues to be refined and thus the use of a balancing account is appropriate ~~and a more conservative estimate of VM costs is more prudent at this point given the other incremental activities being proposed under the CWSP.~~

84. PG&E is expected to act prudently with respect to the purchase of ~~additional~~ insurance using funds in excess of what is authorized in this decision.

85. PG&E should obtain additional insurance beyond ~~its forecast~~ the $1.4 billion coverage target if the market presents a reasonable opportunity to do so. and if competitively-priced insurance is available.

88. IGP and Grid Modernization forecast ~~costs~~ are higher than recorded 2017 expenditures because ~~most~~ the ADMS program ramps up significantly after 2017 and several other ~~of the~~ projects are not forecast to be initiated until ~~were expected to be finished in~~ 2018 and 2019 ~~and so no O&M costs were incurred in 2017~~.

89. Projects under EP&R include CWSP initiatives such as establishment of a WSOC in San Francisco, expanded weather station deployment, advanced fire modeling,

and enhanced wire down detection.~~, technology base camp improvements to permit communication during catastrophes, early earthquake warning, and the project to build an emergency information sharing platform~~.

94. The Surge Arrester Replacement program combines correction of defective ~~the~~ grounding of ~~defective~~ surge arresters with replacement of non-exempt surge arresters.

99. PG&E's updated work plan includes 21,000 additional poles replacements (2020 to 2022) in addition to its original forecast of approximately 24,000 poles for that same period without a change in the proposed GRC costs. Incremental costs above the forecast authorized in this proceeding will be recorded in the Wildfire Mitigation Plan Memorandum Account.

102. PG&E reduced its capital cost forecast for ~~Overhead~~ System Hardening for 2020 from $729.5~~817.039~~ million to $493.2 ~~580.807~~ million, ~~in part because of comments from parties,~~ by shifting some costs to later years, by lengthening its time window target for system hardening from 10 to 14 years, and by shifting some of the system hardening budget towards undergrounding projects.

103. The settlement also adopts revenue requirement true-ups, reasonableness thresholds, reporting, and other requirements affecting ~~overhead~~ system hardening through CWSP guidelines.

105. OSA recommended establishment of a dedicated program to inspect and remove ~~certain types of~~ antiquated Transfer Ground Rocker Arm Main (TGRAM)/Transfer Ground Rocket Arm Line (TGRAL) oil-filled switches installed as early as the 1940s.

106. There are not many TGRAM/TGRAL oil-filled switches left and PG&E schedules replacement of these antiquated switches whenever it discovers these types of switches through its regular inspections.

116. ~~Savings from~~ CWSP management offices capital, costs associated with a change in accounting treatment for overheads related to paid time off, indirect labor,

and material burden overheads, and affordability savings are reflected in Electric Distribution Support Activities Miscellaneous Capital.

118. Expenditures in the prior GRC were prepared assuming that ADMS integration would begin in 2019, which means that ~~96 percent~~ a significant amount of ADMS costs were forecast to be incurred in this GRC cycle.

123. ~~Even PG&E admits that t~~The scope and specifics for some CWSP-related programs and projects, such as system hardening, are continuing to be refined and developed ~~still uncertain, especially those relating to system hardening~~.

126. PG&E provides project summaries with costs for its CWSP projects in its workpapers ~~and the 2020 forecasts~~ that are adequately supported by the record in the proceeding considering the current progress of PG&E's wildfire mitigation activities. PG&E also described in testimony its process for prioritizing system hardening projects.

127. ~~The increased scope of CWSP work planned for 2021 and 2022, especially for system hardening, may not be feasibly undertaken or completed as scheduled given the constraints that PG&E and other parties state in testimony and there is insufficient support for the unit cost forecasts for 2021 and 2022 for system hardening.~~

128. The capital forecast proposed in the Settlement Agreement for CWSP projects in 2021 is more than 50 percent higher than the 2020 forecast while the 2022 capital forecast is almost double the costs forecasted for 2020.

Energy Supply

152. PG&E states that all regulatory improvement actions regarding ~~DCCP~~ DCPP have been completed in compliance with state and federal regulations to ensure that a core damaging event is effectively managed with minimal risk.

160. Recovery of direct costs for ~~DCCP~~ DCPP cancelled projects recorded as of June 30, 2016 was authorized in the ~~DCCP~~ DCPP retirement decision.

Customer Care

~~185. Without knowing the exact CSOs PG&E will close, the Commission cannot assess how much impact a CSO closure would have on the 5% of people who cannot~~

~~perform utility transactions other than in person, particularly since a majority of CSO users are low income.~~

195. PG&E's analysis of monthly residential bill and disconnection data for the 2010-2017 period in its rebuttal testimony concluded ~~shows~~ that ~~the~~ there is no correlation between residential bills and the volume of nonpayment disconnections ~~is none-to-weak~~ for CARE and non-CARE customers. ~~but is moderate-to-high for CARE customers.~~

HR and IT

244. As discussed in the HR chapter, the settlement reduces PG&E's adjusted ~~O&M~~ A&G forecast by ~~$90.973~~ $91.220 million representing reductions of $1.203 million in Department Costs, $88.0 million in STIP costs, and $1.973 million in medical costs. The above reductions are exclusive of labor escalation adjustments also agreed-upon in the Settlement Agreement.

251. ~~Costs for PG&E's Total Compensation Study are amortized into the proposed forecast for Department Costs.~~

257. The metrics that comprise STIP regularly change and the Commission ~~has~~ imposed reductions to STIP forecasts when it has determined that particular STIP programs benefit both ratepayers and shareholders ~~such as~~ in PG&E's 2014 ~~and 2017~~ GRC~~s~~.

258. In D.19-09-051, the Commission examined the metrics for STIP and excluded those metrics that it found primarily benefitted shareholders.

264. Most of the proposed ~~IT~~ HR capital projects fall under Built IT Apps and Infrastructure which are projects for enhancements and upgrades to existing systems or additions that will enhance or expand existing capabilities to systems used by the HR Organization.

Administrative and General

291. The record shows that PG&E intends to purchase insurance prudently ~~and seeks to avoid insurance that costs more than 50 percent of the coverage provided~~.

292. Amounts invested into the ~~reinsurance~~ self-insurance fund will come from amounts authorized in this GRC and recovery of any excess funds invested shall be subject to Commission review.

Results of Operations

352. The settlement proposes that PG&E file an advice letter to correctly reflect the return of excess ADIT created by the passage of the 2017 Tax Act, which reduced PG&E's federal corporate income tax rate from 35% to 21%, consistent with the methodology in D.19-08-023.

Other Adjustments and Terms / PTY

400. The Z-Factor mechanism uses a series of ~~eight~~ nine criteria described in ~~D.94-06-011~~ D.05-03-023 to identify exogenous cost changes that qualify for rate adjustments prior to PG&E's next GRC test year. Rate adjustments are allowed for only the portion of Z-Factor costs not already contained in the annual revenue requirement.

Proposed New Finding Of Fact:

PG&E is uncertain when it will reach satisfy its $3.2 billion equity exclusion under AB 1054 as it depends in part on the timing of the Commission's decisions regarding PG&E's capital expenditures recorded in the WMPMA.

Conclusions of Law

Electric Distribution

10. Recorded expenses for enhanced VM in 2018 is not a good representation of future costs because the programs and projects have expanded and compliance with Senate Bill 247 will increase PG&E's vegetation management costs. ~~included are the same.~~

12. The settlement amount for VM and enhanced VM represents a fair compromise between party positions. ~~and takes into account recorded expenditures as well as concerns that PG&E's forecast is somewhat ambitious and lacks detail with regards to scope and pace of work~~.

17. Modification of the VMBA into a two-way balancing account that tracks routine and enhanced VM costs is reasonable and review of undercollections exceeding 120 percent of the authorized amount should be filed as a Tier 3 advice letter. ~~However, undercollections exceeding 130 percent should be filed as an application to allow enhanced review.~~

21. There is a reasonable degree of certainty that planned weather stations for 2019 and 2020 will ~~also~~ be constructed ~~based on 2018 spending and the same analogy can be made with respect to other planned capital projects~~.

23. The Non-exempt Replacement Program replaces some non-exempt distribution line equipment with equipment that is exempt from the vegetation clearing requirement ~~is~~ necessary to maintain a firebreak from utility poles pursuant to section 4292 of the Public Resources Code.

26. Replacement of antiquated TGRAM/TGRAL oil-filled switches as they are discovered in the course of standard switch inspections can be viewed as reasonable prioritization in light of the many other high priority risk reduction programs being authorized in this GRC.

30. ~~Using the 2020 CWSP capital forecast as a basis for CWSP capital projects in 2021 and 2022 provides a more accurate forecast going forward~~.

31. ~~It is reasonable to modify the Settlement Agreement such that authorized CWSP capital amounts for 2021 and 2022 should be equal to the authorized capital funding for 2020 which is $603.341 million. The authorized annual unit costs for System Hardening in 2021 and 2022 should be set at the 2020 level, which is $1.2 million per overhead circuit mile and $4.4 million per underground circuit mile~~.

32. ~~PG&E should be required to file an application for recovery of CWSP costs recorded in the WMBA if CWSP expenditures are in excess of 130 percent of the authorized amount or if recorded per mile unit costs are in excess of 130 percent of the authorized unit costs.~~

36. It is reasonable to adopt the settling parties' proposed methodology of applying AB 1054 in calculating the annual revenue requirement reductions, which removes an

equity return and the related taxes on the GRC CWSP capital expenditures, but PG&E should update its revenue requirement to reflect the cost of debt that is authorized at the time this decision is approved in the advice letter implementing this decision. PG&E is authorized to update its revenue requirement for its approved wildfire capital expenditures to allow debt and equity financing after PG&E satisfies the $3.2 billion equity exclusion.

38. ~~Recovery of other wildfire mitigation capital expenditures recorded in the WMPMA should be filed as an application instead of a Tier 2 advice letter.~~

Energy Supply

42. ~~DCCP~~ DCPP's expected shutdown in 2024 and 2025 will be considered as an important factor but does not overcome the need to consider safety as the primary issue when looking at the necessity of projects and their costs.

Customer Care

47. The settlement's adoption of PG&E's unopposed forecasted expenses for ~~the~~ Pricing Products and Income Qualified Programs is reasonable.

53. The settlement's adoption of PG&E's forecasts and proposals for the Customer Services Offices (CSOs) operations~~, other than PG&E's proposed closure of CSOs,~~ is reasonable.

54. It is reasonable to direct PG&E to file a Tier ~~2~~ **1** Advice Letter with Energy Division to close the CSOs.

Human Resources

71. The ~~O&M~~ A&G forecasts adopted by the Settlement Agreement for Department Costs and Companywide Expenses as well as the ~~O&M~~ A&G and capital forecasts for IT Expenses and ~~IT~~ HR capital are reasonable subject to the adjustment of 2018 ~~IT~~ HR capital costs pursuant to Article 3.2 of the Settlement Agreement.

75. ~~STIP costs should be shared when STIP expenses benefit both ratepayers and shareholders.~~

76. ~~In deciding how to address shared benefits between ratepayers and shareholders, it is more reasonable in this case in light of the Settlement Agreement to~~

~~consider an overall reduction to STIP costs rather than examine each metric individually as was done in D.19-09-051.~~ The STIP funding included in the Settlement represents a reasonable compromise between the Settling Parties' litigation positions.

Administrative and General

81. The ~~O&M~~ A&G forecasts adopted by the Settlement Agreement for Department Costs and Companywide Expenses as well as the ~~O&M~~ A&G and capital forecasts for IT Expenses and IT capital are reasonable subject to the adjustment of 2018 IT capital costs pursuant to Article 3.2 of the Settlement Agreement.

83. Authority to establish a two-way RTBA is reasonable and consistent with the authority granted to establish the two-way Liability Insurance Premium Balancing Account in the TY2019 GRCs of SDG&E and SoCalGas. ~~However, undercollections exceeding 130 percent should be filed as an application to allow enhanced review.~~

Results of Operations

121. For its next GRC, PG&E should track and report data showing the extent to which its call centers ~~customer care~~ ~~services and programs~~ support its electric generation function as compared to its electric distribution and gas distribution functions.

Other Adjustments and Terms / PTY

130. ~~The PTY amounts adopted in the Settlement Agreement should be revised to reflect reductions to the authorized amounts for CWSP capital for 2021 and 2022 as discussed in the WMBA section of the decision (Section 7.4).~~

Proposed New Conclusions of Law:

1. Assembly Bill 1054 establishes a Wildfire Fund that allows a participating utility to seek cost recovery for eligible claims "from covered wildfires exceeding the greater of (1) one billion dollars in the aggregate in any calendar year, or (2) claims in excess of the amount of the insurance coverage required to be in place for the electrical corporation pursuant to Section 3293.

2. Public Utilities Code Section 3293 requires an electrical corporation participating in the Wildfire Fund to maintain reasonable insurance coverage. The administrator of the Wildfire Fund "shall periodically review and make a recommendation as to the appropriate amount of insurance coverage required, taking into account the availability of insurance, the electrical corporation's service territory, including the fire risk of the territory, the size of the territory, and the value of the real estate in the territory, the safety record of the electrical corporation, the wildfire mitigation measures implemented by the electrical corporation, the impact to the ratepayers, and other factors deemed appropriate by the administrator."

2. Public Utilities Code Section 8386.6(b), enacted in October 2019 requires "[a]ll qualified line clearance tree trimmers shall be paid no less than the prevailing wage rate for a first period apprentice electrical utility lineman as determined by the Director of Industrial Relations."

O R D E R

1. The January 14, 2020 "Joint Motion for Approval of Settlement Agreement regarding Pacific Gas and Electric Company's (PG&E) Test Year 2020 General Rate Case, including Post-Test Years (PTY) 2021 and 2022" (Settlement Motion) is granted. ~~subject to the following modifications to the Settlement Agreement attached to the Settlement Motion:~~

> ~~a. Articles 2.3.4.2.1 and 2.3.4.2.2 of the Settlement Agreement are modified such that recovery of costs in excess of 130 percent of the authorized amount for Vegetation Management shall be made by application instead of by a Tier 3 advice letter.~~
>
> ~~b. Articles 2.3.2.1 and 2.3.2.2 of the Settlement Agreement are modified as follows:~~
>
> ~~Community Wildfire Safety Program (CWSP) Capital: $603.341 million for 2021 and 2022~~
> ~~Overhead per Circuit Mile Cost: $1.2 million for 2021 and 2022~~
> ~~Underground per Circuit Mile Cost: $4.4 million for 2021 and 2022~~
> ~~As a result, the proposed revenue requirements for PTYs 2021 and 2022 specified in Article 2.1.2 of the Settlement Agreement should~~

~~also be adjusted to reflect the above modifications to the authorized CWSP amounts. Article 2.3.2.2 is further modified as described in the next sub-section.~~

~~c. Articles 2.3.2.2, 2.3.2.2.1, and 2.3.2.2.2 of the Settlement Agreement are modified such that recovery of costs in excess of 130 percent of the authorized amounts for CWSP or if recorded average per circuit mile unit costs exceed 130 percent of the authorized per circuit mile unit cost, shall be made by application instead of a Tier 3 advice letter.~~

~~d. Article 2.3.2.4 of the Settlement Agreement is modified such that recovery of other fire risk mitigation capital expenditures not included or not adopted in this General Rate Case shall be made by application instead of a Tier 3 advice letter. To ensure compliance with AB 1054, PG&E shall make an explicit showing in its Annual Electric True-Up advice letter filings going-forward to report the total amount of PG&E's $3.21 billion wildfire mitigation capital that has been found just and reasonable and excluded from equity rate base, in which proceeding this finding has occurred, and the remaining amount and plan for the wildfire mitigation capital that has yet to be excluded from rate base.~~

~~e. Article 2.5.6 of the Settlement Agreement is modified such that PG&E's proposed closure of up to 10 Customer Services branch offices shall be filed via a Tier 3 advice letter instead of a Tier 1 advice letter and the advice letter shall include the amount of savings PG&E will achieve through the office closures and the updated selection criteria as set forth in Section 9.4.5 of this Decision.~~

~~f. Article 2.8.3.2 of the Settlement Agreement is modified such that recovery of costs in excess of 130 percent of the authorized amount for General Liability insurance shall be made by application instead of by a Tier 3 advice letter.~~

g. The updated Results of Operations Model (RO Model) tables reflecting recorded 2018 capital expenditures shall be attached to the Settlement Agreement as an additional appendix and Article 3.2 of the Settlement Agreement is modified such that the adjustments to the RO Model to replace the 2018 capital forecast amounts with 2018 recorded amounts are already reflected in the amounts authorized in this decision instead of in the final implementation advice letter.

~~Pursuant to Rule 12.4(c) of the Commission's Rules of Practice and Procedure, parties to the Settlement Agreement shall have 15 days from today's date to file with the Docket Office and serve either a "Notice to Accept" the above modifications to the Settlement Agreement or a "Motion Requesting Other Relief," if any of the above~~

~~modifications are not accepted. Parties may respond to the "Motion Requesting Other Relief" as provided for in Rule 11.1.~~

2. ~~Pursuant to the modifications described in Ordering Paragraph 1,~~ Pacific Gas and Electric Company is authorized to collect, through rates and through authorized ratemaking accounting mechanisms, the 2020 test year base revenue requirement set forth in Appendix B and further described in the Settlement Agreement, effective January 1, 2020. ~~In the event a "Motion Requesting Other Relief" is filed, the test year base revenue requirement set forth in Appendix B shall remain in effect until a decision resolving the request for other relief is adopted by the Commission.~~

3. Within 20 days from the effective date of this Order, Pacific Gas and Electric Company (PG&E) shall file a Tier 1 advice letter with revised tariff_sheets to implement the revenue requirement authorized in Ordering Paragraph 2

   a. In accordance with D.19-11-004, the revised tariff sheets shall become effective on January 1, 2020 subject to a finding of compliance by the Commission's Energy Division, and compliance with General Order 96-B.

   b. The balance recorded in PG&E's General Rate Case Revenue Requirement Memorandum Account from January 1, 2020 until the date the new tariffs are implemented, pursuant to this Ordering Paragraph, shall be amortized in rates beginning January 1, 2021 through December 31, 2022.

4. Pacific Gas and Electric Company is authorized to implement a Post-Test Year Ratemaking mechanism for 2021 and 2022 as described in the Settlement Agreement~~, subject to the applicable modifications described in Ordering Paragraph 1~~.

7. Pursuant to the Settlement Agreement, Pacific Gas and Electric Company's regulatory account proposals are authorized ~~subject to the modifications described in Ordering Paragraph 1 with respect to recovery of amounts that may be recorded in the Wildfire Mitigation Balancing Account and the Vegetation Management Balancing Account~~.

~~8. In addition to the modification specified in Ordering Paragraph 1 regarding the Vegetation Management Balancing Account, recovery of any undercollection~~

~~that is less than 120 percent of the authorized amount as well as the refund any overcollection, shall be filed via a Tier 2 advice letter.~~

~~9. In addition to the modification specified in Ordering Paragraph 1 regarding the Wildfire Mitigation Balancing Account, recovery of any undercollection that is less than 115 percent of the authorized amount as well as the refund any overcollection, shall be filed via a Tier 2 advice letter.~~

12. Within 45 days from the effective date of this Order, Pacific Gas and Electric Company (PG&E) shall file a Tier 2 advice letter to correct the return to ratepayers of the excess Accumulated Deferred Income Taxes that was created by the passage of the 2017 Tax Act consistent with D.19-08-023, Ordering Paragraphs 6, 7, and 8 using the Average Rate Assumption Method (ARAM).

a. PG&E shall show the revenue requirement reductions for 2020, 2021, and 2022 and include a proposed amortization period for the reductions.

14. Notification to close a customer services branch office pursuant to Article 2.5.6 of the Settlement Agreement shall be made by mail, posting, and published notice.

a. All notices must be multilingual and should include prominent statements regarding the proposed office closures and the Commission's 800-telephone number.

~~b. 60 days prior to filing the Tier 3 advice letter to close up to 10 branch offices, Pacific Gas and Electric Company shall solicit comments from customers and include a compiled summary of comments with the advice letter filing.~~

18. In its next General Rate Case (GRC), Pacific Gas and Electric Company (PG&E) shall provide testimony showing how it allocates costs across its various utility functions, how it derives its functional allocations, and how it functionalizes costs associated with common plants.

a. PG&E shall also provide detailed explanation and reasoning to justify the cost allocation it proposes for excess liability insurance costs in its next GRC.

b. PG&E shall also track and report data showing the extent to which its call centers ~~customer care services and programs~~ support its electric generation function as compared to its electric distribution and gas distribution functions and include this data to support its proposed cost allocation method of customer care expenses.

23. Application 18-12-009 shall be closed ~~following the filing by the settling parties of a "Notice to Accept" the modifications to the Settlement Agreement specified in Ordering Paragraph 1~~.

~~a. In the event a "Motion Requesting Other Relief" is filed in connection with this proceeding, Application 18-12-009 shall remain open until a decision or ruling resolves the motion, and the issue raised by this motion shall extend the time for resolving this matter by another 18 months as provided for in Public Utilities Code section 1701.5.~~

Proposed New Ordering Paragraph:

1. Within 45 days from the effective date of this decision, Pacific Gas and Electric Company shall file a Tier 1 advice letter with revised tariff sheets to implement all accounting procedures, fees, and charges authorized in this decision that are not addressed in any other advice letters required by this decision. The revised tariff sheets shall (a) become effective on filing, subject to a finding of compliance by the Commission's Energy Division, (b) comply with General Order 96-B, and (c) apply to service rendered on or after their effective date.

PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX B

Appendix B
Table of Errors In Proposed Decision

<table>
<tr><th>PD Page Number (#)</th><th>Area or Line Number</th><th>Current Text</th><th>Proposed Correction</th><th>Record Citation</th><th>Explanation</th></tr>
<tr><td colspan="6">1. Summary</td></tr>
<tr><td>3</td><td>Bill Impacts</td><td>However, because of timing considerations regarding when the TY and first PTY adjustment can be implemented, customers are expected to see a single adjustment that incorporates both 2020 and 2021 adjustments in their 2021 monthly bill.</td><td>However, because of timing considerations regarding when the TY and first PTY adjustment can be implemented, customers are expected to see an ~~single~~ adjustment that incorporates ~~both~~ half of the 2020 adjustment and full 2021 adjustment~~s~~ in their 2021 monthly bill.</td><td>Proposed Decision, Ordering Paragraph 3.b.</td><td>Description correction</td></tr>
<tr><td colspan="6">4. Settlement Agreement</td></tr>
<tr><td>17</td><td>4.1, 2nd paragraph</td><td>“…while Cal Advocates’ original recommendation was for increases of $301 million in 2021 and $332 million in 2022.”</td><td>“…while Cal Advocates’ original recommendation was for increases of $~~301~~ 298 million in 2021 and $~~332~~329 million in 2022.”</td><td>HE 248, pg. 3, Table 21-1</td><td>Numeric correction</td></tr>
<tr><td colspan="6">6. Gas Operations</td></tr>
<tr><td>23</td><td>6.1</td><td>regulator storage expenses, other gas distribution expenses, maintenance supervision and engineering, maintenance of mains and services, measurement and regulator station expenses, maintenance of meters and house regulators . . . .</td><td>regulator ~~storage~~ station expenses, other gas distribution expenses, maintenance supervision and engineering, maintenance of mains and services~~, measurement and regulator station expenses,~~ maintenance of meters and house regulators . . .</td><td>NA</td><td>Terminology correction</td></tr>
<tr><td>28</td><td>6.1.4 Corrosion Control</td><td><table><tr><th>Corrosion Control</th><th>Settlement Amount</th></tr><tr><td>Cathodic Protection</td><td>$20,171,000</td></tr><tr><td>Preventive Maintenance</td><td>$2,259,000</td></tr><tr><td>Corrective Maintenance</td><td>$5,008,000</td></tr><tr><td>Total</td><td>$27,438,000</td></tr></table></td><td><table><tr><th>Corrosion Control</th><th>Settlement Amount</th></tr><tr><td>Cathodic Protection</td><td>$20,171,000</td></tr><tr><td>Preventive Maintenance</td><td>$2,259,000</td></tr><tr><td>Corrective Maintenance</td><td>$5,008,000</td></tr><tr><td>Total</td><td>~~27,438,000~~ $27,437,000</td></tr></table></td><td>Settlement Agreement, Appendix B</td><td>Numeric correction</td></tr>
</table>

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
30	6.5	Leak Survey includes cost for conducting daily leak surveys.	Leak Survey includes cost for conducting ~~daily~~ leak surveys.	NA	Terminology correction
31	6.1.7 (Heading) and multiple entries in PD	New Business and WROs	New Business and WRO~~s~~	NA	Terminology correction (WRO, not WROs)
33	6.1.8	Total $77,765,000	Total ~~$77,765,000~~ $77,764,000	Settlement Agreement, Appendix B	Numeric correction
35	6.1.10 (multiple entries)	Distribution Operations and Management Programs	Distribution Operations and ~~Management~~ Maintenance Programs	NA	Terminology correction
39	6.1.10, Paragraph 1, Line 1 (39)	Article 2.3.3.1 of the Settlement Agreement adopts PG&E's proposed costs for the cross-bore program . . .	Article 2.2.3.1 ~~2.3.3.1~~ of the Settlement Agreement adopts PG&E's proposed costs for the cross-bore program	Settlement Agreement, Section 2.2.3.1 Test Year Forecast	Section reference correction
48	6.2.10	Capital Projects for New Business and WROs also involve routine projects that are regularly performed by PG&E.	Capital Projects for New Business and WRO~~s~~ also involve routine projects that are regularly performed by PG&E	NA	Terminology correction
7. Electric Distribution					
55	Mitigation table row 1	"This program was set to expire in 2019."	"This portion of the program was set to ~~expire~~ complete in 2019."	HE 3, p. WP 3-480	Language correction
61	Table heading Column 3	"Labor Escalation Reduction"	"Settlement and Labor Escalation Reduction"	NA	Language correction
65	Section 7.2.2.1 Discussion	The settlement adopts PG&E's forecast less approximately $0.122 million . . .	The settlement adopts PG&E's forecast less approximately ~~$0.122~~ $0.120 million . . .	Settlement Agreement, Appendix B, Table 1A	Numeric correction
70	Table	$83,757,000	~~$83,757,000~~ $83,758,000	Settlement Agreement, Appendix B, Table 1A	Numeric correction
71	Section 7.2.4.1 Discussion	settlement amount of $83.757 million.	settlement amount of ~~$83.757~~ $83.758 million.	Settlement Agreement, Appendix B, Table 1A	Numeric correction
75	Last line	"WMBA"	"~~W~~VMBA"	HE 20, 7-7, line 9	Typographical correction
79	Section 7.2.6.1 Discussion	"The settling parties also agree that PG&E will maintain data for each pole replaced that includes the reason for each replacement"	The settling parties also agree that PG&E will maintain data for each pole replaced as part of the System Hardening program that includes the reason for each replacement	Settlement Agreement, Section 2.3.2.3.2 CWSP Pole Replacement Data	Program description correction

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
80	7.2.7.1 Discussion	"The adopts"	"The settlement adopts"	NA	Typographical correction
83	7.2.10 Electric Distribution Technology second paragraph	Description of DAP Program	NA	NA	The DAP program is in HE 16, Ch. 10, not in ED Technology.
87	Table	$54,226,000	~~$54,226,000~~ $54,225,000	Settlement Agreement, Appendix B, Table 1A	Numeric correction
87	Section 7.2.12.1 Discussion	The settlement adopts PG&E's forecast less $48,000 in labor escalation adjustments resulting in an amount of $54.226 million.	The settlement adopts PG&E's forecast less $48,000 in labor escalation adjustments resulting in an amount of ~~$54.226~~ $54.225 million.	Settlement Agreement Appendix B, Table 1A	Numeric correction
95	Two entries	"EP&R"	"E~~P&~~ER"	NA	Typographical correction
98	2nd paragraph	"combines the grounding of defective surge arresters"	"combines the corrective grounding work of ~~defective~~ surge arresters"	HE 16, Chapter 6, pg. 6-43, lines 14-19.	Program description correction
99	2nd paragraph	Regarding, the Non-exempt Replacement program, we find that this is necessary to maintain a firebreak from utility poles pursuant to section 4292 of the Public Resources Code.	Regarding, the Non-exempt Replacement program, we find that ~~this~~ it is necessary to maintain a firebreak from utility poles pursuant to section 4292 of the Public Resources Code unless all non-exempt equipment is removed from the pole.	HE 20, p 6-13, lines 3-16	Program description correction
103	Last paragraph	PG&E will maintain data regarding the reason for every pole replaced and will develop a means to report on this data.	PG&E will maintain data regarding the reason for every pole replaced as part of the system hardening program and will develop a means to report on this data.	Settlement Agreement, Section 2.3.2.3.2 CWSP Pole Replacement Data	Program description correction
105	2nd paragraph	remove certain types of antiquated oil-filled switches installed as early as the 1940s.	remove ~~certain types~~ of antiquated oil-filled Transfer Ground Rocker Arm Main (TGRAM) and Transfer Ground Rocker Arm Line (TGRAL) switches installed as early as the 1940s.	HE 20, p. 11-6 line 32 to p. 11-7, lines 1-2.	Program description correction

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
114	7.3.13.1	"that impacts PG&E's Rule 20A programs"	"that impacts PG&E's Rule 20A program~~s~~"	NA	Typographical correction
115	Miscellaneous capital	Costs under Miscellaneous Capital represent deductions from PG&E's capital forecasts. These include savings from CWSP management offices capital, paid time off, indirect labor, and material burden overheads (beginning in 2020, this cost will no longer be allocated in the balancing account), and affordability savings led by initiatives in Electric Operations.	Costs under Miscellaneous Capital ~~represent deductions from PG&E's capital forecasts. These~~ include: capital costs for the ~~savings from~~ CWSP program management offices ~~capital~~, costs associated with a change in accounting treatment related to paid time off, indirect labor, and material burden overheads (beginning in 2020, this cost will no longer be allocated in the balancing account), and an offset for affordability savings led by initiatives in Electric Operations.	HE 17, p 18-2, lines 17-24, p. 18-27 line 1 to p. 18-28 line 19.	Program description correction
115	Miscellaneous capital	Parties do not object to the forecasts for capital tools and equipment and miscellaneous capital reductions. . . . For Miscellaneous Capital reductions, as explained above, these are due to savings from different organizations	Parties do not object to the forecasts for capital tools and equipment and miscellaneous capital affordability initiative savings reductions. . . . For Miscellaneous Capital affordability initiative savings reductions, as explained above, these are due to savings from different organizations	HE 17, p. 18-28, lines 15-17	Program description correction
8. Energy Supply					
129	8	The amounts do not reflect the labor escalation adjustments . . .	The amounts ~~do not~~ reflect the labor escalation adjustments . . .	Settlement Agreement, Appendix B pages 4 & 5	Language correction
129	8	$600.436 million without the labor escalation adjustment discussed in the Human Resources section.	$~~600.436~~596.436 million without the labor escalation adjustment discussed in the Human Resources section.	Amended Settlement Agreement, Appendix B, p. 1	Numeric correction
134	8.1.4	The settlement adopts PG&E's adjusted O&M forecast of $144.617 million which is approximately $3.994 million . . .	The settlement adopts PG&E's adjusted O&M forecast of $~~144.617~~144.619 million which is approximately $~~3.994~~3.996 million . . .	Amended Settlement Agreement, Appendix B page 4 lines 65-77	Numeric correction

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
135	8.1.4	amount of$144.617 million for O&M costs	amount of $~~144.617~~144.619 million for O&M costs	Amended Settlement Agreement, Appendix B, p. 4 lines 65-77	Numeric correction
142	8.2.4	The settlement adopts PG&E's O&M forecast of $55.219 million which is approximately $3.890 million higher . . .	The settlement adopts PG&E's O&M forecast of $~~55.219~~55.218 million which is approximately $~~3.890~~3.817 million higher . . .	Amended Settlement Agreement, Appendix B, p. 4 lines 78-87	Numeric correction
142	8.2.4	TY2020 forecast and settlement amount of $55.219 million reasonable . . .	TY2020 forecast and settlement amount of $~~55.219~~55.218 million reasonable . . .	Amended Settlement Agreement Appendix B p. 4 lines 78-87	Numeric correction
156	8.6.4. Recovery of DCPP Net Book Value	The balance for 2018 and 2019 capital additions will also be transferred to the UGBA effective January 1, 2020 . . .	The balance for 2018 and 2019 capital ~~additions~~ revenue requirement will also be transferred to the UGBA effective January 1, 2020	Amended Settlement, p. 15	Terminology correction
9. Customer Care					
158	9. Customer Care	3) Contact Centers Operations;	3) Contact Centers ~~Operations~~;	HE-91, p. i, 4-i, and 4-1	Terminology Correction
158	9. Customer Care	$316.435 million in expenses	~~$316.435~~ $312,537 million in expenses	Amended Settlement, App. B, PG&E (Col. B), Total Customer Care row, p. 5.	Numeric Correction
158	9. Customer Care	This represents a reduction of PG&E's forecasts by $35 million in expenses.	This represents a reduction of PG&E's forecasts by $35 million in expenses and $1.5 million in capital expenditures.	Amended Settlement, App. B, Settlement Notes, Line 71, p. 9 of 14	Numeric correction
175-176	9.3.2. Positions of the Parties	. . . which totals to $12,222, a reduction of $17.649 million compared to the sum of PG&E's original forecasts from 2018-2022.	. . . which totals to $12,222~~, a reduction of $17.649 million compared to the sum of PG&E's original forecasts from 2018-2022~~.	Amended Settlement, Sec. 2.5.3.3, Table 3, p. 20	Numeric correction.
176	9.3.2. Positions of the Parties	See Proposed Correction	Salesforce Phase 2 and 3 Projects (in Thousands of Dollars) MWC 2F (Capital) | 2018 | 2019 | 2020 | 2021 PG&E's Forecast | ~~$1,119~~ $0 | ~~$3,864~~ $2,063 | ~~$8,241~~ $5,589 | ~~$8,348~~ $4,570 Stipulation | $0 | $0 | $4,074 | $4,074 MWC JV (Expense) | 2020 PG&E's Forecast | $2,743 Stipulation | $489	HE-98, Stipulation Between PG&E and TURN Regarding Salesforce 2 & 3 Project, p. 3	Numeric correction..

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
10. Shared Services					
190	9.6.3 Disconnections for Nonpayment	PG&E conducted an analysis of its residential bill and disconnection data for the 2010-2017 period. Its analysis shows that the correlation between residential bills and the volume of nonpayment disconnections is none-to-weak for non-CARE customers but is moderate-to-high for CARE customers.	PG&E conducted an analysis of its <u>monthly</u> residential bill and disconnection data for the 2010-2017 period. Its analysis shows that ~~the~~ <u>there is no</u> correlation between residential bills and the volume of nonpayment disconnections ~~is none-to-weak~~ for non-CARE <u>and</u> ~~customers but is moderate-to-high for~~ CARE customers.	HE-93, Table 7-2, p. 7-5	Language correction.
203	Table	$20,337,000	~~$20,337,000~~ <u>$20,33**6**,000</u>	Settlement Agreement, Appendix B, page 5	Numeric correction
210	Section 10.1.1.10 Summary	the settlement forecast for the seven Shared Services organizations totaling approximately $242.741 million reasonable and should be adopted.	the settlement forecast for the seven Shared Services organizations totaling approximately ~~$242.741~~ <u>$242.970</u> million reasonable and should be adopted.		Numeric correction
213	Section 10.1.3	Transportation and Aviation, 2019 $52,332,000	Transportation and Aviation, 2019 ~~$52,332,000~~ <u>$52,331,000</u>	Settlement Agreement Appendix B, Sum of 2019 7-2 Amount	Numeric correction
213	Section 10.1.3	Enterprise Records and Information Management, 2019 $1,679,000	Enterprise Records and Information Management, 2019 ~~$1,679,000~~ <u>$1,678,000</u>	Settlement Agreement, Appendix B, 2019 Line 93	Numeric correction
220	Section 10.1.3.9	recorded capital expenditures for 2018 of $248.8 million.	recorded capital expenditures for 2018 of ~~$248.8~~ <u>$250.8</u> million.	Settlement Agreement Appendix B, Sum of 2018 7-5 Amount	Numeric correction
221	Section 10.2.1	IT and Cyber/Corporate Security Expense, Total, 2020 $301,762,000	IT and Cyber/Corporate Security Expense, Total, 2020 ~~$301,762,000~~ <u>$301,76**0**,000</u>	Settlement Agreement, Appendix B, Sum of 2020 Line 150-156	Numeric correction
223	Section 10.2.2	IT and Cyber/Corporate Security Capital, Total, 2019 $199,361,000	IT and Cyber/Corporate Security Capital, Total, 2019 ~~$199,361,000~~ <u>$199,36**0**,000</u>	Settlement Agreement, Appendix B, Sum of 2019 Line 94-96	Numeric correction

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
223	Section 10.2.2	IT and Cyber/Corporate Security Capital, Total, 2020 $223,052,000	IT and Cyber/Corporate Security Capital, Total, 2020 ~~$223,052,000~~ $223,05**3**,000	Settlement Agreement, Appendix B, Sum of 2020 Line 94-96	Numeric correction
11. Human Resources					
227	11, including various references	PG&E presented its proposed O&M and capital costs for each of the four departments in Exhibit 207.	PG&E presented its proposed ~~O&M~~ A&G and capital costs for each of the four departments in Exhibit 207.	N/A	Terminology correction. HR costs are A&G and not O&M.
228	11	Under Article 2.7 of the Settlement Agreement, the settling parties agreed on a total HR forecast of $808.5 million for TY2020 for O&M and capital expenses. PG&E's original total HR request was $924.290 million[205] which was later adjusted to $899.723 million after various corrections, concessions, and adjustments were applied. The settlement amount represents a total reduction of $90.973 million from PG&E's requested amount consisting of a $1.203 million reduction in Department Costs, an $88.0 million reduction from PG&E's request for Short Term Incentive Payments (STIP) and a $1.973 million reduction for medical costs.	Under Article 2.7 of the Settlement Agreement, the settling parties agreed on a total HR forecast of $808.5 million (net of officer compensation adjustment) for TY2020 for ~~O&M~~ A&G and capital expenses. PG&E's original total HR request was ~~$924.290 million~~ $919.486 million (net of officer compensation adjustment) which was later adjusted to $899.723 million after various corrections, concessions, and adjustments were applied. The settlement amount represents a total reduction of ~~$90.973~~ $91.220 (excluding labor escalation adjustment) million from PG&E's requested amount consisting of a $1.203 million reduction in Department Costs, an $88.0 million reduction from PG&E's request for Short Term Incentive Payments (STIP) and a $1.973 million reduction for ~~medical costs~~ Health and Welfare Benefits.	Settlement Agreement, Appendix B (all numbers except PG&E original request) PG&E Original Request: HE 207 Table 1-1 to 1-4 at 1-7 to 1-8 and Exhibit 208, WP 4A-1	Numeric correction. Clarified the HR forecast numbers included in the PD are net of officer compensation and updated the numbers to tie to Appendix B. Replaced Medical Cost with Health and Welfare to be consistent with other references within the PD.
228	11	The table below shows PG&E's O&M and capital forecasts and settlement amounts for TY2020.	The table below shows PG&E's ~~O&M~~ A&G and capital forecasts and settlement amounts for TY2020.[207]	NA	Terminology correction.

<table>
<tr><th>PD Page Number (#)</th><th>Area or Line Number</th><th>Current Text</th><th>Proposed Correction</th><th>Record Citation</th><th>Explanation</th></tr>
<tr><td>232 - 233</td><td>11.2</td><td><table>
<tr><th>Companywide Expenses</th><th>PG&E Forecast</th><th>Forecast Reduction</th><th>Settlement Amount</th></tr>
<tr><td>Workforce Management</td><td>$18,822,000</td><td>$0</td><td></td></tr>
<tr><td>Short-Term Incentive Program (STIP)</td><td>$173,395,000</td><td>$88,000,000</td><td></td></tr>
<tr><td>Officer Compensation (deducted)</td><td>-($18,596,000)</td><td>$0</td><td></td></tr>
<tr><td>Non-Qualified Retirement</td><td>$3,174,000</td><td>$0</td><td></td></tr>
<tr><td>Health & Welfare</td><td>$496,136,000</td><td>$1,973,000</td><td></td></tr>
<tr><td>Post-Retirement</td><td>$134,806,000</td><td>$0</td><td></td></tr>
<tr><td>Other Benefits</td><td>$6,802,000</td><td>$0</td><td></td></tr>
<tr><td>Tuition Refund</td><td>$3,390,000</td><td>$0</td><td></td></tr>
<tr><td>Total[212]</td><td>$843,158,000</td><td>$89,973,000</td><td>$727,935,000</td></tr>
</table>
[212] This is the total presented in Exhibit 207 Table 1-1 at 1-7.
<table>
<tr><td>Less adjustment and escalation</td><td>$25,233,000</td><td></td></tr>
<tr><td>Total[213]</td><td>$817,925,000</td><td></td></tr>
</table></td><td><table>
<tr><th>Companywide Expenses</th><th>PG&E Forecast (after adjustment)</th><th>Forecast Reduction</th></tr>
<tr><td>Workforce Management</td><td>18,822,000</td><td>-</td></tr>
<tr><td>Short-Term Incentive Program (STIP)</td><td>173,395,000</td><td>(88,000,000)</td></tr>
<tr><td>Officer Compensation (deducted)</td><td>(18,596,000)</td><td></td></tr>
<tr><td>Non-Qualified Retirement</td><td>3,174,000</td><td>-</td></tr>
<tr><td>Health & Welfare</td><td>496,136,000</td><td>(1,973,000)</td></tr>
<tr><td>Post-Retirement</td><td>134,806,000</td><td>-</td></tr>
<tr><td>Other Benefits</td><td>6,802,000</td><td>-</td></tr>
<tr><td>Tuition Refund</td><td>3,390,000</td><td>-</td></tr>
<tr><td>**Total Including Officer Compensation adjustment**</td><td>**~~$843,153,000~~ $817,925,000**</td><td>**(89,973,000)**</td></tr>
<tr><td>(a) table may not foot due to rounding</td><td></td><td></td></tr>
</table>
<table>
<tr><td>~~Less adjustment and escalation~~</td><td>~~$25,233,000~~</td><td>~~n/a~~</td></tr>
<tr><td>~~Total 213~~</td><td>~~$817,925,000~~</td><td>~~n/a~~</td></tr>
</table>
~~[212] This is the total presented in Exhibit 207 Table 1-1 at 1-7.~~
[212] Total presented in Appendix B</td><td>Settlement Agreement, Appendix B</td><td>Numeric correction.</td></tr>
<tr><td>238</td><td>11.4</td><td>11.4. IT Capital</td><td>11.4. ~~IT~~ HR Capital</td><td>NA</td><td>Terminology correction.</td></tr>
<tr><td>238, 239</td><td>11.4 (multiple entries)</td><td>**IT** capital projects</td><td>**HR** capital projects</td><td>Settlement Agreement, Appendix B</td><td>Terminology correction.</td></tr>
<tr><td>239</td><td>11.4.2</td><td>Parties have reviewed and do not oppose the justifications for the various IT projects.</td><td>Parties have reviewed and do not oppose the justifications for the various ~~IT~~ capital projects.</td><td>NA</td><td>Terminology correction.</td></tr>
<tr><td colspan="6">12. A&G</td></tr>
<tr><td>241-242</td><td>12</td><td>It should be noted that the settlement amounts apply and incorporate the labor escalation adjustments that the settling parties agree . . . . However, the amounts shown under PG&E's original forecast and the settlement reduction values do not reflect the labor escalation adjustments that were agreed on by the settling parties.</td><td>It should be noted that the settlement amounts apply and the settlement amounts and reductions incorporate the labor escalation adjustments that the settling parties agree . . . However, the amounts shown under PG&E's original forecast ~~and the settlement reduction~~ values do not reflect the labor escalation adjustments that were agreed on by the settling parties.</td><td>Amended Settlement Agreement, Appendix B</td><td>Description correction</td></tr>
</table>

PD Page Number (#)	Area or Line Number	Current Text	Proposed Correction	Record Citation	Explanation
13. Results of Operations					
277	13.1.2.2.3	"it is reasonable to adopt the settlement's recommendation for PG&E to remove the carrying costs for the GHG compliance instruments from Rate Base and allow PG&E to recover them through the ERRA."	"it is reasonable to adopt the settlement's recommendation for PG&E to remove the carrying costs for the GHG compliance instruments from Rate Base and allow PG&E to recover them through the ERRA and AGT proceedings."	Settlement, Section 2.9.4.1 and PD, p. 275	Omits reference to AGT.
17. Post Test Year Ratemaking					
330	3rd paragraph	"…and $486 million (+4.8 percent) for 2022 but higher than Cal Advocates' originally recommended figures…"	"…and $486 million (+4.~~8~~9 percent) for 2022 but higher than Cal Advocates' originally recommended figures…"	HE 55, p. 1-5, Table 1-1, line 1, column "PG&E Recommendation"	Numeric correction
331	Table – column 2022(%)	4.85%	4.8~~5~~ 6%	HE 55, p. 1-5, Table 1-1, line 1, column PG&E "Recommendation"	Numeric correction
331	2nd paragraph	"…because these are expected to follow a normal pattern of escalation…"	"…because these are not expected to follow a normal pattern of escalation…"	HE 53, p. 2-6, lines 19-20	Grammatical correction
333	1st paragraph	"…based on the data provided in Exhibit C of the Settlement Agreement…"	"…based on the data provided in ~~Exhibit~~Appendix C of the Settlement Agreement…"	Settlement Agreement Article 2.1.2, 2nd paragraph	Reference correction
334	Ch. 17.2, 1st paragraph and footnote 387	"The Z-Factor mechanism uses a series of eight criteria described in D.94-06-011 to identify exogenous cost changes that qualify for rate adjustments prior to PG&E's next GRC test year.[387]" Footnote 387: The eight criteria are as follows: . . .	"The Z-Factor mechanism uses a series of ~~eight~~nine criteria described in ~~D.94-06-011~~D.05-03-023 to identify exogenous cost changes that qualify for rate adjustments prior to PG&E's next GRC test year.[387]" Footnote 387: The ~~eight~~nine criteria are as follows: . . . 6. The costs and event are not reflected in the rate update mechanism;	HE 55, pg. 1-19, lines 19-21 and footnote 35	Program description correction (Add criteria 6.)
335	Footnote 388	D.19-09-051 at 682 to 683.	D.19-09-051 at ~~682~~711 to ~~683~~712.	D.19-09-051, pg. 711-712, section 45.3.4	Citation error
335	Footnote 389	Exhibit 248 at 1-4.	Exhibit ~~248~~53 at 1-4.	HE 53,pages 1-4, lines 11-12	Reference correction