

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA



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ADMINISTRATIVE LAW JUDGE RAFAEL L. LIRAG, presiding

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

REPORTER'S TRANSCRIPT  
San Francisco, California  
October 7, 2019  
Pages 2153 - 2218  
Volume - 19

Reported by: Jason Stacey, CSR No. 14092

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1 SAN FRANCISCO, CALIFORNIA

2 OCTOBER 7, 2019 9:33 a.m.

3 \* \* \* \* \*

4 ADMINISTRATIVE LAW JUDGE LIRAG: Let's  
5 go on the record.

6 Good morning, everybody. This is  
7 day 11 I think out of 20. Although the  
8 schedule that we have has changed greatly,  
9 today we'll have Mr. Royall and Ms. Maggard.  
10 And it looks like tomorrow there is no  
11 hearings, but we'll discuss that at the end  
12 of today.

13 So today let's start with some  
14 exhibits that we didn't get to last Friday.  
15 First let's have Cal PA's exhibits in lieu of  
16 cross. So first --

17 So hang tight, Mr. Royall. This  
18 will take about five minutes. All right.

19 So first I'll identify Exhibit-143.  
20 This is a response to Public Advocates Office  
21 Data Request 160 -- so that's Exhibit-160,  
22 Question 3. So that's Exhibit-143.

23 (Exhibit No. 143 was marked for  
24 identification.)

25 ALJ LIRAG: Next Exhibit-144 is PG&E's  
26 response to Cal PA's Data Request 245,  
27 Question 4.

28 (Exhibit No. 144 was marked for  
identification.)

1 ALJ LIRAG: Exhibit-145 is PG&E's  
2 response to Cal PA's Data Request 241  
3 Question 1, and it includes a spreadsheet.

4 (Exhibit No. 145 was marked for  
5 identification.)

6 ALJ LIRAG: Next let's take care of  
7 this. Ms. Shek, is there a move to have  
8 these admitted into the record?

9 MS. SHEK: Yes, your Honor. Thank you.

10 ALJ LIRAG: Any objection?

11 MS. GANDESBERY: Can I just look at  
12 them?

13 ALJ LIRAG: Let's go off the record.

14 (Off the record.)

15 ALJ LIRAG: Let's go back on the  
16 record.

17 Again, Ms. Gandesbery, any  
18 objections to Cal PA's three exhibits?

19 MS. GANDESBERY: No objection, your  
20 Honor.

21 ALJ LIRAG: Hearing none, Exhibits 143,  
22 144, and 145 are received into the record.

23 (Exhibit No. 143 was received into  
24 evidence.)

25 (Exhibit No. 144 was received into  
26 evidence.)

27 (Exhibit No. 145 was received into  
28 evidence.)

ALJ LIRAG: Next I'll identify

1 Exhibit-146. And this is the Prepared  
2 Testimony of Various PG&E Witnesses on Energy  
3 Supply. It's premarked PG&E-05.

4 (Exhibit No. 146 was marked for  
5 identification.)

6 ALJ LIRAG: Next is Exhibit-147 is the  
7 workpapers supporting Chapters 2 to 4 of  
8 Energy Supply.

9 (Exhibit No. 147 was marked for  
10 identification.)

11 ALJ LIRAG: Next is Exhibit-148. This  
12 document contains selections from the Joint  
13 CCAs Data Request-017.

14 (Exhibit No. 148 was marked for  
15 identification.)

16 ALJ LIRAG: Next is Exhibit-149.  
17 Again, this is Workpapers Supporting Energy  
18 Supply. This time Chapters 5 through 8.

19 (Exhibit No. 149 was marked for  
20 identification.)

21 ALJ LIRAG: Next is Exhibit 150-C. And  
22 it's the Confidential Version of Workpapers  
23 Supporting Energy Supply Chapters 3 and 5.

24 And, Ms. Post, can you explain about  
25 this exhibit?

26 MS. POST: Yes, Your Honor. This  
27 exhibit contains information that's protected  
28 by confidentiality or nondisclosure

1 agreements with third parties. It also  
2 contains proprietary information belonging to  
3 those third parties.

4 ALJ LIRAG: All right. So it contains  
5 confidential information pertaining to what  
6 we had just identified as Exhibit-147 and 149  
7 seeing that it contains Chapters 3, 4, and 5;  
8 is that correct?

9 MS. POST: It is actually workpapers  
10 supporting Chapters 3 and Chapter 5. Not  
11 Chapter 4.

12 ALJ LIRAG: Not Chapter 4. That's  
13 right. Let's take up -- let's take up all  
14 the exhibits right now.

15 Is there a move to have these  
16 admitted into the record?

17 MS. POST: Yes, your Honor.

18 ALJ LIRAG: All right. So first 146  
19 through 149. Any objections?

20 (No response.)

21 ALJ LIRAG: Hearing none, Exhibits 146,  
22 147, 148, and 149 are received into the  
23 record.

24 (Exhibit No. 146 was received into  
25 evidence.)

26 (Exhibit No. 147 was received into  
27 evidence.)

28 (Exhibit No. 148 was received into  
evidence.)

///  
28

1 (Exhibit No. 149 was received into.  
2 Evidence.)

3 ALJ LIRAG: Regarding 150-C, I've heard  
4 the explanation regarding the confidential  
5 nature of the document. And it appears to be  
6 a solar explanation of other documents that  
7 we've granted confidential treatment to.

8 So any comments from any of the  
9 parties first regarding the confidential  
10 nature of this exhibit?

11 MR. LINDL: No, Your Honor.

12 ALJ LIRAG: All right. Hearing none, I  
13 guess we've evaluated this type of request  
14 for confidential treatment. And so we will  
15 apply confidential treatment to this  
16 document.

17 (Exhibit No. 150-C was marked for  
18 identification.)

19 ALJ LIRAG: Regarding admission, Ms.  
20 Post -- you already did.

21 Any objections to admitting 150-C  
22 into the record?

23 (No response.)

24 ALJ LIRAG: Hearing none, Exhibit 150-C  
25 is received into the record.

26 (Exhibit No. 150-C was received into  
27 evidence.)

28 ALJ LIRAG: Hopefully that wasn't too

1 long, Mr. Royall.

2 Yes, Ms. Gandesbery?

3 MS. GANDESBERY: Your Honor, I have a  
4 few other objections -- exhibits I would like  
5 to move.

6 ALJ LIRAG: All right. I hope you're  
7 not objecting to your own exhibit.

8 (Laughter.)

9 MS. GANDESBERY: I'll try not to.  
10 These are the electric -- starting with the  
11 electric distribution exhibits.

12 ALJ LIRAG: Okay. So these are ready?

13 MS. GANDESBERY: Yeah. So I'd like to  
14 move Exhibit 16, 17, 18, 19, 20, and 21 into  
15 the record.

16 ALJ LIRAG: All right. Any objections  
17 to moving Exhibits 16 through 21 into the  
18 record?

19 (No response.)

20 ALJ LIRAG: Hearing none, Exhibits 16,  
21 17, 18, 19, 20, 21 are received into the  
22 record.

23 (Exhibit No. 16 was received into  
24 evidence.)

25 (Exhibit No. 17 was received into  
26 evidence.)

27 (Exhibit No. 18 was received into  
28 evidence.)



1 (Exhibit No. 20 was received into  
evidence.)

2 (Exhibit No. 21 was received into  
3 evidence.)

4 ALJ LIRAG: So Marianne is going to be  
5 busy.

6 Yes, Ms. Gandesbery. More exhibits?

7 MS. GANDESBERY: Yes. I'd also like to  
8 move Exhibit-22 into the record.

9 ALJ LIRAG: All right. Any objections  
10 to 22?

11 (No response.)

12 ALJ LIRAG: Hearing none, Exhibit-22 is  
13 also received into the record.

14 (Exhibit No. 22 was received into  
15 evidence.)

16 MS. GANDESBERY: Your Honor, Exhibit-71  
17 is Energy Supplies Rebuttal Testimony that  
18 was marked previously. And since you've  
19 admitted the other energy supply testimony,  
20 we'd like to move to have the rebuttal  
21 testimony for energy supply admitted as well.

22 ALJ LIRAG: All right. I guess I went  
23 ahead, and I should have let Mr. Royall  
24 finish.

25 That exhibit does not pertain to Mr.  
26 Royall; right?

27 MS. POST: It does, your Honor,  
28 actually. Mr. Royall is sponsoring

1 Chapter 5, Exhibit-71. But we had a prior  
2 witness, Mr. Patterson, who has already  
3 testified with regard to Exhibit-71. That's  
4 why it's already been marked.

5 ALJ LIRAG: Okay. Let's go with that.

6 Any objection to Exhibit-71?

7 (No response.)

8 ALJ LIRAG: Hearing none, Exhibit 71 is  
9 also received into the record.

10 (Exhibit No. 71 was received into  
11 evidence.)

12 ALJ LIRAG: Anything else?

13 MR. LINDL: Your Honor?

14 ALJ LIRAG: Yes, Mr. Lindl?

15 MR. LINDL: May I just ask a quick  
16 question here? PG&E -- what was PG&E-05 was  
17 just admitted into the record as Exhibit-146;  
18 is that correct?

19 ALJ LIRAG: Right.

20 MR. LINDL: Thank you.

21 ALJ LIRAG: All right. So good morning  
22 again, Mr. Royall.

23 THE WITNESS: Good morning.

24 ALJ LIRAG: Please raise your right  
25 hand.

26 Steve Royall, called as a witness by  
27 Pacific Gas & Electric Company, having  
been sworn, testified as follows:

28 THE WITNESS: I do.

1 ALJ LIRAG: Please state your name,  
2 spell your last name, and provide a business  
3 address.

4 THE WITNESS: Steve Royall, S-t-e-v-e  
5 R-o-y-a-l-l. 245 Market Street, San  
6 Francisco.

7 ALJ LIRAG: Thank you.

8 Ms. Post?

9 DIRECT EXAMINATION

10 BY MS. POST:

11 Q Thank you, your Honor.

12 Good morning, Mr. Royall.

13 A Good morning.

14 Q Mr. Royall, I'd like to confirm the  
15 testimony you're sponsoring in this  
16 proceeding. In what was just marked for  
17 identification as Exhibit-146 formerly  
18 PG&E-05, The Prepared Direct Testimony of  
19 PG&E, are you sponsoring all of Chapter 5  
20 Natural Gas and Solar Generation Operations  
21 Costs and the workpapers for Chapter 5  
22 presented in what's been marked as  
23 Exhibit-149 and 150-C?

24 A Yes, I am.

25 Q And in what has been marked as  
26 Exhibit-71 formerly PG&E 19, PG&E's Rebuttal  
27 Testimony, are you sponsoring all of Chapter  
28 5 in Attachment A, Rebuttal Testimony on

1 Natural Gas and Solar Generation Operation  
2 Costs?

3 A Yes, I am.

4 Q In what's been marked as Exhibit-21  
5 and Exhibit -- I am sorry. Exhibit-26 and  
6 Exhibit-27, PG&E's Errata to Testimony, are  
7 you sponsoring pages 14-226 to 14-227 and  
8 29-108 to 29-109?

9 A Yes, I am.

10 Q And finally in Exhibit-51, are you  
11 sponsoring your statement of qualifications?

12 A Yes, I am.

13 Q Were these materials prepared by  
14 you or under your direction?

15 A Yes, they were.

16 Q Do you have any changes,  
17 corrections, or additions to make at this  
18 time?

19 A I do. What has been marked as  
20 Exhibit-71 -- previously marked as Exhibit-19  
21 -- page 5-5, line 8, change from "OS" to  
22 "OM."

23 ALJ LIRAG: What page was that?

24 THE WITNESS: 5-5, line 8, change from  
25 "OS" to "OM."

26 ALJ LIRAG: Could you use the mic also?  
27 I don't think your mic is turned on.

28 THE WITNESS: There. It's turned on

1 now.

2 ALJ LIRAG: Thank you.

3 BY MS. POST:

4 Q With those changes, are the facts  
5 contained in these exhibits true and correct  
6 to the best of your knowledge?

7 A Yes.

8 Q And do the opinions expressed  
9 therein express your best professional  
10 judgment?

11 A They do.

12 MS. POST: Thank you.

13 Your Honor, the witness is available  
14 for cross-examination.

15 ALJ LIRAG: All right. Thank you,  
16 Ms. Post.

17 Let me just clarify. Normally --  
18 this is just for the record. Normally, I  
19 wait for the witness's cross to be concluded  
20 before I admit the exhibits pertaining to the  
21 witness. So what I'll do in this case is  
22 just ask the parties again at the conclusion  
23 of Mr. Royall's testimony if they have any  
24 objections to the exhibits that we just  
25 admitted pertaining to Mr. Royall. I believe  
26 that's a couple of exhibits except for the  
27 rebuttal.

28 Yes, Mr. Lindl?

1 MR. LINDL: Can we go off the record  
2 for just a minute?

3 ALJ LIRAG: Off the record.

4 (Off the record.)

5 ALJ LIRAG: Let's go back on the  
6 record.

7 While we were off the record,  
8 exhibits were distributed, and I believe  
9 Mr. Lindl and Ms. Liotta were trying to  
10 figure out who will go first, and I think  
11 that Ms. Liotta is --

12 MR. LINDL: Do you want to mark those  
13 exhibits at this time, your Honor?

14 ALJ LIRAG: Yeah. Let's mark them. I  
15 was just trying figure out who will go first.

16 MR. LINDL: Ms. Liotta will.

17 ALJ LIRAG: All right. Let's mark the  
18 exhibits first for the Joint CCAs. First  
19 I'll identify as Exhibit-151 is PG&E's  
20 Response to the Joint CCAs Data Request 15,  
21 Question 3.

22 (Exhibit No. 151 was marked for  
23 identification.)

24 ALJ LIRAG: Next is Exhibit-152, PG&E's  
25 Data Response to the Joint CCAs Data Request  
26 18, Question 1.

27 (Exhibit No. 152 was marked for  
28 identification.)

///  
28

1 ALJ LIRAG: So that's Exhibit-152.

2 All right. Ms. Liotta?

3 CROSS-EXAMINATION

4 BY MS. LIOTTA:

5 Q Good morning, Mr. Royall. I'm Rita  
6 Liotta with FEA.

7 A Good morning.

8 Q I'm just going to refer you to your  
9 rebuttal testimony. If you could look at  
10 page 27 of your rebuttal beginning on  
11 line 28.

12 A On line? I'm sorry.

13 Q Twenty-eight.

14 A Got it. Thank you.

15 Q You state that you are uncertain  
16 whether the cost listed are included in the  
17 APS or the Chugach estimates; correct?

18 So is that still correct that you  
19 don't know whether or not these costs  
20 included in those estimates?

21 A That's correct.

22 Q And then on page 28 of your  
23 rebuttal, line 11 --

24 A Yes.

25 Q -- you state:

26 A 15 percent contingency is  
27 typical on decommissioning  
28 project.

1                   Would you define the word  
2 "contingency"? Does it mean unforeseen event  
3 or circumstance? How do you define the word  
4 contingency?

5           A    I define it the way that you  
6 defined it. Uncertainty or event  
7 unanticipated.

8           Q    Thank you. So you would agree then  
9 that the contingency costs are not known or  
10 measurable?

11          A    I would say that they are -- there  
12 is a reasonable range for contingency on any  
13 typical decommissioning project.

14          Q    And my last question is: Is it  
15 possible that the decommissioning contingency  
16 costs could be significantly lower than the  
17 company's projections?

18          A    I would say it is possible.

19          MS. LIOTTA: Thank you. I have no  
20 further questions for this witness.

21          ALJ LIRAG: All right. Thank you,  
22 Ms. Liotta.

23                   Mr. Lindl?

24                               CROSS-EXAMINATION

25   BY MR. LINDL:

26           Q    Thank you, your Honor.

27                   Good morning, Mr. Royall.

28           A    Good morning.



1           Q    My name's Tim Lindl. I'm the  
2   attorney for the Joint CCAs. I appreciate  
3   your time this morning.

4                   PG&E is proposing to allocate funds  
5   to decommission its 152 megawatts of  
6   utility-owned solar generation facilities in  
7   this case; right?

8           A    Correct.

9           Q    And based on studies conducted for  
10  PG&E, the decommissioning expenses are  
11  estimated to be \$100.5 million for those  
12  solar projects; right?

13          A    I think that is correct.

14          Q    For the 2020 to 2022 time period,  
15  the decommissioning costs went to about  
16  \$6 million per year. Does that sound right?

17          A    That sounds right.

18          Q    Okay. And that \$6 million will  
19  accrue annually for the remaining solar plant  
20  lives, which is between 15 to 18 years; is  
21  that right?

22          A    Expected today.

23          Q    Okay. Thank you. And those  
24  estimates result in a \$398 per-kilowatt costs  
25  for decommissioning the fixed designed  
26  projects; right?

27          A    I think that's right.

28          Q    And \$421 per kilowatt for the solar

1 tracker project; right?

2 A That's correct.

3 Q So on average PG&E proposes around  
4 \$400 per kilowatt for decommissioning these  
5 projects?

6 A That's correct.

7 Q Now, for the most part, would you  
8 agree that decommissioning solar resources is  
9 a relatively new practice?

10 A We know of no utility-scale solar  
11 facility that has been decommissioned in the  
12 United States.

13 Q Right and that's because these  
14 resources typically have lives between 20 and  
15 30 years, and they're still operating. It  
16 hasn't gotten to the point where they're  
17 being decommissioned; is that right?

18 A They are relatively new technology.

19 Q Okay. And PG&E used two companies  
20 to conduct it's decommissioning studies TLG  
21 and Silverado Contractors; right?

22 A That's correct.

23 Q And PG&E chose TLG because it was  
24 more detailed than that from Silverado?

25 A That's correct. TLG is a company  
26 that's decommissioned over 300 generating  
27 facilities. They have a vast amount of  
28 experience, and their estimate was much more

1 detailed than Silverado's.

2 Q Okay. Have they have ever  
3 performed any solar decommissioning studies  
4 before they performed the ones they performed  
5 for PG&E?

6 A Not that I'm aware of.

7 Q Okay. Has PG&E previously  
8 decommissioned a solar project?

9 A We have. A non-utility scale small  
10 solar project in the Central Valley.

11 Q And looking at what was just marked  
12 as Exhibit-152, that is the small PV plant in  
13 a rural part of Fresno County; is that right?

14 A That is right.

15 Q And the cost of decommissioning  
16 that project was \$180 per kilowatt?

17 A That's correct.

18 Q Okay. And that \$180 per kilowatt  
19 is in 2018 dollars?

20 A In 2018; correct.

21 Q Okay. And that's about -- that  
22 amount is less than half of the \$400 per  
23 kilowatt PG&E's currently projecting as the  
24 cost for the other projects; correct?

25 A It is correct. I think when you  
26 look at the -- again, the small-scale  
27 facility did not include many of the things  
28 that are considered in the large-scale

1 utility decommissioning. So when we looked  
2 at our decommissioning, we believe they're  
3 best because we engaged a very experienced  
4 decommissioning expert in TLG and Silverado.  
5 And we perform site-specific analysis versus  
6 using benchmark data.

7 Q What costs are missing for these  
8 small solar PV plants that are being taken  
9 into account for the larger ones?

10 A On 528 of the rebuttal testimony,  
11 you'll see those costs at the top of the page  
12 down from line 1 to line 15. I could read  
13 them for you if you like.

14 Q That's okay. All other factors  
15 being equal, would you expect  
16 cost-per-kilowatt to go down for larger  
17 projects compared to smaller projects due to  
18 economy scale?

19 A Unknown. We, again, see no utility  
20 scale decommissioning efforts in the U.S.  
21 that we're aware of.

22 Q Okay. And looking at your rebuttal  
23 on pages 530 to 531. Now, I'm not going to  
24 refer you to a specific line or anything, but  
25 you push back on the studies that the Joint  
26 CCAs reference that would suggest the  
27 decommissioning cost should be in the range  
28 of \$10 per kilowatt to \$60 per kilowatt;

1 correct?

2 A We did push back; correct.

3 Q Do you recall on page 38 of Tom  
4 Beach's testimony where he provides an \$83  
5 per kilowatt figure calculated for the  
6 Electric Power Research Institute by the  
7 firm, Sargent & Lundy, in April 2018?

8 A And where are you referencing?  
9 Sorry.

10 Q That's okay. Let me -- we can pass  
11 this around as a reference exhibit.

12 ALJ LIRAG: All right. Let's go off  
13 the record.

14 (Off the record.)

15 ALJ LIRAG: Let's go back on the  
16 record.

17 Mr. Lindl just distributed a  
18 reference document.

19 MR. LINDL: Yes. Thank you, your  
20 Honor.

21 Q This is the direct testimony of R.  
22 Thomas Beach on behalf of the Joint CCAs. Do  
23 you agree, Mr. Royall?

24 The witness nodded.

25 So on page 38, Mr. Beach references  
26 an April 2018 Electric Power Research  
27 Institute Study performed for EPRI, that's  
28 E-P-R-I, by Sargent & Lundy which estimated

1 the cost of decommissioning in a 11-megawatt  
2 solar plant as being \$83 per kilowatt. Do  
3 you see that there?

4 A I do see that.

5 Q You did not address this study in  
6 your rebuttal testimony; correct?

7 A We did not.

8 Q Okay.

9 A I wasn't aware of this testimony.

10 Q Okay. And can we look at what has  
11 been marked as Exhibit-151 next? It's the  
12 response to Joint CCAs 15.03.

13 A I think what's important to  
14 recognize here is that if you look at  
15 page 5-32, line 23, rebuttal testimony.

16 Q All right. I'm moving on to Data  
17 Request 1503.

18 A Understood. But I'm trying to help  
19 you understand that our customers will be  
20 made whole. On that page and on that line it  
21 states -- as stated in Decision 92-12-057:

22 Actual decommissioning  
23 costs will be reconciled  
24 such that the amounts  
25 collected in rates are  
26 equal with the actual costs  
27 expended.

28 Q In response to 1503, especially

1 Question C in that response, do you agree  
2 that if PG&E's decommissioning collections  
3 for these solar resources are too low  
4 compared to their actual costs, PG&E will  
5 still be able to recover those costs?

6 A I'm not the ratemaking witness. So  
7 I'm not sure. But, again, our goal is to  
8 keep our customers that are using that energy  
9 today funding that energy now -- funding that  
10 decommissioning now in a way that they will  
11 pay no more than the cost for the  
12 decommissioning and no less.

13 Q So -- but you just quoted page 532,  
14 lines 23 to 25?

15 A I did.

16 Q And that says that if the costs  
17 that PG&E collects are too high, they'll be  
18 reconciled and paid back to ratepayers; is  
19 that right?

20 A Yes. That's correct.

21 Q So your point is that there's no  
22 risk of overcollection; correct?

23 A My point is that no large-scale  
24 utility solar facilities have been  
25 decommissioned. We continue -- we will  
26 continue to look at these costs, benchmark,  
27 understand where we might be able to revisit  
28 the costs in the future. But today the

1 estimate from -- that we're using we believe  
2 is the best estimate.

3 Q And I'm asking you if the opposite  
4 of what you're saying on lines 24 to 26 is  
5 true or not? So if PG&E collects too much --  
6 or if PG&E collects too little to cover the  
7 actual costs, will PG&E be able to make up  
8 that extra --

9 A That's a question -- I don't know  
10 the answer. But I expect that using the  
11 estimates that you provided from the -- from  
12 some of the sites that you're -- that are in  
13 your testimony, that risk does appear to be  
14 real for PG&E.

15 Q Okay.

16 MR. LINDL: No further questions, your  
17 Honor.

18 ALJ LIRAG: Any redirect off the  
19 questions from Ms. Liotta or Mr. Lindl,  
20 Ms. Post?

21 MS. POST: May I have a moment, your  
22 Honor, please?

23 ALJ LIRAG: All right. Let's go off  
24 the record.

25 (Off the record.)

26 ALJ LIRAG: Let's go back on the  
27 record.

28 Ms. Post, no redirect?



1 MS. POST: No redirect, your Honor.

2 ALJ LIRAG: All right. Let's take up  
3 the exhibits.

4 Mr. Lindl, a move to admit  
5 Exhibits 151 and 152 into the record?

6 MR. LINDL: So moved, your Honor.

7 ALJ LIRAG: Any objections from PG&E or  
8 any other party?

9 (No response.)

10 ALJ LIRAG: Hearing none, Exhibits 151  
11 and 152 are received into the record.

12 (Exhibit No. 151 was received into  
13 evidence.)

14 (Exhibit No. 152 was received into  
15 evidence.)

16 ALJ LIRAG: Thank you, Mr. Royall. You  
17 are excused.

18 Off the record.

19 (Off the record.)

20 ALJ LIRAG: Let's go back on the  
21 record.

22 I know you're not settled down yet.  
23 But good morning, Ms. Maggard.

24 THE WITNESS: Good morning.

25 ALJ LIRAG: Please raise your right  
26 hand.

27 Stephanie Maggard, called as a  
28 witness by Pacific Gas & Electric  
Company, having been sworn, testified  
as follows:

///  
///

1 THE WITNESS: Yes, I do.

2 ALJ LIRAG: Please state your name,  
3 spell your last name, and provide a business  
4 address.

5 THE WITNESS: My name is Stephanie  
6 Maggard, M-a-g-g-a-r-d. My business address  
7 is 245 Market Street, San Francisco.

8 ALJ LIRAG: Thank you.

9 Ms. Post?

10 DIRECT EXAMINATION

11 BY MS. POST:

12 Q Good morning, Ms. Maggard.

13 A Good morning, Ms. Post.

14 Q I'd like to confirm the testimony  
15 you're sponsoring in this proceeding. In  
16 what's been marked for identification now as  
17 Exhibit-146, PG&E's Direct Testimony, are you  
18 sponsoring all of Chapter 8, Energy Supply  
19 Ratemaking and the workpapers for Chapter 8  
20 presented in what's been marked as  
21 Exhibit-149?

22 A Yes, I am.

23 Q And are you in what has been marked  
24 as Exhibits 26 and 29, PG&E's errata, are you  
25 sponsoring pages 14-231 to 14-243 and 29-110  
26 to 29-111?

27 A I thought it was Exhibits 26 and  
28 27.

1           Q    I am sorry.  It was.  Thank you for  
2   the correction.

3           A    Yes, I am.

4           Q    And finally in Exhibit-51, the  
5   Statement of Qualifications, are you  
6   sponsoring your statement of qualifications?

7           A    Yes, I am.

8           Q    Were these materials prepared by  
9   you under your supervision?

10          A    Yes, they were.

11          Q    Do you have any changes,  
12   corrections, or additions to make at this  
13   time?

14          A    Yes, just a couple.  First on  
15   page 8-26 of Exhibit-146, Table 8-12, line 10  
16   incorrectly identifies the costs with Major  
17   Work Category AY as capital.  But these costs  
18   are expense.  So line 10 should be moved  
19   below line 2.

20               Similarly, these costs are  
21   incorrectly shown in the workpapers in  
22   Exhibit --

23          ALJ LIRAG:  Could you repeat the first  
24   question -- the first correction again?  I  
25   got lost.

26          THE WITNESS:  I'm sorry.  Yes.  Page  
27   8-26 of Exhibit-146, Table 8-12, line 10  
28   incorrectly identifies the costs with Major

1 Work Category AY as capital. But these costs  
2 are expense.

3 ALJ LIRAG: So move it below --

4 THE WITNESS: Below line 2.

5 ALJ LIRAG: All right. Please proceed.

6 THE WITNESS: And the same change needs  
7 to be made to the workpapers. So that's  
8 Exhibit-149, workpaper 8-20, line 10  
9 similarly needs to be moved below line 2.

10 And one other correction is in  
11 Exhibit PG&E-71, Chapter 8, on page 8-4,  
12 there's a formatting error on line 15, which  
13 should be at the start of question 11. So  
14 Q-8 should be changed to Q-11 and moved to  
15 the left. The answer for Q-11 begins on  
16 line 17 not on line 20.

17 So on line 17, Q-11 should be  
18 changed to A-11. And on line 20, A-11 should  
19 be deleted.

20 BY MS. POST:

21 Q With those corrections, are the  
22 facts contained in these exhibits true and  
23 correct to the best of your knowledge?

24 A Yes, they are.

25 Q And do the opinions expressed  
26 therein represent your best professional  
27 judgment?

28 A They do.

1 Q Thank you.

2 MS. POST: Your Honor, the witness is  
3 available for cross-examination.

4 ALJ LIRAG: Thank you, Ms. Post.

5 Let's go with Ms. Liotta.

6 CROSS-EXAMINATION

7 BY MS. LIOTTA:

8 Q Good morning, Ms. Maggard. I'm  
9 Rita Liotta with FEA. I just have a couple  
10 of questions for you this morning.

11 A Good morning.

12 Q If I could refer you to your  
13 rebuttal, page 6, beginning on lines 2  
14 through 4.

15 A I'm there.

16 Q You state:

17 There's no risk of  
18 overcollection of  
19 decommissioning funds  
20 because any overcollection  
21 will be returned to  
22 ratepayers.

23 But in your opinion, is it possible  
24 that an overcollection could occur?

25 A It's possible that an  
26 overcollection could occur.

27 Q Okay. And if an overcollection  
28 were to occur, could you just give me a

1 general explanation of how those  
2 overcollections would be refunded to  
3 customers?

4 A So what we're proposing here is  
5 very solar to what PG&E has historically done  
6 on its fossil facilities. So we estimate  
7 what we think the costs will be to  
8 decommission the projects. And then as we  
9 actually expend funds to decommission the  
10 projects, they're netted against those  
11 collected funds. And to the extent there's a  
12 difference at the end of the day, the  
13 difference will be either returned to  
14 customers in the case of an overcollection or  
15 funded from customers in the case of an  
16 undercollection.

17 Q Okay. So could you look at page 5  
18 of your rebuttal beginning on line 20. You  
19 state that:

20 The party's primary  
21 opposition to PG&E's  
22 proposed accrual seems to  
23 be based on the uncertain  
24 timeline associated with  
25 decommissioning the various  
26 projects.

27 So you would agree that the timeline  
28 of decommissioning is uncertain?

1           A    For hydro projects, it's absolutely  
2 uncertain as compared to some of our other  
3 generation facilities.

4           Q    Thank you. And then on page 7 of  
5 your rebuttal beginning on line 4 you state:

6                   Other intervening  
7                   parties --

8                   That you agree with Cal Advocates  
9 and the other intervening parties that:

10                   There is a high degree of  
11                   uncertainty regarding  
12                   future decommissioning  
13                   costs of hydro projects.

14                   So I guess in your opinion, would it  
15 be the company's burden to show that the  
16 decommissioning costs it requests should be  
17 known and measurable?

18           A    The reason we're proposing to  
19 establish a decommissioning reserve for hydro  
20 now is because the customers who are enjoying  
21 the benefits of our hydro production should  
22 be responsible for ultimately decommissioning  
23 those properties. And we haven't to this  
24 point collected any costs for the ultimate  
25 decommissioning of hydro.

26                   I think all the parties have agreed  
27 that it's a reasonable -- that it's  
28 reasonable for PG&E to start accruing a

1 decommissioning reserve for the ultimate  
2 decommissioning of the projects. We've been  
3 very clear that the precise costs for each  
4 project decommissioning is unknown at this  
5 point. We've been clear about that. We  
6 recognize that.

7           We did have some studies prepared  
8 to use as proxies to establish an initial  
9 decommissioning accrual amount to reserve.  
10 And we are proposing to refine that over  
11 time. As we have better information, we'll  
12 do more detailed studies as we move forward.

13           MS. LIOTTA: Thank you, Ms. Maggard.

14           I have no further questions for this  
15 witness.

16           THE WITNESS: Thank you.

17           ALJ LIRAG: Let's have Ms. Post ask any  
18 redirect questions from Ms. Liotta.

19           MS. POST: I have no redirect, your  
20 Honor.

21           ALJ LIRAG: All right. So I think  
22 we'll call an early break, and we'll finish  
23 up with Mr. Lindl.

24           But before we get to that, I just  
25 want to address the information that  
26 Ms. Goodson stated so everyone's aware. So  
27 we had reserved -- the hearing is scheduled  
28 until October --



1                   Let me excuse you until after the  
2                   break.

3                   THE WITNESS: Thank you.

4                   ALJ LIRAG: So the hearings are  
5                   scheduled until October 18th. We did reserve  
6                   the Monday following. So that is the 21st  
7                   and the 22nd in this room also in case it's  
8                   needed.

9                   So, Ms. Goodson and Ms. Gandesbery,  
10                  please use that as an option when you talk  
11                  about the schedule regarding -- I guess, it's  
12                  going to be on depreciation cross by TURN.

13                  Also for the parties, we're probably  
14                  -- we can offer setting up a conference line  
15                  so you can call in and not have to be here.  
16                  I understand that it's just TURN's cross  
17                  that's being impacted. So other parties can  
18                  listen in. I'm just saying what's available  
19                  from the Commission. So we have those two  
20                  days. And we can have a conference line for  
21                  other parties to call in. So that's just an  
22                  option for you to consider when you talk.

23                  All right. Let's call a break until  
24                  -- we'll make it a longish break until 10:30.

25                  All right. Off the record.

26                  (Off the record.)

27                  ALJ LIRAG: Let's go back on the  
28                  record.

1                   We're back from our morning break.  
2                   First before we get to the cross from  
3                   Mr. Lindl, let's identify the exhibits that  
4                   he just distributed.

5                   First I'll identify as Exhibit-153  
6                   PG&E's Response to the Joint CCAs Data  
7                   Request 2 Question 8.

8                   (Exhibit No. 153 was marked for  
9                   identification.)

10                  ALJ LIRAG: Exhibit-154, are select  
11                  pages from the CPUC Standard Practice Manual.

12                  (Exhibit No. 154 was marked for  
13                  identification.)

14                  ALJ LIRAG: Exhibit-155 is a document  
15                  entitled The Avoided Costs Calculator. And  
16                  this is the 2019 update on avoided costs.

17                  (Exhibit No. 155 was marked for  
18                  identification.)

19                  ALJ LIRAG: Next is Exhibit-156, and  
20                  this is PG&E's Response to the Joint CCAs  
21                  Data Request 20, Question 2.

22                  (Exhibit No. 156 was marked for  
23                  identification.)

24                  ALJ LIRAG: All right. Mr. Lindl?

25                               CROSS-EXAMINATION

26                  BY MR. LINDL:

27                   Q    Thank you, your Honor.

28                               Good morning, Ms. Maggard.

1           A    Good morning, Mr. Lindl.

2           Q    So I'm going to talk about two  
3 issues with you. First is the hydro  
4 nonbypassable charge. I might slip in "NBC"  
5 at certain points. And the second is hydro  
6 decommissioning.

7                    So starting with the hydro NBC,  
8 PG&E is proposing nonbypassable charge for  
9 certain costs related to their hydroelectric  
10 generation resources; correct?

11          A    That's correct.

12          Q    Okay. So for purposes of our  
13 discussion, I'm going to refer to those as  
14 "NBC costs," okay?

15          A    Okay.

16          Q    All right. And those NBC costs  
17 stem primarily from Federal Energy Regulatory  
18 Commission or FERC licenses for  
19 decommissioning orders, PG&E's management of  
20 watershed lands, and its compliance with  
21 conservation easements; correct?

22          A    Yes. We primarily target those;  
23 correct.

24          Q    Okay. Looking at your direct  
25 testimony, which is Exhibit-146 at page 826.

26          A    I'm there.

27          Q    In Table 8-11?

28          A    Yes.

1           Q    In Table 8-11, those are the  
2 historic costs PG&E is looking to shift to  
3 the hydro NBC; right?

4           A    Correct. Those are the costs  
5 associated with the investments that have  
6 been made in fish and wildlife recreation  
7 facilities through 2017. That's the value as  
8 of December 2017.

9           Q    Okay. And they total \$83 million;  
10 right?

11          A    Correct.

12          Q    And the next table below that,  
13 Table 8-12, those are the forecasted costs to  
14 be allocated to the hydro NBC; right?

15          A    Correct.

16          Q    Okay. All right. In all of the  
17 cost here in Table 8-12, except for lines 2  
18 and 4, generally relate to FERC licenses;  
19 right?

20          A    That's correct.

21          Q    And that's because you made a  
22 correction here on line 10? Just to be clear  
23 that in the uncorrected version of what is  
24 line 10, that also relates to FERC licenses;  
25 correct?

26          A    Would that be the Major Work  
27 Category AY?

28          Q    Yes.

1           A    Yes.

2           Q    Okay.  And so those costs result  
3   from FERC's need to ensure hydroelectric  
4   facilities' balance beneficial uses of the  
5   water resources as a condition of FERC  
6   license; right?

7           A    Yes.

8           Q    Okay.  And then all told between  
9   these two tables, there's approximately  
10  \$150 million in capital expenses that PG&E's  
11  looking to shift into this hydro NBC;  
12  correct?

13          A    Yes.  Those are the costs that  
14  would go in.  There's a revenue requirement  
15  associated with those costs that would  
16  actually be collected through the NBC.

17          Q    Okay.  Thank you.  Looking at the  
18  prior page of your testimony, page 8-25 at  
19  lines 2 through 34, the NBC costs come from  
20  things like protecting natural habitat,  
21  installing and managing hiking trails, boat  
22  docks, campgrounds; and long-term monitoring  
23  of fish, wildlife, or water quality among  
24  other things; right?

25          A    Yes.

26          Q    Okay.  All right.  At the top of  
27  that page at lines 1 to 2 you state:

28                These activities result in

1 state and local  
2 environmental benefits,  
3 enhanced environmental  
4 sustainability, and  
5 increased public safety.

6 Correct?

7 A Yes.

8 Q All right. And because many of  
9 these activities are conducted as a result of  
10 PG&E's FERC licenses, the NBC costs are  
11 caused -- or the NBC cost they cause are tied  
12 to the generation of electricity; correct?

13 A The costs are as a result of  
14 generation; right. They're tied to  
15 generation, hydro generation. The benefits,  
16 though, are enjoyed by more than just  
17 generation customers.

18 Q Okay. Do customers from -- could  
19 customers from Sacramento Municipal Utility  
20 District enjoy those benefits?

21 A They could.

22 Q And the same with customers from  
23 LADWP?

24 A They could.

25 Q Okay. All right. But PG&E would  
26 not incur these NBC costs had it not built,  
27 owned, or operated these hydroelectric  
28 plants; correct?

1           A   Probably not.

2           Q   Okay.  And PG&E currently recovers  
3 the NBC costs through its generation rates?

4           A   That's correct.

5           Q   Okay.  Thank you.  Let's turn to  
6 your rebuttal testimony.  It's been marked as  
7 Exhibit-71.  If you wouldn't mind please  
8 turning to page 8-10, lines 16 through 20.

9           A   I'm there.

10          Q   And these lines you discuss the  
11 Power Charge Indifference adjustment, or  
12 "PCIA," in response to the Joint CCA's  
13 testimony; correct?

14          A   Yes.

15          Q   And on lines 18 to 19 there you  
16 state:

17               The PCIA is meant to  
18               recover above-market  
19               generation costs.

20               And the costs PG&E is proposing to  
21 shift to the NBC are public costs; correct?

22          A   Correct.

23          Q   Are those public costs you discuss  
24 embedded in PG&E generation rates?

25          A   They are.

26          Q   Okay.  And so for that reason, are  
27 they included in the calculation and  
28 recovered through the PCIA?

1           A    My understanding is that -- and I'm  
2   not an expert on the PCIA -- but my  
3   understanding is it includes the  
4   generation-related revenue requirement in the  
5   calculation.

6           Q    Okay. Thank you. All right. And  
7   do departed CCA customers pay PG&E's  
8   generation rates or CCA-specific generation  
9   rates?

10          A    Again, I'm not an expert. But my  
11   understanding is that they pay a CCA rate for  
12   their generation of their CCA customers.

13          Q    Okay. And they also pay the PCIA;  
14   correct?

15          A    That's my understanding, yes.

16          Q    Okay. Great. All right. Looking  
17   at page 8-10 again, lines 15 to 17 you state:

18                The PCIA only addresses the  
19                challenge posed by  
20                departing customers to  
21                CCAs.

22                Correct?

23          A    Yes.

24          Q    Okay. And then the next sentence  
25   you go on to suggest that the PCIA does not  
26   address distributed generation customers like  
27   those that have installed rooftop solar;  
28   right?



1 A Correct.

2 Q Do PG&E's rooftop solar customers  
3 pay PG&E for any generation that they use?

4 A I'm not an expert again. But my  
5 understanding is that to the extent they are  
6 taking generation, they would pay for it.  
7 They also self generate.

8 Q Right. So unlike CCAs customers,  
9 PG&E customers enrolled in PG&E's distributed  
10 generation programs are still PG&E generation  
11 customers?

12 A I believe so.

13 Q Okay. All right. Going to the  
14 page before that page 8-9, please?

15 A Mh-hm.

16 Q Lines 2 to 5 you state:  
17 PG&E's proposal is prompted  
18 by the departure of a large  
19 percentage of generation  
20 customers, which has  
21 resulted in remaining  
22 bundled generation  
23 customers bearing the brunt  
24 of these hydro public  
25 benefit costs.

26 Right?

27 A Yes.

28 Q And based on what you say on the

1 next page with regard to rooftop solar  
2 customers, are you including distributed  
3 generation customers in that bucket of  
4 departing customers?

5 A I am sorry. I lost -- you lost me.

6 Q Let me rephrase. It was a  
7 poorly-worded question. I am sorry.

8 On line 3 on page 8-19, you say  
9 your proposal is prompted by the departure of  
10 a large percentage of generation customers.  
11 Are rooftop solar customers included in that  
12 large percentage of generation customers?

13 A Yes.

14 Q Okay. Thank you. All right. So  
15 I'm going to refer to PG&E's customers that  
16 are not enrolled in distributed generation  
17 programs as non-participants.

18 A Okay.

19 Q Okay. Are you familiar with how  
20 the Commission assesses the impact of  
21 distributed generation programs on  
22 nonparticipants?

23 A No.

24 Q Okay. Do you know if the  
25 Commission assesses the cost and benefits of  
26 PG&E's distribution programs -- let me  
27 rephrase that. Excuse me. Sorry.

28 Do you know whether the Commission

1 considers the costs and benefits of PG&E's  
2 distributed generation programs when it sets  
3 rates related to those programs?

4 A I don't know.

5 Q Okay. So you are not familiar with  
6 whether the Commission considers the benefits  
7 of distributed generation when it assesses  
8 the impact of PG&E's distributed generation  
9 programs on nonparticipants?

10 A I'm really not familiar with that  
11 program.

12 Q Okay.

13 A I am sorry.

14 Q All right. Can we take a look  
15 please at Exhibit-154, which is the  
16 Commission's Standard Practice Manual. And  
17 can we look at page 5?

18 Are you at all familiar with this  
19 document?

20 A No. I'm not familiar with it at  
21 all. I saw it yesterday.

22 Q Okay.

23 A It was sent to me but I've never  
24 seen it before.

25 Q So then you don't know whether the  
26 text here on page 5 are utilized by the  
27 Commission as basis for determining the cost  
28 effectiveness of demand-side programs?

1           A    I don't know. This manual is dated  
2   2001. I don't even know if it's a current  
3   manual. I'm not sure.

4           Q    Okay. All right. Can you turn to  
5   page 13, please?

6           A    Of the same exhibit?

7           Q    Yes, please. Okay. Okay. Look at  
8   the title of this chapter here. Do you agree  
9   that there's a test in the standard practice  
10  manual called the Ratepayer Impact Measure  
11  Test?

12          A    That looks like what this section  
13  is. It's describing that.

14          Q    Okay. And looking at the first  
15  sentence of the first full paragraph under  
16  the heading "Benefits and Costs," do you  
17  agree that it states there that:

18                The benefits calculated in  
19                the RIM test are the  
20                savings from avoided supply  
21                costs.

22          A    That's what this sentence says.

23          Q    Okay. All right. Can we please  
24  take a look at Exhibit-155, please? This is  
25  the avoided costs 2019 update.

26          A    The big exhibit.

27          Q    The hundred pages.

28          A    Okay.

1           Q   All right.  Are you familiar --  
2   sorry.  Are you there?

3           A   Yes.

4           Q   Are you familiar with this  
5   document?

6           A   No, I'm not.  Again, I saw it  
7   yesterday for the first time.

8           Q   Okay.  Would you mind just taking a  
9   look at page 17 real quickly, please?

10          A   I'm there.

11          Q   All right.  And in Table 1, do you  
12   see a list of what the document calls  
13   Components of Electricity Avoided Costs?

14          A   I do.

15          Q   And do you agree that generation,  
16   energy, and generation capacity are listed  
17   there among five other components?

18          A   Yes, they are.

19          Q   Okay.  So in your testimony on  
20   page 8-9 --

21          A   Rebuttal testimony?

22          Q   Yeah.  I am sorry.  Rebuttal  
23   testimony exhibit --

24          A   Seventy-one?

25          Q   Yeah.  Thank you.  So when you say  
26   on page 8-9, line 4, there:

27               Bundled customers are  
28               bearing the brunt of the

1 costs because of  
2 distributed generation.

3 Are you factoring in any benefits  
4 PG&E's distributed generation customers might  
5 be providing to nonparticipants?

6 A This is really more of a general  
7 statement. I didn't do a calculation and  
8 figure out who was covering what in making  
9 this statement.

10 This statement just recognizes that  
11 today PG&E's generation load is about half  
12 roughly of what it had been historically when  
13 those costs were incurred.

14 Q Okay. And a reason that that load  
15 is about half, per your testimony, is these  
16 distributed generation customers; right?

17 A A combination of the CCAs and the  
18 distributed gen customers, yes.

19 Q Okay. And in making this  
20 conclusion here, did you factor in any of the  
21 benefits that PG&E's distributed generation  
22 customers might be providing to  
23 non-participants? Those that you referred to  
24 as the bundled customer bearing the brunt of  
25 these costs?

26 A Remind me how you're defining  
27 non-participants.

28 Q Those that are not distributed

1 generation customers.

2 A I'm going to have to ask you to ask  
3 one more time.

4 Q I forgot what I asked. No. I'm  
5 just wondering if you're factoring in when  
6 you make this conclusion here on page 8-9,  
7 are you factoring in any benefits PG&E's  
8 distributed generation customers might be  
9 providing to non-participants?

10 A Not specifically, no.

11 Q Okay. Do you think the Commission  
12 should determine whether PG&E's distributed  
13 generation programs are cost effective in  
14 this case?

15 A I really don't have any testimony  
16 on the distributed gen program. Again, I was  
17 really just making the point that these costs  
18 that had historically been recovered from all  
19 customers, because they were all our  
20 customers, no longer are on an ongoing basis.

21 I didn't -- I have no opinion as to  
22 how the Commission should review or handle  
23 distributed gen programs.

24 Q Okay. Thanks. We'll move on.  
25 Thank you.

26 Okay. So PG&E's looking to sell a  
27 number of its hydroelectric resources;  
28 correct?

1           A     That's correct.

2           Q     Okay. And would you agree that if  
3     a CCA or another load-serving entity  
4     purchased a hydroelectric generating system  
5     from PG&E, that purchaser would be required  
6     to abide by the same licensing requirements  
7     that PG&E currently abides?

8           A     Part of the -- to the extent  
9     there's a FERC license associated with the  
10    hydro project -- and some don't have FERC  
11    licenses but most do. To the extent that the  
12    hydro license is transferred to the buyer and  
13    the entity, they would be required to comply  
14    with the requirements of the license.

15          Q     Okay. Thank you. And the recent  
16    sale of the Deer Creek Hydro Plants in the  
17    Nevada Irrigation District, Is Nevada  
18    Irrigation District going to have to abide by  
19    PG&E's license?

20          A     It will become their license. But  
21    yes.

22          Q     Okay. Thank you. All right. And  
23    then on page 8-10 -- going back to that one  
24    -- lines 3 to 5. Let me know when you're  
25    there.

26          A     I'm there.

27          Q     All right. Here you state:  
28                 LSEs like CCAs are not



1 subject to CPUC's rate  
2 regulation. So they lack  
3 the authority -- statutory  
4 authority to recover their  
5 costs from bundled  
6 customers.

7 Correct?

8 A Correct.

9 Q So if a CCA for example was  
10 required to abide by the same licensing  
11 requirements from FERC, a CCA would not be  
12 able to pass those costs to PG&E bundled  
13 ratepayers; correct?

14 A I don't know how they would be able  
15 to do that since PG&E's rates are regulated  
16 by the CPUC and CCAs aren't. But one  
17 difference I think is that the CCAs in  
18 procuring generation resources are procuring  
19 those resources on behalf of their customers.  
20 And so they would be able to recover those  
21 costs from their customers.

22 PG&E incurred these costs on behalf  
23 of all customers. Not just the remaining  
24 bundled customers, and that's the difference  
25 as I see it.

26 Q Okay. Would you agree that CCAs  
27 are at risk of their load leaving their  
28 service territory as well and perhaps go back

1 to PG&E or go to a direct-access provider?

2 A I'm sure there's some risk in that.  
3 I don't know how great it is.

4 Q Okay. Thanks. Okay. Let's change  
5 gears to hydro decommissioning, please.

6 A Okay. All right. Sorry just one  
7 moment.

8 ALJ LIRAG: Let's go off the record.  
9 (Off the record.)

10 ALJ LIRAG: Back on the record.

11 BY MR. LINDL:

12 Q Okay. Is part of your hydro  
13 decommissioning proposal -- PG&E is proposing  
14 to accrue about 18-and-a-half million dollars  
15 annually between 2020 and 2022; right?

16 A Yes.

17 Q Okay. And those decommissioning  
18 costs are necessary to wind down the  
19 operation of a generation unit, dismantle and  
20 remove it, and perform any required  
21 environmental restoration; right?

22 A Correct.

23 Q That's what you do in  
24 decommissioning?

25 A Yes.

26 Q All right. Thank you. Okay. Can  
27 we take a look at Exhibit -- I keep  
28 forgetting the name of the exhibit.

1 Exhibit-146, please? Your direct testimony.

2 And that's on page 823, please, Table 8.

3 A Okay. I'm there.

4 Q Okay. In this table, you present  
5 13 small hydroelectric plants that PG&E used  
6 to establish a high-level estimate of the  
7 total decommissioning costs PG&E believes  
8 will be necessary; correct?

9 A Yes.

10 Q And that's high-level because it's  
11 difficult to determine which hydroelectric  
12 projects are going to be decommissioned, when  
13 they would be decommissioned, and what the  
14 scope of that decommissioning would be;  
15 right?

16 A That's correct.

17 Q Okay. And the total PG&E estimates  
18 to eventually be necessary to decommission  
19 these 13 projects is \$830 million; right?

20 A Yes. That's what's shown in the  
21 first column there on Table 8-10. So that's  
22 the total decommissioning estimate. We are  
23 not requesting that we recover all of that,  
24 because we recognize that -- at least at this  
25 time, we recognize there is some probability  
26 that not all of these projects will be  
27 decommissioned. In fact we know -- we just  
28 talked about Deer Creek for example, which

1 will be sold.

2 Q Right. And so for that reason, you  
3 adjusted to the 242.7?

4 A Right. We have applied a  
5 probability to each one of those projects to  
6 determine the amount that we think is likely.  
7 Again, given the information we have today,  
8 that is likely to be incurred at some point.

9 Q Okay. Thanks. And that 242.7,  
10 that results in the 18 and a half million  
11 annual accrual; is that right?

12 A Correct.

13 Q Okay. Thank you. All right. And  
14 on lines 15 to 17 on this page, like we just  
15 discussed you state:

16 In some cases, PG&E will  
17 attempt to sell hydro  
18 assets with another entity  
19 before surrendering the  
20 license and retiring and  
21 decommissioning the  
22 facilities.

23 Correct?

24 A Correct.

25 Q If PG&E sells one of the hydro  
26 assets, that would remove any need for PG&E  
27 to decommission the project because that  
28 decommissioning becomes the responsibility of

1 the new owner?

2 A Yes.

3 Q Okay. All right. Let's take a  
4 look at Table 8-10 again. Now, on line 3  
5 there is mentioned that the  
6 Desabla-Centerville Facility; is that right?

7 A Yes.

8 Q PG&E -- excuse me. FERC ordered  
9 PG&E to sell that facility; is that correct?

10 A FERC ordered us to try and sell the  
11 facility, which we are trying to do.

12 Q Okay. And as of July, PG&E was in  
13 negotiations with a prospective buyer and  
14 expected to execute the agreements and file  
15 for regulatory approvals later this year; is  
16 that right?

17 A Yes. Although, this year is a bit  
18 optimistic at this point. A few months has  
19 passed since we responded to that. I think  
20 it will be next year.

21 Q Okay. And then on line 4 is the  
22 Deer Creek Facility that we already  
23 discussed?

24 A Yes.

25 Q And then with regard to that  
26 facility, the Commission just issued a  
27 proposed decision approving the uncontested  
28 sale of that plant; correct?

1           A    That's correct. My understanding  
2   is it's on the Commission's consent agenda  
3   for this Thursday.

4           Q    Okay. Thank you. On line 7 there,  
5   the Tule River Facility.

6           A    Tule.

7           Q    Excuse me. Yeah. Tule. If I get  
8   any of these other names wrong, please  
9   correct me. So the Tule River Facility on  
10   line 7, that was part of a June 2018 request  
11   for offer where a prospective buyer was  
12   selected. And, again, as of July, you would  
13   expect to execute agreements for regulatory  
14   approvals later this year; is that right?

15          A    Yes. And like DeSabra-Centerville,  
16   it's a bit complicated. And it's likely  
17   delayed until next year sometime. These  
18   sales are very complicated and take a long  
19   time to execute. And until they're signed  
20   and filed, there's a high likelihood -- or a  
21   likelihood that they could fall apart.

22          Q    Okay.

23          A    A lot of challenges along the way.

24          Q    And the Kern Canyon Facility on  
25   line 8 there is in the same position as the  
26   Tule River Facility?

27          A    Yes.

28          Q    And then lastly on line 9, the

1 Narrows Number 1 Facility or Narrows 1  
2 Facility, that's pending for sale before the  
3 Commission currently; correct?

4 A Correct. That is also -- there's a  
5 proposed decision issued, and hopefully we'll  
6 be voted out on Thursday.

7 Q And that's uncontested as well;  
8 correct?

9 A Uncontested.

10 Q Okay. So the facilities on lines 3  
11 and 4, and 7 through 9 are either already  
12 sold or in the process of being sold; is that  
13 right?

14 A Double checking.

15 Q Those are lines 3, 4 and 7  
16 through 9?

17 A Yes. All four of those projects  
18 are either -- had sales agreements signed:  
19 Deer Creek and Narrows. And the other two  
20 we're in the process of discussing with the  
21 parties -- counter parties.

22 Q And DeSabra-Centerville FERC  
23 ordered you to try and sell that?

24 A Correct.

25 Q Okay.

26 ALJ LIRAG: So a total of five are in  
27 the process of -- or at least PG&E's  
28 beginning the process of selling?

1 THE WITNESS: Yes. So 3, 4, 7, 8 and  
2 9.

3 ALJ LIRAG: All right. Just avoiding a  
4 transcript correction for that. Correct at  
5 the five instead of four.

6 MR. LINDL: Thank you, your Honor.  
7 Just a few more questions, Ms. Maggard.

8 Q So any funds that PG&E might earn  
9 from a sale would be available to fund  
10 decommissioning other hydro assets; correct?

11 A Yes. So if I may. At the time we  
12 developed this decommissioning proposal, we  
13 looked at all of our small hydro. Because  
14 small hydro is most likely to be  
15 decommissioned. The large hydro, you know,  
16 is low cost and doesn't have all this  
17 conveyance. It's good for customers.

18 The small hydro in some cases will  
19 be decommissioned. So we just looked at  
20 those. We looked at the small hydro  
21 projects. And we looked at all the small  
22 hydro projects, which is what you see here  
23 the 13 that are listed.

24 And in coming up with our  
25 decommissioning estimate, we looked at the  
26 probability that we would go forward with the  
27 decommissioning. And therefore -- so Narrows  
28 and Deer Creek at the time we put this



1 together, we knew we were in the process of  
2 selling them. So we assigned a really low  
3 probability to those projects going forward  
4 with decommissioning. We felt they would  
5 likely be sold, and that they would have  
6 successful sales associated with them.

7 So if I was putting this together  
8 today, I'd assign a zero probability to both  
9 Narrows and Deer Creek. Because we don't  
10 have any of this funding in rates today. I  
11 would -- I think we should remove those from  
12 the calculation and lower the accrual a  
13 little bit as a result.

14 Going forward however, the timing  
15 -- it just so happens we know that today. So  
16 the timing works out well for those two. The  
17 others we still don't know. We still don't  
18 know if they're going forward or not. So I  
19 would recommend leaving them in the  
20 decommissioning accrual.

21 If in fact those sales are  
22 successful and, you know, go to fruition in  
23 the next GRC, we would just true-up what's  
24 remaining to be collected. We would take  
25 what's already been collected on those  
26 projects and allocate it to the other  
27 projects to reduce the request going forward  
28 all else equal.

1           Q    Right. If you got revenue for one  
2   of those sales, that would go into that  
3   bucket of decommissioning funds?

4           A    No. The revenue from the sales of  
5   the projects don't float through the  
6   decommissioning fund.

7           Q    They don't float through?

8           A    No.

9           Q    Where do they float through?

10          A    The ratemaking associated with the  
11   asset sales flows through our UGBA, Utility  
12   Generation Balancing Account. So we take the  
13   difference between the sales price and the  
14   value, and that difference is recorded in the  
15   UGBA.

16          ALJ LIRAG: Which ones again are  
17   pending a Commission decision? Deer Creek  
18   and?

19          THE WITNESS: And Narrows, which  
20   is line 9.

21          ALJ LIRAG: Thank you.

22   BY MR. LINDL:

23          Q    Okay. Now, California Public  
24   Advocates proposed a \$10 million figure for  
25   decommissioning; correct?

26          A    Yes.

27          Q    And the Joint CCAs proposed  
28   \$7.2 million; right?

1           A     That's correct.

2           Q     If the Commission approves either  
3     of those figures and that amount proves to be  
4     too low to account for the actual  
5     decommissioning costs, PG&E would still be  
6     able to recover the difference; is that  
7     correct?

8           A     Yes. Our proposal is to -- again,  
9     like we did with our fossil facilities would  
10    be to true -- in each rate case true-up with  
11    the latest estimates as well as reflect any  
12    actual decommissioning costs that have been  
13    incurred and then adjust the accrual  
14    accordingly. We believe though that our  
15    estimate is pretty conservative already.

16          Q     Right. So but if the amount the  
17    Commission approves ends up being too low,  
18    you can adjust upwards the accrual estimates  
19    in future rate cases if more detailed  
20    commissioning studies show those adjustments  
21    are warranted; right?

22          A     Correct.

23          Q     Okay. So in the end, PG&E would be  
24    able to recover its actual costs here;  
25    correct?

26          A     Yes.

27          Q     Okay.

28          MR. LINDL: Thanks very much,

1 Ms. Maggard.

2 I don't have any further questions,  
3 your Honor.

4 ALJ LIRAG: Any questions, Ms. Shek?

5 MS. SHEK: No, your Honor.

6 ALJ LIRAG: Redirect, Ms. Post?

7 MS. POST: May I have a moment?

8 ALJ LIRAG: Let's take a five-minute  
9 break. Do you have a Liotta?

10 Let's just go off the record.

11 (Off the record.)

12 ALJ LIRAG: Let's go back on the  
13 record.

14 Ms. Post, redirect?

15 MS. POST: No redirect, your Honor.

16 ALJ LIRAG: Let's take up the exhibits.

17 Mr. Lindl, I assume you want to move  
18 Exhibits 153 through 156 into the record?

19 MR. LINDL: We do, your Honor.

20 ALJ LIRAG: Any objections?

21 MS. POST: Yes, your Honor. PG&E  
22 objects to the admission into the record of  
23 Exhibits 154 and 155. No foundation or  
24 relevance for these documents was provided.

25 Additionally, the documents can be  
26 referenced in briefs through judicial notice.  
27 They need not be submitted as exhibits in  
28 this proceeding.

1 ALJ LIRAG: No objection to 153 and  
2 156?

3 MS. POST: No, your Honor.

4 ALJ LIRAG: Let's take care of those  
5 two then.

6 So Exhibit 153 and 156 are received  
7 into the record.

8 (Exhibit No. 153 was received into  
9 evidence.)

10 (Exhibit No. 156 was received into  
11 evidence.)

12 ALJ LIRAG: I'll allow Mr. Lindl any  
13 comments of the objections by Ms. Post?

14 MR. LINDL: Yes, your Honor. First I  
15 think relevance is pretty clearly  
16 demonstrated. I can talk you through that  
17 objection if you like.

18 But I do want to propose that if  
19 these aren't offered in as exhibits or if  
20 your Honor doesn't want to do that, then we  
21 would just request that you take judicial  
22 notice of the exhibits at this time. They're  
23 PUC documents.

24 ALJ LIRAG: I'll admit Exhibit-154 into  
25 the record. This is a standard practice that  
26 can be referenced. So 154 -- I'm not sure  
27 about -- where is this document from  
28 Exhibit-155?

MR. LINDL: So Exhibit-155 is the

1 Commission's most recent version of the  
2 Avoided Cost Calculator. It's adopted in  
3 various Commission Decisions D. 9-08-026, D.  
4 15-11-042, and other decisions. It is  
5 calculated by energy and environmental  
6 economics, which is the firm E3. But it is  
7 done for the Commission. I downloaded it  
8 from the Commission's website.

9 ALJ LIRAG: All right. I can't verify  
10 what you've said. I'm also not familiar with  
11 this document.

12 Yes, Ms. Gandesbery?

13 MS. GANDESBERY: If I could, I'm  
14 familiar with both of these documents.  
15 They're used for demand side management  
16 programs. We haven't used either document to  
17 forecast anything in this proceeding.  
18 They're used in other proceedings. There  
19 isn't any relevance to this proceeding.

20 ALJ LIRAG: The standard practice we  
21 sort of always refer to. It's readily  
22 available. So I don't see any reason to  
23 exclude that. And I've already admitted 154.

24 155 though. I'm not familiar with  
25 this, Mr. Lindl. So I'm going to deny  
26 admission of 155. You can use other means to  
27 try and get the information in.

28 MR. LINDL: Are you open to more

1 argumentation on that point, your Honor?

2 ALJ LIRAG: It's not going to lead  
3 anywhere. I'm not -- I can't verify what  
4 you're saying. Granted they're probably  
5 true. But I myself am not familiar with this  
6 document. So I'd have to look it up. I  
7 agree that there were not a Liotta of  
8 questions asked. And I think Ms. Maggard was  
9 totally unfamiliar with this document.

10 I made an allowance for the Standard  
11 Practice because that's fairly common. But  
12 this is a -- it's a report. It's not even  
13 prepared by the PUC. It's prepared for the  
14 PUC by someone else. So I'm not just going  
15 to accept this as something that you can draw  
16 facts from unless you further qualify it.

17 If judicial notice is the avenue to  
18 get this in, then please explore that means.  
19 So that would entail a motion.

20 MR. LINDL: Okay. That's what I was  
21 going to ask. Thank you, your Honor.

22 ALJ LIRAG: All right. As an exhibit  
23 then, Exhibit-155 is denied. And I admitted  
24 154.

25 (Exhibit No. 154 was received into  
26 evidence.)

27 ALJ LIRAG: All right.

28 MR. LINDL: Thank you, your Honor.

1 MS. POST: Thank you, your Honor.

2 ALJ LIRAG: Any questions?

3 First thank you, Ms. Maggard. You  
4 are excused.

5 THE WITNESS: Thank you.

6 ALJ LIRAG: So a little bit into the  
7 schedule. So tomorrow there is no hearings.  
8 And then if there's any developments  
9 regarding TURN's cross for -- I believe it  
10 will cover depreciation -- unless Ms. Goodson  
11 wants to cover it. It's very interesting.  
12 Please update me regarding any discussions  
13 and scheduling changes.

14 But for now we'll continue on  
15 Wednesday with the depreciation witnesses and  
16 Mr. Middlekauff.

17 And then I'll ask Ms. Gandesbery's  
18 new assistant to provide progress regarding  
19 the briefing outline that PG&E, I guess,  
20 should be working on.

21 MS. GANDESBERY: We are working on the  
22 briefing outline, and we'll circulate it to  
23 the parties this week.

24 ALJ LIRAG: All right. Let me know on  
25 Wednesday the exact timing regarding that.

26 And then we are still working on the  
27 pending motions that are -- I think there's  
28 just two motions. One is TURN's request



1 regarding the bankruptcy document the plan.  
2 And then the other -- I guess the other is  
3 not a motion. Just the Commission's decision  
4 regarding how to move forward with the 1054  
5 requirement. So we'll probably update you or  
6 I'll probably update you sometime this week  
7 if not on Wednesday.

8 All right. So with that, we're  
9 adjourned until Wednesday October 9th at 9:30  
10 a.m. Thank you.

11 Off the record.

12 (Off the record.)

13 (Whereupon, at the hour of 11:11  
14 a.m. this matter having been continued  
15 to 9:30 a.m. October 9, 2019 at  
San Francisco, California, the  
Commission then adjourned.)

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA

CERTIFICATION OF TRANSCRIPT OF PROCEEDING

I, JASON STACEY, CERTIFIED SHORTHAND REPORTER  
NO. 14092, IN AND FOR THE STATE OF CALIFORNIA DO  
HEREBY CERTIFY THAT THE PAGES OF THIS TRANSCRIPT  
PREPARED BY ME COMPRISE A FULL, TRUE, AND CORRECT  
TRANSCRIPT OF THE TESTIMONY AND PROCEEDINGS HELD IN  
THIS MATTER ON OCTOBER 7, 2019.

I FURTHER CERTIFY THAT I HAVE NO INTEREST IN THE  
EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.

EXECUTED THIS OCTOBER 11, 2019.

A handwritten signature in black ink, appearing to read 'JAS STACEY', written over a horizontal line.

JASON A. STACEY  
CSR NO. 14092

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