

Docket: : A.17-11-009
Exhibit Number : ORA-13
Commissioner : C. Rechtschaffen
ALJ : S. Roscow
Witness : M. Sierra



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

**Pacific Gas and Electric Company
Test Year 2019
Gas Transmission and Storage Rate Case**

Chapter 13
Other Gas Transmission and Storage Support

San Francisco, California
June 29, 2018

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SUMMARY OF RECOMMENDATIONS 1

III. GENERAL OVERVIEW 4

IV. DISCUSSION / ANALYSIS OF PG&E’S NATURAL GAS
STORAGE STRATEGY (NGSS) - ENVIRONMENTAL
REMEDICATION 5

V. DISCUSSION / ANALYSIS OF PG&E’S LNG TANKER
FACILITY RELOCATION PROJECT CAPITAL EXPENDITURE 6

VI. CONCLUSION 6

WITNESS QUALIFICATIONS..... 7

1 **I. INTRODUCTION**

2 This exhibit presents the analyses and recommendations of the Office of
3 Ratepayer Advocates (ORA) regarding Pacific Gas and Electric Company's (PG&E)
4 Other Gas Transmission and Storage Support proposals associated with its Test
5 Year (TY) 2019 Gas Transmission and Storage (GT&S) rate case. Specifically, this
6 exhibit addresses PG&E's forecasts of Other GTS Support operation and
7 maintenance (O&M) expenses for 2019 and capital expenditures for 2019 through
8 2021.

9 Other GTS Support expenses are for work activities related to Support Costs
10 to comply with environmental laws, maintain accurate maps and records, develop
11 training materials, pay governmental permits and fees, provide customer-related
12 services to noncore gas customers, build new facilities and provide operational
13 management, operational support and other expenses for GT&S activities.¹ In
14 addition, PG&E proposes capital expenses for work activities related to constructing
15 new building facilities and tools and equipment expenditures. Also, in this chapter
16 PG&E presents the savings PG&E forecasts as a result of its Gas Stewardship
17 Program, and the environmental remediation costs associated with implementing the
18 Natural Gas Storage Strategy (NGSS).²

19 **II. SUMMARY OF RECOMMENDATIONS**

20 PG&E forecasts \$67.77 million for its expense in TY 2019 and a capital
21 forecast of \$3.39 million for 2019, -\$4.77 million for 2020 and -\$6.13 million for
22 2021.

23 ORA does not oppose PG&E's expense and capital forecast TY 2019, except
24 for NGSS under Environmental Remediation, where ORA recommends \$0.00 for

¹ PG&E Chapter 13, p. 13-1.

² PG&E Chapter 13, p. 13-2.

1 PG&E's TY 2019, 2020, 2021 compared to PG&E's request of \$2.4 million in 2022,
2 \$2.5 million in 2023, \$2.5 million in 2024 and \$2.6 million in 2025.³

3 The following summarizes ORA's recommendations regarding Other GTS

4 Support O&M expenses:

- 5 • ORA does not oppose PG&E's TY 2019 expense forecast for General
6 Support, Environmental Remediation, Customer Access Charge,
7 Curriculum Development, Gas Qualifications, Gas Transmission Mapping,
8 Permits and Fees, Gas Transmission Aviation, Operational Management,
9 or Operational Support.
- 10 • ORA does not oppose PG&E's TY 2019 Gas Stewardship forecast
11 savings for expense illustrated in Table 13-1.

12 The following summarizes ORA's recommendations regarding Other GTS

13 Support Capital expenditures:

- 14 • ORA does not oppose PG&E's TY 2019, 2020 and 2021 capital forecast
15 except as described below.
- 16 • ORA recommends that PG&E file a Tier 1 Advice Letter if and when
17 PG&E determines that it shall commence the Liquefied Natural Gas
18 Tanker Facility Relocation Project.
 - 19 ○ ORA also recommends that the Tier 1 Advice Letter include a pro-
20 rata forecast of capital expenditures for TY 2019 (or first partial year
21 of operation).

22

23

³ ORA notes that PG&E is requesting funding for a new project if the 2022 attrition year is adopted. If the 2022 attrition year is adopted, ORA does not oppose PG&E's 2022 forecast.

1 Table 13-1 compares ORA's and PG&E's TY 2019 forecasts of Other GTS
 2 Support expenses:

3
 4
 5

Table 13-1
Other GTS Support Expenses for TY2019
(In Thousands of Dollars)

Description (a)	ORA Recommended 2019 Forecast (b)	PG&E Proposed 2019 Forecast (C)	Amount PG&E>ORA (d=c-b)	Percentage PG&E>ORA (e=d/b)
General Support	30,417,032	30,417,032	-	0.0%
Environmental	7,784,685	7,784,685	-	0.0%
Customer Access Charge	1,507,783	1,507,783	-	0.0%
Training and Curriculum Development	1,858,303	1,858,303	-	0.0%
Gas Qualifications	969,008	969,008	-	0.0%
Gas Transmission Mapping	3,930,881	3,930,881	-	0.0%
Permits and Fees	6,814,528	6,814,528	-	0.0%
Gas Transmission Aviation	211,921	211,921	-	0.0%
Operational Management	7,539,752	7,539,752	-	0.0%
Operational Support	19,004,131	19,004,131	-	0.0%
Stewardship	(20,750,000)	(20,750,000)	-	0.0%
Total Expenses	59,288,023	59,288,023	-	0.0%

6
 7 Source: PG&E Workpapers, Chapter 13, p. WP 13-1.

8

1 Table 13-2 compares ORA’s and PG&E’s 2019-2021 forecasts of Other GTS
 2 Support capital expenditures:

3 **Table 13-2**
 4 **Other GTS Support Capital Expenditures for 2019-2021**
 5 **(In Thousands of Dollars)**

Description	ORA Recommended			PG&E Proposed ⁴		
	2019 Forecast	2020 Forecast	2021 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Weld Shop	-	-	-	-	-	-
Tools and Equipment	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Environmental Projects	-	-	-	-	-	-
Building Management	9,467,000	1,137,000	1,000,000	9,467,000	1,137,000	1,000,000
Stewardship	(7,277,984)	(7,104,546)	(8,325,822)	(7,277,984)	(7,104,546)	(8,325,822)
Total Capital Expenditures	3,389,016	(4,767,546)	(6,125,822)	3,389,016	(4,767,546)	(6,125,822)

6 Source: PG&E Workpapers, Chapter 13, p. WP 13-1.

7 **III. GENERAL OVERVIEW**

8 ORA conducted an analysis of PG&E’s estimated expenses and capital
 9 expenditures. ORA analyzed PG&E’s application and exhibits, supporting
 10 workpapers, PG&E’s data request responses, information provided via pictures as
 11 well as e-mails. PG&E provided projections for future years and TY 2019 as well as
 12 five years of historical data (2012 through 2016) for some expenses, due to the use
 13 of a new methodology, the “New Cost Model”⁵, discussed in PG&E’s Chapter 20.
 14 PG&E’s forecast methodology is driven by major incremental projects as well as
 15 smaller projects, headcount and ongoing maintenance costs.

16 The remainder of this section discusses ORA’s analysis regarding specific
 17 capital expenditures where ORA recommends adjustments to PG&E’s TY 2019
 18 forecast.

⁴ PG&E Workpapers, Chapter 13, p. WP 13-1.

⁵ PG&E Exh. 13, p. 13-4.

1 ORA reviewed PG&E’s request, and does not oppose the following GTS
 2 Support capital expenditure forecasts for TY 2019: Customer Access Charge,
 3 Training and Curriculum Development, Gas Qualifications, Gas Transmission
 4 Mapping, Permits and Fees, Gas Transmission Aviation, Operational Management,
 5 Operational Support, and Stewardship. However; ORA recommends a modification
 6 for the LNG Tanker Facility Relocation Project capital expenditure.

7 **IV. DISCUSSION / ANALYSIS OF PG&E’S NATURAL GAS STORAGE**
 8 **STRATEGY (NGSS) - ENVIRONMENTAL REMEDIATION**

9 PG&E discusses its NGSS decommissioning plan in Chapter 11 and
 10 proposed costs recovery in Chapter 14A. PG&E’s proposal includes ceasing
 11 storage operations at its Los Medanos and Pleasant Creek storage facilities.
 12 Ceasing operations at these facilities will involve environmental remediation work at
 13 the Los Medanos and Pleasant Creek storage fields.⁶

14 PG&E anticipates environmental work may take longer than expected so the
 15 cost is split evenly over four years, 2022 through 2025, and escalated as illustrated
 16 below in Table 13-4.

17 ORA recommends \$0.00 for the environmental remediation costs for NGSS.
 18 ORA recommendation is based on Table 13-4 below, which illustrates 2022 as the
 19 starting year and that is not within the Attrition years in this proceeding. If a third
 20 attrition year is adopted, covering 2022, then ORA does not oppose PG&E’s forecast
 21 for 2022 of \$2.44 million.

22 **Table 13-4**
 23 **Other GTS Support Expenses for TY2019**
 24 **NGSS**
 25 **(In Thousands of Dollars)**

Description	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
NGSS	2,443	2,514	2,587	2,662

26

⁶ PG&E Exh. 13, pp. 13-31 & 13-32.

1 **V. DISCUSSION / ANALYSIS OF PG&E’S LNG TANKER FACILITY**
2 **RELOCATION PROJECT CAPITAL EXPENDITURE**

3
4 ORA generally agrees with the basis of PG&E’s forecast regarding the
5 relocation of the LNG Tanker Facility, which is a capital expense. As stated in data
6 response “GTS-RateCase2019_DR_ORA_051-Q09” PG&E is in the process of
7 looking for other locations to relocate the facility. ORA recommends PG&E file a
8 Tier 1 Advice Letter to implement the Relocation Project. The filing should include
9 the forecast capital expense and on-going capital expenditures on a pro-rata basis,
10 but the Commission should allow cost recovery in the rate case period only up to
11 PG&E’s forecast of \$4,864,000 PG&E should make the Advice Letter filing after
12 acquiring the land but ahead of construction.

13 **VI. CONCLUSION**

14 In conclusion, ORA recommends:

- 15 • Regarding expense, for the NGSS under Environmental Remediation,
16 where ORA recommends \$0.00 for PG&E’s TY 2019, 2020, 2021
17 compared to PG&E’s request of \$2.4 million in 2022, \$2.5 million in 2023,
18 \$2.5 million in 2024 and \$2.6 million in 2025.
- 19 • For Capital Expenditure, PG&E has to file a Tier 1 Advice Letter if and
20 when PG&E determines that it shall commence the Liquefied Natural Gas
21 Tanker Facility Relocation Project.
- 22 • PG&E be required to file Tier 1 Advice Letter including a pro-rata forecast
23 of capital expenditures for TY 2019 (or first partial year of operation).

1 **WITNESS QUALIFICATIONS**

2 Q.1 Please state your name and address.

3 A.1 My name is Maricela Sierra. My business address is 505 Van Ness Avenue,
4 San Francisco, California.

5

6 Q.2 By whom are you employed and in what capacity?

7 A.2 I am employed by the California Public Utilities Commission as a Public
8 Utilities Regulatory Analyst III in the Office of Ratepayer Advocates in the
9 Energy Cost of Service and Natural Gas Branch.

10

11 Q.3 Briefly describe your educational background and work experience.

12 A.3 I received a Bachelor of Arts Degree in Economics from California State
13 University, Sacramento. After joining the Commission in 2001, I have worked
14 on General Rate Cases (GRC), Biennial Cost Allocation Proceedings (BCAP)
15 (GCAP) (TCAP) as the gas throughput witness, cost-benefit analysis, rate
16 design, cost allocation, results of operations, depreciation, econometric and
17 non-econometric forecasting, energy and water demand forecasting, and
18 operating revenues for various electric, natural gas, and water utilities'
19 general rate case proceedings.

20

21 Q.4 What is your area of responsibility in this proceeding?

22 A.4 I am responsible for Exhibit ORA-13 Other Gas Transmission and Storage
23 Support.

24

25 Q.5 Does that complete your prepared testimony?

26 A.5 Yes, it does.