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Exhibit Number : ORA-15A
Commissioner : C. Rechtschaffen
ALJ : S. Roscow
Witness : J. Oh



OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

**The Office of Ratepayer Advocates’
Report on
Pacific Gas and Electric Company’s
Cost of Service and Rates for Gas
Transmission and Storage
Services for the Period 2019 - 2021**

Summary of Earnings

San Francisco, California
June 29, 2018

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1 **I. INTRODUCTION**

2 This exhibit presents the analyses and recommendations of the Office of
3 Ratepayer Advocates (ORA) regarding the proposals of Pacific Gas and Electric
4 Company (PG&E) in its Test Year (TY) 2019 Gas Transmission and Storage (GT&S)
5 Proceeding.

6 ORA's Summary of Earnings for PG&E's gas transmission and storage are
7 displayed in this exhibit. The revenue requirements are calculated by a computer
8 model developed by PG&E and referred to as the Results of Operations (RO) model.
9 The data inputs are provided by various ORA witnesses. These inputs are then
10 used by the RO model to calculate the Summary of Earnings.

11 **II. SUMMARY OF RECOMMENDATIONS**

12 The Results of Operations for PG&E gas transmission and storage is
13 summarized in the five tables shown at the end of this exhibit:

- 14 • Table 15A-1 contains ORA's recommended revenue requirements
15 at present and proposed rates.
- 16 • Table 15A-2 shows PG&E's requested revenue requirements at
17 present and proposed rates.
- 18 • Table 15A-3 compares ORA's and PG&E's revenue requirements
19 at proposed rates.
- 20 • Table 15A-4 compares ORA's and PG&E's revenue requirements
21 at present rates.
- 22 • Table 15A-5 compares ORA's and PG&E's rate base at proposed
23 rates.

24
25 **III. RESULTS OF OPERATIONS MODEL**

26 PG&E filed its TY2019 GT&S application on November 17, 2017, and
27 provided ORA with an accompanying RO model. PG&E submitted supplemental
28 testimony on March 30, 2018, updating its revenue requirement forecast to address

1 the effect of the new federal income tax legislation.^{1,2} An updated RO model that
2 incorporated the new federal tax law was provided to ORA on May 16, 2018. On
3 June 25, 2018, PG&E provided another updated RO model that applied the new
4 federal tax legislation to the attrition years for the rate design model. ORA used this
5 version of the RO model to calculate the Summary of Earnings depicted in this
6 report.

7 The various ORA witnesses provided input data for the RO model.
8 Discussions and analyses of the input data are contained in the corresponding ORA
9 exhibits.

10 The values shown in the following tables were extracted from the same RO
11 model with different inputs. The numbers shown in the PG&E columns were
12 extracted from the RO version that was provided by PG&E on May 16, 2018. The
13 figures displayed in the ORA columns were extracted from the same RO models
14 with ORA's recommended adjustments to expenses and capital.

15

¹ PG&E 2019 Gas Transmission and Storage Rate Case Update Testimony,
dated March 30, 2018, p. 1

² Federal income tax legislation is known as the Tax Cuts and Jobs Act (Tax Act).

Table 15A-1
Pacific Gas and Electric Company
2019 Gas Transmission and Storage Rate Case
Summary of Earnings
(Thousands of Dollars)

Line No.	<u>Description</u>	ORA Present Rates <u>2019</u>	ORA Proposed Rates <u>2019</u>
REVENUE:			
1	Revenue Collected in Rates	1,298,106	1,380,938
2	Plus Other Operating Revenue	2,871	5,076
3	Total Operating Revenue	1,300,977	1,386,013
OPERATING EXPENSES:			
4	Energy Costs	0	0
5	Gathering	1,712	1,712
6	Storage	37,175	37,175
7	Transmission	532,449	532,449
8	Distribution	243	243
9	Customer Accounts	1,265	1,265
10	Uncollectibles	4,189	4,463
11	Customer Services	0	0
12	Administrative and General	110,088	110,088
13	Franchise & SFGR Tax Requirement	12,378	13,188
14	Amortization	0	0
15	Wage Change Impacts	0	0
16	Other Price Change Impacts	0	0
17	Other Adjustments	(66,537)	(66,537)
18	Subtotal Expenses:	632,962	634,045
TAXES:			
19	Superfund	0	0
20	Property	75,545	75,545
21	Payroll	13,361	13,361
22	Business	110	110
23	Other	465	465
24	State Corporation Franchise	(8,287)	(865)
25	Federal Income	20,853	38,483
26	Total Taxes	102,046	127,097
27	Depreciation	212,006	212,006
28	Gas Storage Decommissioning	9,048	9,048
29	Other Decommissioning	0	0
30	Total Operating Expenses	956,061	982,196
31	Net for Return	344,916	403,818
32	Rate Base (1)	5,251,205	5,251,205
RATE OF RETURN:			
33	On Rate Base	6.57%	7.69%
34	On Equity	8.09%	10.25%

Table 15A-2
Pacific Gas and Electric Company
2019 Gas Transmission and Storage Rate Case
Summary of Earnings
(Thousands of Dollars)

Line No.	Description	PG&E Present Rates <u>2019</u>	PG&E Proposed Rates <u>2019</u>
REVENUE:			
1	Revenue Collected in Rates	1,298,106	1,563,562
2	Plus Other Operating Revenue	2,871	5,076
3	Total Operating Revenue	1,300,977	1,568,638
OPERATING EXPENSES:			
4	Energy Costs	0	0
5	Gathering	1,712	1,712
6	Storage	42,402	42,402
7	Transmission	614,655	614,655
8	Distribution	243	243
9	Customer Accounts	1,265	1,265
10	Uncollectibles	4,189	5,051
11	Customer Services	0	0
12	Administrative and General	110,088	110,088
13	Franchise & SFGR Tax Requirement	12,378	14,925
14	Amortization	0	0
15	Wage Change Impacts	0	0
16	Other Price Change Impacts	0	0
17	Other Adjustments	(66,537)	(66,537)
18	Subtotal Expenses:	720,395	723,804
TAXES:			
19	Superfund	0	0
20	Property	76,333	76,333
21	Payroll	14,253	14,253
22	Business	110	110
23	Other	465	465
24	State Corporation Franchise	(21,915)	1,445
25	Federal Income	(20,006)	35,486
26	Total Taxes	49,240	128,092
27	Depreciation	274,544	274,544
28	Gas Storage Decommissioning	29,604	29,604
29	Other Decommissioning	0	0
30	Total Operating Expenses	1,073,783	1,156,044
31	Net for Return	227,194	412,594
32	Rate Base (1)	5,365,329	5,365,329
RATE OF RETURN:			
33	On Rate Base	4.23%	7.69%
34	On Equity	3.60%	10.25%

Table 15A-3
Pacific Gas and Electric Company
2019 Gas Transmission and Storage Rate Case
Summary of Earnings
(Thousands of Dollars)

Line No.	Description	ORA	PG&E	PG&E Exceeds ORA	
		Proposed Rates <u>2019</u>	Proposed Rates <u>2019</u>	\$ <u>Variance</u>	% <u>Variance</u>
REVENUE:					
1	Revenue Collected in Rates	1,380,938	1,563,562	182,624	13.22%
2	Plus Other Operating Revenue	5,076	5,076	0	0.01%
3	Total Operating Revenue	1,386,013	1,568,638	182,625	13.18%
OPERATING EXPENSES:					
4	Energy Costs	0	0	0	-
5	Gathering	1,712	1,712	0	0.03%
6	Storage	37,175	42,402	5,227	14.06%
7	Transmission	532,449	614,655	82,206	15.44%
8	Distribution	243	243	0	0.00%
9	Customer Accounts	1,265	1,265	0	0.02%
10	Uncollectibles	4,463	5,051	588	13.17%
11	Customer Services	0	0	0	-
12	Administrative and General	110,088	110,088	0	0.00%
13	Franchise & SFGR Tax Requirement	13,188	14,925	1,737	13.17%
14	Amortization	0	0	0	-
15	Wage Change Impacts	0	0	0	-
16	Other Price Change Impacts	0	0	0	-
17	Other Adjustments	(66,537)	(66,537)	(0)	0.00%
18	Subtotal Expenses:	634,045	723,804	89,759	14.16%
TAXES:					
19	Superfund	0	0	0	-
20	Property	75,545	76,333	788	1.04%
21	Payroll	13,361	14,253	892	6.68%
22	Business	110	110	0	0.13%
23	Other	465	465	0	0.09%
24	State Corporation Franchise	(865)	1,445	2,310	-266.96%
25	Federal Income	38,483	35,486	(2,997)	-7.79%
26	Total Taxes	127,097	128,092	995	0.78%
27	Depreciation	212,006	274,544	62,538	29.50%
28	Gas Storage Decommissioning	9,048	29,604	20,556	227.19%
29	Other Decommissioning	0	0	0	-
30	Total Operating Expenses	982,196	1,156,044	173,848	17.70%
31	Net for Return	403,818	412,594	8,776	2.17%
32	Rate Base (1)	5,251,205	5,365,329	114,124	2.17%
RATE OF RETURN:					
33	On Rate Base	7.69%	7.69%	0.00%	0.00%
34	On Equity	10.25%	10.25%	0.00%	0.00%

1 Note (1) - The rate base amount does not reflect D.16-12-010 penalty amount.

Table 15A-4
Pacific Gas and Electric Company
2019 Gas Transmission and Storage Rate Case
Summary of Earnings
(Thousands of Dollars)

Line No.	Description	ORA	PG&E	PG&E Exceeds ORA	
		Present Rates <u>2019</u>	Present Rates <u>2019</u>	\$ <u>Variance</u>	% <u>Variance</u>
REVENUE:					
1	Revenue Collected in Rates	1,298,106	1,298,106	0	0.00%
2	Plus Other Operating Revenue	2,871	2,871	(0)	-0.02%
3	Total Operating Revenue	1,300,977	1,300,977	(0)	0.00%
OPERATING EXPENSES:					
4	Energy Costs	0	0	0	-
5	Gathering	1,712	1,712	0	0.03%
6	Storage	37,175	42,402	5,227	14.06%
7	Transmission	532,449	614,655	82,206	15.44%
8	Distribution	243	243	0	0.00%
9	Customer Accounts	1,265	1,265	0	0.02%
10	Uncollectibles	4,189	4,189	(0)	-0.01%
11	Customer Services	0	0	0	-
12	Administrative and General	110,088	110,088	0	0.00%
13	Franchise & SFGR Tax Requirement	12,378	12,378	(0)	0.00%
14	Amortization	0	0	0	-
15	Wage Change Impacts	0	0	0	-
16	Other Price Change Impacts	0	0	0	-
17	Other Adjustments	(66,537)	(66,537)	(0)	0.00%
18	Subtotal Expenses:	632,962	720,395	87,433	13.81%
TAXES:					
19	Superfund	0	0	0	-
20	Property	75,545	76,333	788	1.04%
21	Payroll	13,361	14,253	892	6.68%
22	Business	110	110	0	0.13%
23	Other	465	465	0	0.09%
24	State Corporation Franchise	(8,287)	(21,915)	(13,628)	164.45%
25	Federal Income	20,853	(20,006)	(40,859)	-195.94%
26	Total Taxes	102,046	49,240	(52,806)	-51.75%
27	Depreciation	212,006	274,544	62,538	29.50%
28	Gas Storage Decommissioning	9,048	29,604	20,556	227.19%
29	Other Decommissioning	0	0	0	-
30	Total Operating Expenses	956,061	1,073,783	117,722	12.31%
31	Net for Return	344,916	227,194	(117,722)	-34.13%
32	Rate Base (1)	5,251,205	5,365,329	114,124	2.17%
RATE OF RETURN:					
33	On Rate Base	6.57%	4.23%	-2.33%	-35.53%
34	On Equity	8.09%	3.60%	-4.49%	-55.52%

1 Note (1) - The rate base amount does not reflect D.16-12-010 penalty amount.

Table 15A-5
Pacific Gas and Electric Company
2019 Gas Transmission and Storage Rate Case
Ratebase
(Thousands of Dollars)

Line No.	Description	Recorded Year <u>2016</u>	ORA Test Year <u>2019</u>	PG&E Test Year <u>2019</u>	PG&E Exceeds ORA \$ <u>Variance</u>	PG&E Exceeds ORA % <u>Variance</u>
WEIGHTED AVERAGE PLANT:						
1	Plant Beginning Of Year (BOY)	5,752,322	7,989,894	8,070,603	80,709	1.01%
2	Net Additions	0	266,200	327,671	61,470	23.09%
3	Total Weighted Average Plant	5,752,322	8,256,094	8,398,274	142,179	1.72%
WORKING CAPITAL:						
4	Material and Supplies - Fuel	0	0	0	0	-
5	Material and Supplies - Other	92,633	81,721	81,721	0	-
6	Working Cash	99,575	87,288	99,422	12,134	13.90%
7	Total Working Capital	192,208	169,009	181,143	12,134	7.18%
ADJUSTMENTS FOR TAX REFORM ACT:						
8	Deferred Capitalized Interest	247	4,518	4,518	0	-
9	Deferred Vacation	4,179	3,170	3,170	0	-
10	Deferred CIAC Tax Effects	195	183	183	0	-
11	Total Adjustments	4,620	7,871	7,871	0	-
12	CUSTOMER ADVANCES	23,599	18,740	18,740	0	
DEFERRED TAXES						
13	Accumulated Regulatory Assets	0	0	0	0	-
14	Accumulated Fixed Assets	666,579	751,575	756,811	5,236	0.70%
15	Accumulated Other	0	0	0	0	-
16	Deferred ITC	6,131	5,305	5,305	0	-
17	Deferred Tax - Other	0	0	0	0	-
18	Total Deferred Taxes	672,711	756,881	762,116	5,236	0.69%
19	DEPRECIATION RESERVE	2,110,297	2,406,149	2,441,103	34,953	1.45%
20	TOTAL Ratebase	3,142,542	5,251,205	5,365,329	114,124	2.17%
21	D.16-12-010 Penalty Adjustment	(371,619)	(518,095)	(518,095)	0	-
22	Penalty Adjusted Rate Base	2,770,923	4,733,110	4,847,234	114,124	2.41%

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WITNESS QUALIFICATIONS

2 My name is K. Jerry Oh. My business address is 505 Van Ness Avenue, San
3 Francisco, California. I am employed by the Office of Ratepayer Advocates (ORA)
4 as a Public Utilities Regulatory Analyst V in the Energy Cost of Service and Natural
5 Gas Branch.

6 I received a Bachelor of Arts degree in Business Economics from University
7 of California, Los Angeles. I have testified before the Commission as an expert
8 witness in numerous Commission enforcement and regulatory proceedings.

9 This completes my prepared testimony.