PG&E HEARING EXHIBIT PGE-20

A.20-04-023

PG&E'S SECURITIZATION 2020

Appendix B ………………. Data Responses Cited in PG&E's Rebuttal Testimony

PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX B

RESPONSES TO DATA REQUESTS

A4NR RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	Alliance For Nuclear Responsibility (John Geesman)
PG&E Data Request No.:	PGE_A4NR002
PG&E File Name:	Securitization2020_DR_PGE_A4NR002
Date Requested:	October 27, 2020
Date Due:	November 3, 2020

The Alliance for Nuclear Responsibility served testimony from John Geesman in this proceeding on October 14, 2020 (Geesman Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that A4NR respond to the below requests in five business days. Please advise if A4NR will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

Matthew Plummer
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A.20-04-023
A4NR Data Responses to PG&E
Securitization2020_DR_PGE_A4NR002
Prepared by John Geesman

<u>A4NR's General Objections:</u>

1. A4NR objects to each request to the extent it seeks information protected from disclosure by the attorney-client privilege, the attorney work-product doctrine, or any other privilege or protection from disclosure. A4NR intends to invoke all such privileges and protections, and any inadvertent disclosure of privileged or protected information shall not give rise to a waiver of any such privilege or protection.
2. These responses are made without waiving A4NR's rights to raise all issues regarding relevance, materiality, privilege, or admissibility in evidence in any proceeding. A4NR reserves the right, but does not obligate itself, to amend these responses as needed based on any new factual developments.
3. A4NR incorporates each of these General Objections into each of its responses below. Each of A4NR's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 3: Is PG&E able to obtain an investment-grade issuer credit rating in the future?

A4NR ANSWER: A4NR believes that PG&E will be able to obtain an investment-grade issuer credit rating at some point in the future.

Q 6: With reference to page 9, line 5, of the Geesman Testimony:

a. Does A4NR contend that a split rating between S&P and Moody's where one assigns PG&E a higher credit rating than the other would not have any effect on PG&E's cost of borrowing?

A4NR ANSWER: No.

b. Explain all reasons and bases for your answer to (a) and provide all documents on which it is based.

A4NR ANSWER: The cost of a borrowing will depend on a number of factors at the time of that borrowing, and a split rating could have an effect on such cost.

Q 23: On page 26, lines 16-21, the Geesman Testimony states, “By PG&E’s estimate, the proposed securitization reduces annual revenue requirements by a cumulative $6.7 billion over its 30-year life, with present value savings of $4.2 billion when discounted at PG&E’s 7.34% authorized return on rate base. Incongruously, PG&E proposes to compensate ratepayers only a small fraction of these projected benefits in exchange for absorption of the multiple risks of PG&E’s proposed structure.”

a. Does A4NR contend that any portion of the $7.5 billion would be included in rates of customers if Securitization is denied?

A4NR ANSWER: No.

b. If the Customer Credit equals the FRC in all periods, what portion of the $7.5 billion would ratepayers have paid?

A4NR ANSWER: None, but they will still be entitled to compensation for the credit enhancement they have provided.

AECA RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	Agricultural Energy Consumers Association (Ann Trowbridge; Michael Boccadoro)
PG&E Data Request No.:	PGE_AECA002
PG&E File Name:	Securitization2020_DR_PGE_AECA002
Date Requested:	October 23, 2020
Date Due:	October 30, 2020

The Agricultural Energy Consumers Association (AECA) served testimony from Michael Boccadoro in this proceeding on October 14, 2020 (the Boccadoro Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that AECA respond to the below requests in five business days. Please advise immediately if AECA will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

Matthew Plummer
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Q 8: Does AECA contend that securitization would have no impact on PG&E's cost of debt going forward? If yes, state all facts supporting such contention. If no, set forth and explain what impact AECA believes it would have.

AECA Response:

The proposed Securitization may provide PG&E with the "opportunity" to achieve an investment-grade credit rating potentially two years before it otherwise would without the Securitization. If this potential is realized it is possible, but not certain, that there may be some minimal impact on PG&E's cost of debt going forward. (See Boccadoro Testimony, p. 9, lines 5-13.)

Q 10: At page 10, lines 21-22, the Boccadoro testimony states: "The Commission should consider requiring a dollar for dollar rate credit to offset any shortfall in Customer Credits."

a. Does AECA agree that if PG&E guarantees such a credit, then Standard & Poors will require that the obligation remain on balance sheet? If you do not agree, explain the basis for your disagreement.

AECA Response:

AECA understands that PG&E appears to object to such a guarantee because it believes Standard & Poors will require that the obligation remain on balance sheet: "In the event that PG&E were to guarantee the Customer Credit mechanism, S&P would likely treat it as an enforceable contractual commitment and, therefore, the securitization would be on-credit and the forecasted improvement in financial metrics would not occur." (PG&E Prepared Testimony (Updated), p. 1-14, lines 9-12.)

b. Does AECA agree that if PG&E is required to guarantee the Customer Credits payments, then that would undermine PG&E's goal of achieving an improvement in its credit metrics through the securitization? If you do not agree, explain the basis for your disagreement.

AECA Response:

See response to Question 10.a. above. AECA is concerned that because PG&E cannot guarantee the Customer Credit mechanism, ratepayers will bear the risk of PG&E's securitization proposal.

Q 11: Is PG&E able to obtain an investment-grade issuer rating in the future?

AECA Response:

Yes. PG&E testimony indicates PG&E would be able to obtain an investment-grade issue rating in the future: "Pursuant to the analysis of Citigroup Global Markets Inc., the proposed Securitization would provide PG&E the opportunity to achieve metrics consistent with an investment-grade issuer credit rating under S&P's methodology within its five-year financial projections, potentially two years or more before it otherwise would absent the Securitization." (PG&E Prepared Testimony (Updated), p. 1-11, lines 14-18.)

Q 12: Would the Commission's approval of PG&E's pending application for securitization make it more likely that PG&E's credit rating would improve over the next four years than if the Commission denied the application?

AECA Response:

According to PG&E's testimony, the proposed Securitization would provide PG&E the "opportunity" to achieve metrics consistent with an investment-grade credit rating, "potentially" within four years, before it otherwise would without the Securitization. (PG&E Prepared Testimony (Updated), p. 1-11, lines 14-18.) Keeping PG&E's own qualifications in mind, AECA cannot say that the Commission's approval of PG&E's pending application for securitization would make it "more likely" that PG&E's credit rating would improve over the next four years than if the Commission denied the application.

Additionally, to the extent that PG&E were to enter bankruptcy proceedings within the next four years, PG&E's credit rating would not improve (see response to Q6, above).

CCSF RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	City and County of San Francisco (Suzy Hong)
PG&E Data Request No.:	PGE_CCSF002
PG&E File Name:	Securitization2020_DR_PGE_CCSF002
Date Requested:	October 23, 2020
Date Due:	October 30, 2020

The City and County of San Francisco served testimony in this proceeding on October 14, 2020 (CCSF's Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that CCSF respond to the below requests in five business days. Please advise if CCSF will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

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PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	3
Date Requested:	October 23, 2020
Response Date:	October 30, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

San Francisco's objections and responses are made without intending to and should not be construed to waive or relinquish San Francisco's rights to take the following actions:

A. Raise all questions and objections regarding relevancy, materiality, privilege, admissibility as evidence for any purpose, or other appropriate grounds as to these Requests and any information provided in response to these Requests that may arise in any subsequent proceeding, in, or at the trial of this or any other action;

B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 3: Does CCSF agree that de-leveraging PG&E (i) was articulated by the CPUC in D.20-05-053 as a goal for the benefit ratepayers and/or (ii) is likely to be of benefit to ratepayers? If CCSF does not agree with either of these statements, explain why not.

Response to Question 3:

San Francisco objects to this Request to the extent it calls for legal conclusions. The Commission's D.20-05-023 speaks for itself. In addition, the Request is vague and ambiguous as to what specific language in D.20-05-053 PG&E is referring to. Subject to and without waiving these objections, San Francisco provides the following response:

The benefits of any de-leveraging, if any, will depend on how the de-leveraging is executed. Securitization would "de-leverage" PG&E with respect to how S&P calculates its credit metrics. In this case, Securitization would benefit shareholders by transferring the risk of repayment of the existing Temporary Debt (where cost responsibility lies with PG&E's shareholders) to the new, securitized (and $1.5 billion larger) debt (where the responsibility lies with PG&E's ratepayers).

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	4
Date Requested:	October 23, 2020
Response Date:	November 6, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

San Francisco's objections and responses are made without intending to and should not be construed to waive or relinquish San Francisco's rights to take the following actions:

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B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 4: On page 6, line 1, the Meal testimony states that PG&E "is attempting to improve its financial strength" by replacing the $6 billion in temporary debt with the $7.5 billion in securitized debt. Does CCSF agree that the securitization transaction would improve PG&E's financial health? Does CCSF agree that securitization would have a positive impact on PG&E's credit ratings going forward? If so, state all facts supporting such contention. If not, explain what impact CCSF believes it most likely would have.

CCSF Answer to Question 4:

San Francisco objects to this Request to the extent it is vague, ambiguous, and overly broad as it requests "all facts" supporting certain contentions. Subject to and without waiving these objections, San Francisco provides the following response:

All else equal, the proposed Securitization would increase certain quantitative metrics that S&P uses to assess PG&E's Financial Risk Profile, but not necessarily the metrics others in the financial community would use to assess PG&E's financial health. For example, PG&E testimony figure 5-5 shows that the securitization would increase PG&E's FFO/ Debt by about 2-3 percentage points over the next several years. However, the overall improvement in PG&E's financial health and credit ratings, if any, would depend on factors beyond the degree of improvement in credit metrics (over both the near and the long term). These factors include: (i) how the Securitization is executed (e.g. amount, term, interest rate, bankruptcy-remote structure); (ii) numerous other qualitative factors that are unrelated to the Securitization (operating track record, strength of management, etc.); and (iii) the extent to which the Securitization puts upward pressure on PG&E's rates and the affordability of the services it provides.

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	6
Date Requested:	October 23, 2020
Response Date:	October 30, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

San Francisco's objections and responses are made without intending to and should not be construed to waive or relinquish San Francisco's rights to take the following actions:

A. Raise all questions and objections regarding relevancy, materiality, privilege, admissibility as evidence for any purpose, or other appropriate grounds as to these Requests and any information provided in response to these Requests that may arise in any subsequent proceeding, in, or at the trial of this or any other action;

B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 6: Does CCSF contend that rejection of this application would have no negative impact on PG&E's credit profile? If so, state all facts supporting such contention. If not, explain what impact CCSF believes it would most likely have.

Response to Question 6:

San Francisco objects to this Request as vague and ambiguous, and overly broad as it requests "all facts" supporting certain contentions. Subject to and without waiving these objections, San Francisco provides the following response:

San Francisco takes no position regarding the impact a rejection of PG&E's application would have on PG&E's credit profile. The impact on PG&E's credit profile will depend upon the details of the Commission's decision and PG&E's actions in response to that decision, as well as on other actions PG&E might or might not take both prior to and after a final decision is issued.

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	8
Date Requested:	October 23, 2020
Response Date:	November 6, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

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B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 8: On page 12, lines 8-9, the Meal testimony states that sales of assets to public entities would be "non-core" because "they include removal of PG&E's retail service obligations to the customers served by the assets."

a. Are all sales of assets "non-core" because they assume that PG&E would no longer use those assets to serve customers?

b. Under what circumstances would a sale of assets be a sale of "core" assets?

CCSF Answer to Question 8:

a. San Francisco objects to this Request as vague and ambiguous. San Francisco further objects to this Request to the extent that it calls for a legal conclusion and seeks information protected by the attorney-client privilege, and/or the attorney-work product doctrine. Subject to and without waiving these objections, San Francisco provides the following response:

Not necessarily. Ms. Meal's testimony is that non-core asset sales would include those assets that PG&E is no longer using to serve customers, or will no longer be using to serve its customers if another entity will use the assets to serve PG&E's former customers. (*See* Meal testimony at p. 9, lines 6-7.)

b. San Francisco objects to this Request as vague, ambiguous, and beyond the scope of San Francisco's testimony. San Francisco further objects to this Request as overly broad as San Francisco cannot anticipate the circumstances surrounding every potential sale of assets. San Francisco further objects to this Request to the extent that it calls for a legal conclusion and seeks information protected by the attorney-client privilege, and/or the attorney work-product doctrine. Subject to and without waiving these objections, San Francisco provides the following response:

Ms. Meal's testimony on this issue is limited to a discussion of why the PG&E assets identified for purchase by public entities are non-core.

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	17
Date Requested:	October 23, 2020
Response Date:	October 30, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

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B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 17: On page 19, lines 17-18, the Meal testimony states: "[T]he difference in metrics, with and without securitization, is relatively small over the five-year period."

a. State whether CCSF agrees that the difference in metrics with and without Securitization would give PG&E the opportunity to achieve an investment grade issuer credit rating earlier with Securitization than without Securitization.

b. State how CCSF would define a "significant" different in metrics, or a difference in metrics that is not "relatively small."

Response to Question 17:

San Francisco objects to this Request as vague and ambiguous as to the meaning of the terms "earlier" and "significant." San Francisco further objects to this Request to the extent it is calls for speculation and/or assumptions since factors other than metrics also contribute to PG&E's ability or inability to achieve an investment grade issuer credit rating. Subject to and without waiving these objections, San Francisco provides the following response:

a. All else equal, under S&P's methodology securitization would give PG&E the **opportunity** to achieve an investment grade issuer credit rating 'earlier" than without securitization. However, improvement in unrelated factors is required for that opportunity to be realized. See Meal Testimony, Answer 21, at 19, lines 1-13.

b. A "significant" difference in metrics is one that would likely result in an improvement in credit metrics that is significant relative to the rating agencies' maximum and minimum guidelines for achievement of a particular rating. Conversely, a relatively small difference in metrics is one that is relatively small relative to the rating agencies' maximum and minimum guidelines for achievement of a particular rating.

For example, PG&E Testimony, Figure 5-2 (at 5-14) shows that for a half-notch or full-notch increase in credit ratings (e.g. BB to BB+ is a one-notch increase) requires moving from one financial profile to the next higher financial profile (e.g. moving from "significant" to "intermediate" financial risk, as measured by credit metrics). Further, for a given business risk profile, to achieve a "significant" financial risk profile, FFO to debt could fall anywhere between 13% and 23%. To achieve the higher "intermediate" financial risk profile, FFO to debt could fall anywhere between 23% and 35%. Within a financial risk profile, FFO to debt can vary by 10 percentage points, and across these two financial risk profiles, FFO to debt can vary by 22 percentage points. By any measure, a 2-3% improvement is small relative to these ranges.

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	20
Date Requested:	October 23, 2020
Response Date:	October 30, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

San Francisco's objections and responses are made without intending to and should not be construed to waive or relinquish San Francisco's rights to take the following actions:

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B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 20: On page 21, lines 2-3, the Meal testimony quotes S&P's statement that S&P would affirm PG&E's ratings and revise the outlook to stable if "Pac Gas consistently demonstrates the effective management of regulatory risk." State and explain whether CCSF agrees that approval of Securitization would signal PG&E's ability to manage regulatory risk.

Response to Question 20:

San Francisco objects to this Request to the extent it is vague and ambiguous, and calls for speculation and/or assumptions as numerous factors could signal PG&E's ability or inability to manage regulatory risk. Subject to and without waiving these objections, San Francisco provides the following response:

The Commission's approval of the Securitization would be one signal of PG&E's ability to manage regulatory risk. However, it would also be a signal that PG&E's ratepayers are exposed to higher rates and bills over the long term, and that PG&E is unable to avoid incurring costs that are imprudent, both of which limit PG&E's ability to manage regulatory risk.

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request Response

Recipient:	City and County of San Francisco (Suzy Hong)
Requesting Party:	PG&E
PG&E Data Request No.:	PGE_CCSF002
Question No:	28
Date Requested:	October 23, 2020
Response Date:	November 6, 2020
CCSF Witness	Margaret A. Meal

GENERAL OBJECTIONS

Nothing in this response to Pacific Gas & Electric Company's ("PG&E") Second Set of Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving the City and County of San Francisco's ("San Francisco") right to produce and provide additional evidence based on information, evidence, or analysis hereafter obtained, evaluated, or developed. San Francisco's responses are based upon information currently known or believed to be true by San Francisco. San Francisco's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. San Francisco reserves the right to update and/or supplement the responses provided herein if and when additional evidence that is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

San Francisco's objections and responses are made without intending to and should not be construed to waive or relinquish San Francisco's rights to take the following actions:

A. Raise all questions and objections regarding relevancy, materiality, privilege, admissibility as evidence for any purpose, or other appropriate grounds as to these Requests and any information provided in response to these Requests that may arise in any subsequent proceeding, in, or at the trial of this or any other action;

B. Object on any grounds to the use of said information in any subsequent proceeding, in, or at the trial of this or any other action;

C. Object on any grounds to the introduction into evidence of information provided in response to these Requests; and/or

D. Object on any grounds at any time to other requests for production or other discovery involving said information, or the subject matter thereof.

San Francisco incorporates each of these General Objections into each of its responses below. Each of San Francisco's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

Q 28: On page 44, lines 13-15, the Meal testimony states: "To the extent Customer Credits fall short, PG&E must commit to make up the shortfall, with no expiration of that commitment until ratepayers are made whole." State whether CCSF, or anyone on CCSF's behalf, has analyzed the impact of such commitment on PG&E's credit ratings. If so, describe in as much detail as possible the nature and conclusions of that analysis.

CCSF Answer to Question 28:

No. CCSF has not conducted that analysis.

CLECA RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	California Large Energy Consumers Association (Nora Sheriff)
PG&E Data Request No.:	PGE_CLECA002
PG&E File Name:	Securitization2020_DR_PGE_CLECA002
Date Requested:	October 23, 2020
Date Due:	October 30, 2020

The California Large Energy Consumers Association (CLECA) served testimony from Catherine E. Yap in this proceeding on October 14, 2020 (Yap Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that CLECA respond to the below requests in five business days. Please advise if CLECA will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

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Q 10: Is PG&E able to obtain an investment-grade issuer rating in the future?

Response: Moody's expresses optimism about PG&E's ability to improve its credit rating over time provided it avoids additional catastrophic wildfires. Thus, PG&E should be able to maintain its investment-grade rating and improve it over time if it demonstrates good operating and maintenance practices, meets goals for hardening its grid, properly notifies its customers of PSPS events, and manages to avoid catastrophic wildfires.

Q 11: Would the CPUC's approval of PG&E's application make it more likely that PG&E's credit rating would improve more quickly than if the CPUC denied the application?

Response: Not necessarily. The rating agencies are clearly greatly concerned about regulatory risk and relationships with customers. Regulatory risk will be most rapidly reduced if PG&E demonstrates good operating and maintenance practices, meets goals for hardening its grid, properly notifies its customers of PSPS events, and manages to avoid catastrophic wildfires. It will take a number of years to truly demonstrate that PG&E has the situation under control. The success of the securitization application is a relatively small factor in considering the reduction of regulatory risk and the improvement of customer relations.

EPUC RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	Energy Producers and Users Coalition (Nora Sheriff; Lillian Rafii)
PG&E Data Request No.:	PGE_EPUC002
PG&E File Name:	Securitization2020_DR_PGE_EPUC002
Date Requested:	October 26, 2020
Date Due:	November 2, 2020

The Energy Producers and Users Coalition (EPUC) served testimony from Michael Gorman and Robert Stephens in this proceeding on October 14, 2020 (Gorman Testimony and Stephens Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that EPUC respond to the below requests in five business days. Please advise if EPUC will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

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PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Response

Data Request From:	**PG&E**		
Data Request To:	**EPUC**		
Date Requested:	**Oct. 26, 2020**	**Requester DR No:**	**Two**
Date Submitted:	**Nov. 6, 2020**	**Witness(es)**	**Mike Gorman**

The Energy Producers & Users Coalition ("EPUC") submits the following responses to the second set of data requests of Pacific Gas and Electric Company ("PG&E"), served on October 26, 2020.

QUESTION 5

With reference to the statements at page 2, lines 28-33, of the Gorman Testimony:

a. Does EPUC contend that the financial metrics targets used in connection with the pending application for the Securitization are too high?

b. If so, what does EPUC contend is the amount of Stress Test Costs that are eligible for securitization with respect to the pending PG&E application.

c. If not, does EPUC agree that at least $7.5 billion of costs related to wildfires from 2017 are eligible for securitization under PG&E's pending application?

ANSWER 5

a. Yes. See Mr. Gorman's testimony at 15-18.

b. See response to a. above.

c. Mr. Gorman did not dispute the proposed amount of securitization bonds of $7.5 billion can be used for wildfire damage claims and is appropriate to do so.

QUESTION 14

On page 15, lines 12-14, the Gorman Testimony states, “PG&E estimates that under the maximum debt application of the Stress Test Methodology, PG&E needs to reduce its total debt by around $7.5 billion, which is the amount PG&E proposes to securitize.” With reference to Figure 5-15 of PG&E's Chapter 5 testimony served August 7, 2020, does EPUC contest that PG&E demonstrated $11.138 billion of stress test costs using the financial target described in that chapter? If so, provide all reasons.

ANSWER 14

Mr. Gorman does not dispute the Company’s findings as described at page 5-47 and described at Figure 5-15. Mr. Gorman’s testimony should be corrected to remove the words “around $7.5 billion” and insert “no less than $7.5 billion” as stated by PG&E at page 5-34. EPUC will file an errata with this modification before hearings.

QUESTION 18

With reference to the statements at page 17, lines 4-15, of the Gorman Testimony, explain how PG&E would achieve an investment-grade issuer credit rating with a satisfactory Business Risk profile and cite to and provide any documents on which the explanation is based.

ANSWER 18

As outlined in Mr. Gorman's testimony, he believes that through the financial recovery of PG&E, and the implementation of AB 1054 and Stress Test Methodology by the CPUC, that regulatory/legislative treatment of California utilities will be viewed as supportive by credit rating agencies. This should have the effect of improving PG&E's business profile score rating from credit rating agencies.

QUESTION 20

Does EPUC believe the Commission's approval of PG&E's pending application for securitization would make it more likely that PG&E's credit rating would improve over the next four years than if the Commission denied the application?

ANSWER 20

Mr. Gorman has not made the requested evaluation.

QUESTION 23

With reference to Table 2 on page 22 and Table 3 on page 23, of the Gorman Testimony:

a. Does EPUC contend that the maximum overall debt capacity calculated at 15.75% for S&P and 16% for Moody's should be used in evaluating PG&E's pending application to securitize $7.5 billion as Stress Test Costs?

b. If so, how much would be eligible to securitize as Stress Test Costs in PG&E’s pending application?

c. If EPUC contends that less than $7.5 billion should qualify as Stress Test Costs in PG&E's pending application, how will that impact the reduction of PG&E's non-traditional utility debt and obligations that it has already incurred under its plan of reorganization?

d. How does EPUC believe PG&E will pay off any non-traditional utility debt in the absence of securitizing $7.5 billion as Stress Test Costs?

ANSWER 23

a. Yes.

b. $7.5 billion.

c. Not applicable.

d. PG&E will pay off all non-traditional utility debt by dividend suspension and use of other internally generated cash that is not needed to invest in utility plant, or needed for other cash purposes such as debt retirement.

QUESTION 27

Is PG&E able to obtain an investment-grade issuer rating in the future?

ANSWER 27

Mr. Gorman believes it is possible, PG&E needs to deleverage itself consistent with its stated intentions with the CPUC per its Plan of Reorganization.

PG&E UPDATED RESPONSE TO A4NR DATA REQUEST NO. 1

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Updated Data Response

PG&E Data Request No.:	A4NR_001-Q01-16		
PG&E File Name:	Securitization2020_DR_A4NR_001-Q01-16UPDATED		
Request Date:	July 14, 2020	Requester DR No.:	001
Date Sent (Original):	July 28, 2020	Requesting Party:	Alliance for Nuclear Responsibility
Date Sent (Updated):	August 14, 2020		
PG&E Witness:	Q1: David Thomason Q2: David Thomason Q3: David Thomason Q4: David Thomason Q5: Joseph Sauvage Q6: David Thomason Q7: David Thomason Q8: David Thomason Q9: David Thomason Q10: David Thomason Q11: David Thomason Q12: David Thomason Q13: David Thomason Q14: David Thomason Q15: David Thomason Q16: Various	Requester:	John Geesman

GENERAL OBJECTIONS

1. PG&E objects to each request to the extent it seeks information protected from disclosure by the attorney-client privilege, the attorney work-product doctrine, or any other privilege or protection from disclosure. PG&E intends to invoke all such privileges and protections, and any inadvertent disclosure of privileged or protected information shall not give rise to a waiver of any such privilege or protection.

2. These responses are made without waiving PG&E's rights to raise all issues regarding relevance, materiality, privilege, or admissibility in evidence in any proceeding. PG&E reserves the right, but does not obligate itself, to amend these responses as needed based on any changes to PG&E's Application or the proposed securitization structure.

3. PG&E incorporates each of these General Objections into each of its responses below. Each of PG&E's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

QUESTION 12:

Please provide supporting details of all individual components in excess of $5 million that comprise the "approximately $1 billion on average per year in operational cost savings and efficiency initiatives through 2024" identified at p. 5-46 of PG&E's testimony.

(a) Please describe the process PG&E used to identify the operational cost savings and efficiency initiatives.

(b) Please provide copies of any written communications with PG&E's boards of directors that identify or describe the operational cost savings and efficiency initiatives.

ANSWER 12:

On August 7, 2020, PG&E served updated prepared testimony in this proceeding. The language quoted in this request now appears in Chapter 5, Stress Test Methodology (D. Thomason; J. Sauvage) at page 5-55, lines 23-25. PG&E objects to this request as overbroad and unduly burdensome. PG&E further objects to this request as seeking information protected by the attorney-client privilege and/or attorney work product doctrine. PG&E's response excludes any privileged information or attorney work product. Subject to its objections, PG&E responds as follows:

The cost efficiency targets included in the five-year financial plan underlying PG&E's disclosure statement were identified in an effort to offset customer rate pressure created by unique cost increases required over the next five years to address safety and reliability concerns. This effort seeks to build on pre-existing affordability efforts and to evaluate a wide range of possible cost efficiency opportunities across the organization. Throughout this effort to identify, quantify and pursue identified cost efficiencies, PG&E's paramount priority has been that safety, including the scope, pace and quality of work, should never be sacrificed. PG&E's focus has been, and continues to be, providing affordable customer rates without compromising on safety or system reliability. PG&E refers A4NR to 2020Securitization_DR_PubAdv_01-Q24_Atch01CONF, which provides on a confidential basis a breakdown of the efficiency initiatives included in the Updated Financial Projections attached to the Disclosure Statement. PG&E reserves the right to supplement this response as information develops.

PG&E RESPONSE TO CCSF DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Response

PG&E Data Request No.:	CCSF_002-Q01-05		
PG&E File Name:	Securitization2020_DR_CCSF_002-Q01-05		
Request Date:	September 15, 2020	Requester DR No.:	002
Date Sent:	September 29, 2020	Requesting Party:	City and County of San Francisco
PG&E Witness:	Q1: David Thomason Q2: Mari Becker Q3-Q5: David Thomason	Requester:	Suzy Hong

GENERAL OBJECTIONS

1. PG&E objects to each request to the extent it seeks information protected from disclosure by the attorney-client privilege, the attorney work-product doctrine, or any other privilege or protection from disclosure. PG&E intends to invoke all such privileges and protections, and any inadvertent disclosure of privileged or protected information shall not give rise to a waiver of any such privilege or protection.

2. These responses are made without waiving PG&E's rights to raise all issues regarding relevance, materiality, privilege, or admissibility in evidence in any proceeding. PG&E reserves the right, but does not obligate itself, to amend these responses as needed based on any changes to PG&E's Application or the proposed securitization structure.

3. PG&E incorporates each of these General Objections into each of its responses below. Each of PG&E's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

QUESTION 01

Please refer to Attachment A to San Francisco's Protest (dated June 4, 2020) of PG&E's Application 20-04-023. Please provide any analysis or evaluation performed by or on behalf of PG&E of the proposals to acquire certain PG&E assets included in Attachment A to San Francisco's Protest of PG&E's Application 20-04-023, including all workpapers and working models.

ANSWER 01

PG&E objects to this request as beyond the scope of this proceeding. PG&E further objects to this request on the ground that the non-binding "indications of interest" by various municipal entities to purchase core electric utility assets of PG&E included in

Attachment A are not relevant to evaluation of the Stress Test Methodology in this proceeding. PG&E further objects to this request as seeking information protected from disclosure by the attorney-client privilege and the attorney work-product doctrine. Subject to its objections, PG&E responds as follows:

In context of the Chapter 11 Cases, it was not reasonable for PG&E to pursue piecemeal asset sales as part of its reorganization, which had to be accomplished by June 30, 2020 for PG&E to be eligible to participate in the Go-Forward Wildfire Fund.

PG&E RESPONSE TO TURN DATA REQUEST NO. 8

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Response

PG&E Data Request No.:	TURN_008-Q01-08		
PG&E File Name:	Securitization2020_DR_TURN_008-Q01-08		
Request Date:	September 14, 2020	Requester DR No.:	008
Date Sent:	September 28, 2020	Requesting Party:	The Utility Reform Network
PG&E Witness:	Q1 – Q8: David Thomason	Requester:	Matthew Freedman

GENERAL OBJECTIONS

1. PG&E objects to each request to the extent it seeks information protected from disclosure by the attorney-client privilege, the attorney work-product doctrine, or any other privilege or protection from disclosure. PG&E intends to invoke all such privileges and protections, and any inadvertent disclosure of privileged or protected information shall not give rise to a waiver of any such privilege or protection.

2. These responses are made without waiving PG&E's rights to raise all issues regarding relevance, materiality, privilege, or admissibility in evidence in any proceeding. PG&E reserves the right, but does not obligate itself, to amend these responses as needed based on any changes to PG&E's Application or the proposed securitization structure.

3. PG&E incorporates each of these General Objections into each of its responses below. Each of PG&E's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

QUESTION 04

Please explain how any net negative consolidated taxable income 2022 would be treated for the purposes of calculating the annual shareholder contribution to the CCT.

ANSWER 04

PG&E objects to this request as vague, ambiguous, and not relevant. Subject to its objections, PG&E responds as follows:

Net operating losses incurred in 2022 are not relevant to the calculation of Additional Shareholder Contributions described in Chapter 6, Customer Credit Mechanism and Investment Returns (D. Thomason; G. Allen). No NOLs are allocated to negative taxable income, since taxes cannot be reduced below zero, and hence there can be no Additional Shareholder Contribution in any year in which the taxable income is negative. With respect to an NOL generated in 2022, such an NOL is not included in Table 6-1 and therefore cannot generate Additional Shareholder Contributions, and in any event, would not be used to reduce taxable income before Ratepayer NOLs and Shareholder Deductions are exhausted.

QUESTION 05

Please explain under what circumstances, after the ratepayer NOL balance has been exhausted, shareholder deductions might not be able to be applied against future Federal or State consolidated taxable income.

ANSWER 05

PG&E objects to this request as vague and ambiguous. Subject to its objections, PG&E responds as follows:

For purposes of calculating Additional Shareholder Contributions, there are no such circumstances. For that calculation, once the Ratepayer NOLs are exhausted, if there is taxable income, the Shareholder Deductions will be used to generate Additional Shareholder Contributions absent a change in law or a change in ownership under Internal Revenue Code section 382 that would limit the use of NOLs – both Ratepayer NOLs and Shareholders' Deductions.

QUESTION 06

Please explain how Federal and State NOLs would be treated if PG&E had positive consolidated taxable income in 2022 or earlier.

ANSWER 06

Subject to its objections, PG&E responds as follows:

If PG&E had positive consolidated taxable income for 2022 or earlier, Ratepayer NOLs would be used earlier for Federal tax purposes, but Assembly Bill 85 would defer the use of Ratepayer NOLs for California state tax purposes.

QUESTION 07

Please provide an updated version of the model in the "Table 6-2" tab of the "2020Securitization_DR_Misc_Chapters 3_6_7_UPDATED08-07-2020_Securitization Application Update Model_Final" Excel spreadsheet originally submitted with PG&E's updated testimony of August 7, 2020. The updated version should produce a reasonable result under the scenarios described below:

a. Positive consolidated Federal or State taxable income in 2021, 2022, or 2023 PROBLEM WITH THE CURRENT MODEL (see TURNDR Set8_Q7attach.xlsx) - assuming Federal Consolidated Forecast Taxable Income (line 3) of +$1,000 in 2021 produces Shareholder Deductions Applied (line 8) of +$1,525 and Additional Contributions to Trust (line 20) of -$279 in 2024 (values in millions of dollars, as in the spreadsheet).
b. Negative consolidated Federal or State taxable income in 2023 or later PROBLEM WITH THE CURRENT MODEL (see TURNDR Set8_Q7attach.xlsx) - assuming Federal Consolidated Forecast Taxable Income (line 3) of -$1,000 in 2023 produces +$1,000 of Ratepayer NOLs applied (line 5), but assuming a State Consolidated Forecast Taxable Income (line 12) of -$1,000 in 2023 produces $0 of Ratepayer NOLs applied (line 14) (values in millions of dollars, as in the spreadsheet).

ANSWER 07

PG&E objects to this request as vague and ambiguous. PG&E further objects that "reasonable result" is not defined or capable of definition. PG&E also objects to this request under Rule 10.3(e) of the Rules of Practice and Procedure of the California

Public Utilities Commission as beyond the scope of the obligations of PG&E. Subject to its objections, PG&E responds as follows:

a. – b. The model assumes that taxable income is negative through 2022 and positive thereafter, and that Shareholder Deductions are not used until 2026 for Federal tax purposes. As a result, the model would have to be re-programmed to model the assumptions described in parts a. and b. of the question. If TURN wants to make different assumptions, it will need to make its own adjustments to the model. PG&E has provided a fully functioning version of the model used by PG&E in the testimony in file "2020Securitization_DR_Misc_Chapters 3_6_7_UPDATED08-07-2020_Securitization Application Update Model_Final" in satisfaction of its obligations under Rule 10.3 of the Rules.

QUESTION 08

Please explain the logic behind the different formulas across the following lines of the model in the "Table 6-2" tab of the "2020Securitization_DR_Misc_Chapters 3_6_7_UPDATED08-07-2020_Securitization Application Update Model_Final" Excel spreadsheet provided with PG&E's updated testimony of August 7, 2020:

i. Line 5 – Ratepayer NOLs applied: two formulas
    1. 2020-22
    2. 2023+
ii. Line 8 – Shareholder Deductions Applied: three formulas
    1. 2020-21 (hard-coded 0)
    2. 2022-24
    3. 2025+

ANSWER 08

Subject to its objections, PG&E responds as follows:

See the answer to Question 7. In addition, PG&E built its model for Table 6-2 around the single set of forecast results, and the model is not intended to be a fully dynamic model to accommodate any assumption or scenario, or different forecasts of taxable incomes that switch from positive to negative.

Line 5: The forecast taxable income is negative in years 2020-22, therefore the formula is designed to produce "0" utilization of Ratepayer NOLs for these years and for positive values of taxable income results in an error. The formula beginning in 2023 and thereafter assumes positive taxable income and is designed to allocate Ratepayer and Shareholder NOLs consistent with the logic in the response to question 3 above.

Line 8: For PG&E's forecast taxable income, the formula for 2025+ does not need to be different and can also be applied to prior years, given the assumptions in the model about taxable income and Ratepayer NOLs.

PG&E UPDATED RESPONSE TO CAL ADVOCATES DATA REQUEST NO. 1

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Updated Data Response

PG&E Data Request No.:	PubAdv_001-Q01-29		
PG&E File Name:	Securitization2020_DR_PubAdv_001-Q01-29UPDATED		
Request Date:	June 16, 2020	Requester DR No.:	001
Date Sent (Original):	July 6, 2020	Requesting Party:	Public Advocates Office
Date Sent (Updated):	August 13, 2020		
PG&E Witness:	Q1-Q2: Various Q3-Q9: David Thomason Q10-Q11: Mari Becker Q12: Steffen Lunde Q13-Q14: David Thomason Q15-Q16: Joseph Sauvage Q17: David Thomason Q18-Q22: Joseph Sauvage Q23-Q25: David Thomason Q26: Greg Allen Q27: David Thomason Q28: Greg Allen Q29: David Thomason	Requester:	Christian Lambert

GENERAL OBJECTIONS

1. PG&E objects to each request to the extent it seeks information protected from disclosure by the attorney-client privilege, the attorney work-product doctrine, or any other privilege or protection from disclosure. PG&E intends to invoke all such privileges and protections, and any inadvertent disclosure of privileged or protected information shall not give rise to a waiver of any such privilege or protection.

2. These responses are made without waiving PG&E's rights to raise all issues regarding relevance, materiality, privilege, or admissibility in evidence in any proceeding. PG&E reserves the right, but does not obligate itself, to amend these responses as needed based on any changes to PG&E's Application or the proposed securitization structure.

3. PG&E incorporates each of these General Objections into each of its responses below. Each of PG&E's responses below is provided subject to and without waiver of the foregoing objections and any additional objections made below.

QUESTION 24

Referring to PG&E's Prepared Testimony, Ch. 5, p. 46 at footnote 97, PG&E refers to $1 billion in operation cost savings and references its Disclosure Statement at p. 169. Per that Disclosure Statement (Docket 6353 of Case 19-30088 of the Northern District of California, U.S. Bankruptcy Court), this reference is to a PG&E statement that "[t]he Consolidated Financial Projections assume the achievement of various efficiency initiatives, including, among other things, resource planning, contract management, monetization of excess renewable energy, and real estate optimizations. These efficiency initiatives reduce operating and capital expenditures by approximately $1 billion on average through 2024."

a. Provide a full breakdown and explanation of each and every such "efficiency initiative."

b. For each and every "efficiency initiative" that pertains to an expense or capital cost authorized through PG&E's General Rate Case proceedings or other Commission authorization, explain why the underlying rate component for that expense or capital cost could be prima facie just and reasonable, given the apparent unachieved efficiency in question.

ANSWER 24

On August 7, 2020, PG&E served updated prepared testimony in this proceeding. The language referenced in this request now appears in Chapter 5, Stress Test Methodology (D. Thomason; J. Sauvage), at page 5-55, footnote 121.

PG&E objects to this request as vague and ambiguous. PG&E further objects to this request as overbroad and unduly burdensome. Subject to its objections, PG&E responds as follows:

a. *See* 2020Securitization_DR_PubAdv_01-Q24_Atch01CONF, which provides on a confidential basis a breakdown of the efficiency initiatives included in the Updated Financial Projections attached to the Disclosure Statement. PG&E reserves the right to supplement this response as information develops.

b. PG&E periodically reviews its operations and procedures to identify potential efficiencies and other improvements to consider and pursue. Identifying such potential initiatives has no bearing on the just and reasonableness of PG&E's current rates, which have been reviewed and approved and set prospectively by the Commission. For the years 2020-2022, the cost efficiency initiatives described above (part a.) have been identified to partially mitigate spending above what would be authorized in the 2020 GRC settlement and in other Commission ratesetting proceedings. To the extent such initiatives are implemented by PG&E in the future, those may be considered in future ratesetting proceedings. The cost efficiencies will also benefit Electric Transmission customers. Indeed, PG&E's purpose in considering and pursuing these initiatives is to benefit customers and reduce rates.

TURN RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	The Utility Reform Network (Thomas Long; Matthew Freedman)
PG&E Data Request No.:	PGE_TURN002
PG&E File Name:	Securitization2020_DR_PGE_TURN002
Date Requested:	October 20, 2020
Date Due:	October 27, 2020

The Utility Reform Network served testimony from Jennifer Dowdell (Dowdell Testimony) and Mark Ellis (Ellis Testimony) in this proceeding on October 14, 2020 (collectively, TURN's Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that TURN respond to the below requests in five business days. Please advise if TURN will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

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PACIFIC GAS AND ELECTRIC COMPANY
Application 20-04-023
(Securitization)

TURN Response to
PG&E Data Requests
Set 2

PG&E Data Request No.:	PGE_TURN002
PG&E File Name:	Securitization2020_DR_PGE_TURN002
Date of Request:	October 20, 2020
Date of Response	November 3, 2020

Q 4: Explain the basis for adjusting the 10-year median investor forecast to reflect a longer 30-year horizon by using the ratio of Callan's 30-year forecast to Callan's 10-year public forecast, as described on page 15, footnote 17 of the Ellis Testimony. State whether Mr. Ellis analyzed any other firm's 30-year and 10-year forecasts to determine a similar ratio and provide any such analysis.

Response to Q4 (Mark Ellis):

The intent of the adjustment was to account for the difference in forecast horizon between Callan's 30 years and the 10-year investor median. Upon reviewing the investor forecasts in more detail in response to this data request, Mr. Ellis has refined his methodology to better utilize the information available in the Capital Market Assumptions (CMA) reports. Rather than adjusting a ten-year forecast by the ratio of Callan's 30- and 10-year forecasts, Mr. Ellis believes it is more accurate to use actual 30-year forecasts where they are available. Mr. Ellis will update his direct testimony with an errata to reflect this change.

Categorization of CMA forecasts
As explained in TURN's response to Question 2, 18 of the 25 CMA reports reviewed contained sufficient information to estimate 30-year return forecasts for at least one asset class. Different methodologies for estimating 30-year forecasts from these reports were used, depending on the information available.

Estimation methodologies by category

- "Explicit" / "Methodology": Report language makes clear forecasts are 30 years or longer / methodology makes clear forecasts apply beyond the nominal forecast period into perpetuity (equities only).

  No change; forecasts used as-is.

- "Equilibrium": Reports provide a (second) forecast of future equilibrium returns that, in conjunction with their primary near-term return forecast, can be used to create a 30-year forecast.

  A simple discounted cash flow model is used to calculate a perpetuity-equivalent return (p) by decomposing the asset into a near-term annuity (with a return of n over the near-term time period t) plus a future perpetuity with an equilibrium return of e. The 30-year return forecast is found by solving for p.[1]

  Perpetuity-equivalent present value = near-term annuity + future perpetuity

  $$1/p = n[1-1/(1+p)^t]/p + (e/p)/(1+p)^t$$

- "Detail": Reports include sufficient detail about the composition of returns to estimate 30-year forecasts for some or all asset classes.

  Some of the CMA reports decompose the return forecasts for each asset class into several factors: current yield or earnings, long-term growth, and valuation, plus, for

[1] Mathematically, the 30-year forecast return generated by this methodology is the same as the return into perpetuity.

international equities, currency. In general, the difference between equilibrium returns and returns forecast from today is solely attributable to the valuation and currency factors. Equilibrium returns can be estimated from these forecasts simply by removing the valuation and currency components. These equilibrium returns can then be used with the reported near-term returns in the discounted cash flow model described above to estimate 30-year returns.

Table DR2-Q4-1 summarizes the key inputs and results for each methodology. Means are used to represent averages instead of the previously-used medians due to smaller sample sizes and the general absence of outliers.[2]

[2] In general, the median is used to represent the average instead of the mean in instances where outliers can materially influence the mean. The 30-year CMA data set is small, which can make the median sensitive to the inclusion or removal of a single data point. For example, the medians for broad US and non-US equity and the complete portfolios are more sensitive to the removal of one data point than the mean. For the 30-year CMA data set, the mean is therefore a better representation of the average.

Table DR2-Q4-1: 30-year forecast returns under different estimation methodologies

	Nom na	Near-term return			Equilibrium return			30-year return		
Forecaster	hor zon (years)	Broad US equ ty	Non US equ ty	US f xed ncome	Broad US equ ty	Non US equ ty	US f xed ncome	Broad US equ ty	Non US equ ty	US f xed ncome
Explicit										
B ackRock	30							7.22%	7.61%	2.55%
Ca an	30							7.15%	7.15%	3.60%
Se wood	10+							4.43%	5.73%	2.10%
State Street	10+							5.17%	5.87%	0.61%
We s Fargo	10 15							7.19%	6.60%	3.10%
Average								6.23%	6.59%	2.39%
Methodology										
Aon	10							5.90%	6.89%	
AQR	10							6.50%	7.00%	
Average								6.20%	6.94%	
Cum. average								6.22%	6.69%	2.39%
Equilibrium										
Graystone (MS)	7	4.80%	7.13%	1.50%	7.80%	7.02%	3.50%	6.70%	7.06%	3.11%
UBS	10 20	4.03%	7.15%	0.84%	6.56%	7.96%	3.84%	5.21%	7.43%	2.81%
Verus	10	5.54%	7.17%	2.20%	5.57%	6.81%	3.00%	5.56%	6.99%	2.81%
Average								5.83%	7.16%	2.91%
Cum. average								6.10%	6.83%	2.59%
Detail										
Amer can Century	10	5.54%	6.18%		6.54%	5.96%		6.09%	6.06%	
BNY Me on	10	6.20%	6.22%		6.70%	6.44%		6.47%	6.34%	
JP Morgan	10 15			2.99%			4.06%			3.67%
Northern Trust	5	4.70%	5.12%	2.30%	5.90%	4.72%		5.61%	4.81%	
PMC	10	5.35%			5.40%			5.38%		
QMA	10	5.70%	7.06%		7.00%	5.91%		6.40%	6.45%	
Research Aff ates	10	2.48%	7.44%	0.87%	5.19%	6.76%	1.99%	4.26%	7.09%	1.80%
T. Rowe Pr ce	5	5.34%	7.90%		6.52%	8.90%		6.21%	8.56%	
Average								5.78%	6.55%	2.74%
Cum. average								5.97%	6.73%	2.62%

These refinements result in the following charts as replacements for Figures 7, 8 and 9 and Tables 1 and 2 in Mr. Ellis's original testimony. Note that Callan's returns remain in the top quartile for each asset class.

Figure 7: Estimated 30-year geometric return – broad US equity

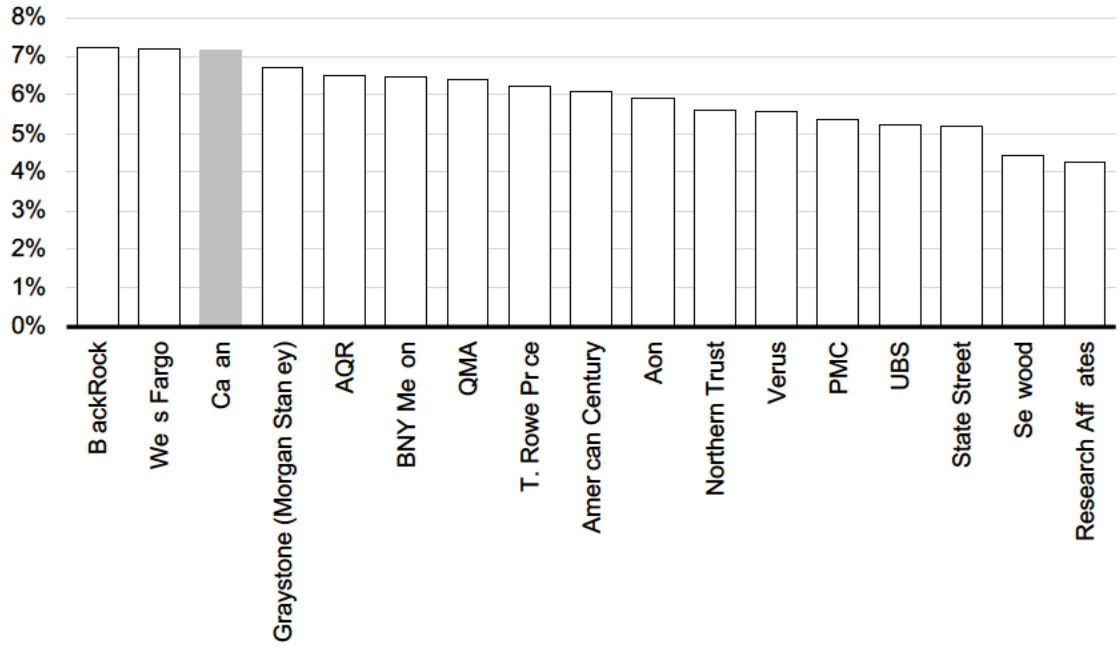

Figure 8: Estimated 30-year geometric return – non-US equity

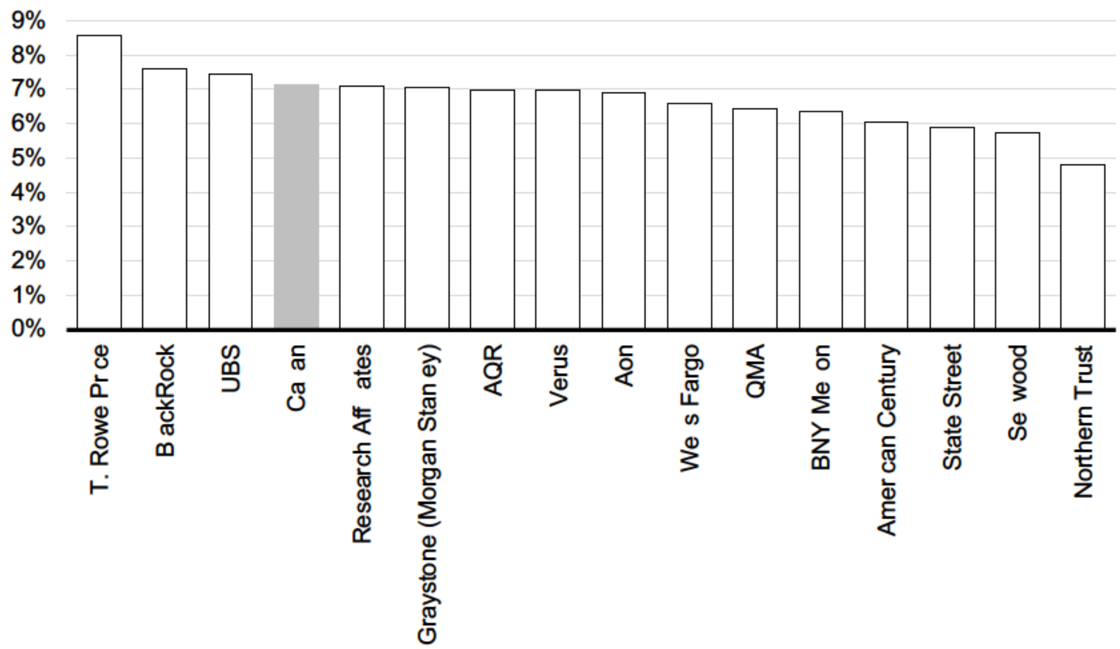

Figure 9: Estimated 30-year geometric return – US fixed income

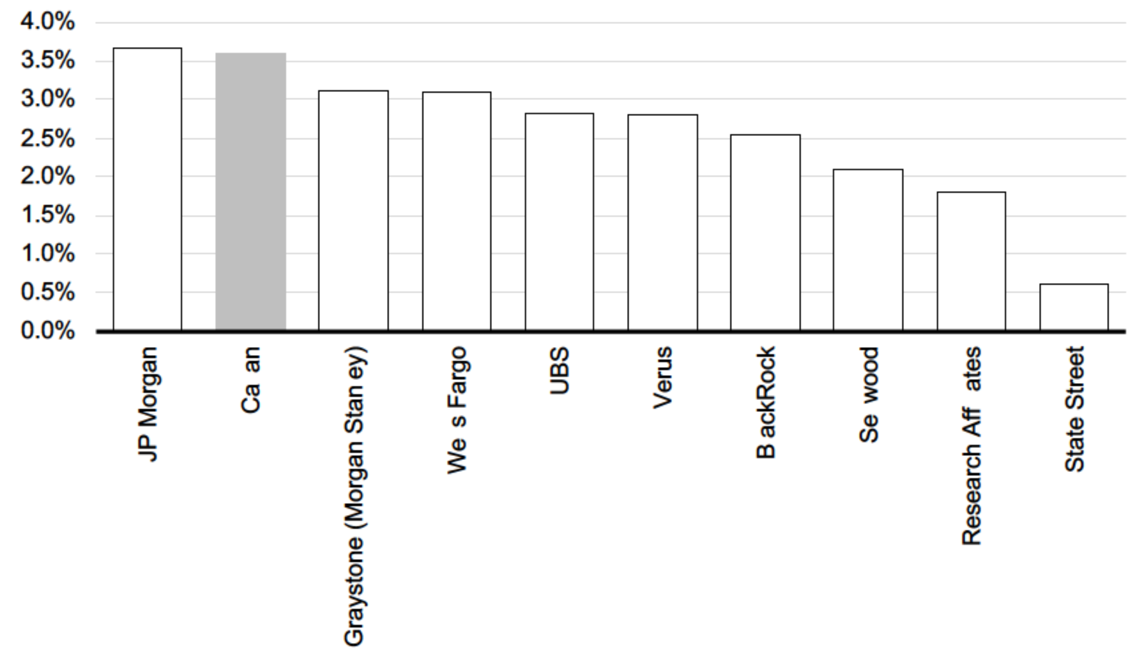

Table 1: Summary of investors' 30-year return forecasts and Callan's position among them

Line no.		Broad US equity	Non-US equity	US fixed income
1	Callan	7.15%	7.15%	3.60%
2	Number of forecasts	17	16	10
3	Average geometric return	5.97%	6.73%	2.62%
4	Callan – average	+1.18%	+0.42%	+0.98%
5	Standard deviation	0.90%	0.87%	0.92%
6	Callan rank	3 (18%)	4 (25%)	2 (20%)
7	Percentile	9%	31%	14%

Table 2: Investor average/TURN and Callan 30-year capital market assumptions

Line no.	Asset class	Weight	30-year geometric average return	Standard deviation	Arithmetic average return
	Investor average/TURN forecast				
1	Broad US equity	56%	5.97%	16.23%	7.18%
2	Non-US equity	24%	6.73%	17.87%	8.17%
3	US fixed income	20%	2.62%	4.26%	2.70%
4	Portfolio total	100%	5.75%	12.85%	6.52%
	Callan CCT 30-year				
5	Broad US equity	56%	7.15%	18.10%	8.63%
6	Non-US equity	24%	7.15%	20.50%	9.03%
7	US fixed income	20%	3.60%	3.75%	3.67%
8	Portfolio total	100%	6.79%	14.34%	7.73%

In its response to Question 3 of this data request, TURN referred to a table in Mr. Ellis's workpaper Excel file of "the median combined expected return for the same asset class portfolio mix assumed in PG&E's Chapter 6 testimony for each of the investment managers using their respective expected returns for each of the relevant asset classes" (tab F7-9 T1 AppB). Using Mr. Ellis's updated 30-year return estimation methodology, nine of the 30-year forecasts had sufficient data to estimate returns for all three asset classes (the full investment portfolio). As can be seen in Table DR2-Q4-2, the mean of these portfolio returns is very close to the return on a portfolio composed of the asset class means (+0.10%). Callan's portfolio return is the highest among the nine, consistent with its high asset class returns.

Table DR2-Q4-2: Estimated 30-year portfolio return forecasts

	30-year geometric return				**Portfolio standard deviation**
Forecaster	Broad US equity	Non-US equity	US fixed income	Portfolio	
Callan	7.15%	7.15%	3.60%	6.79%	14.34%
BlackRock	7.22%	7.61%	2.55%	6.64%	12.72%
Wells Fargo	7.19%	6.60%	3.10%	6.50%	12.62%
Graystone (Morgan Stanley)	6.70%	7.06%	3.11%	6.35%	11.94%
Verus	5.56%	6.99%	2.81%	5.64%	12.53%
UBS	5.21%	7.43%	2.81%	5.51%	12.33%
Research Affiliates	4.26%	7.09%	1.80%	4.69%	12.37%
Sellwood	4.43%	5.73%	2.10%	4.69%	15.39%
State Street	5.17%	5.87%	0.61%	4.65%	11.59%
Average	5.97%	6.96%	2.74%	5.85%	13.03%
Investor average	5.97%	6.73%	2.62%	5.75%	12.85%

PACIFIC GAS AND ELECTRIC COMPANY
Application 20-04-023
(Securitization)

TURN Response to
PG&E Data Requests
Set 2

PG&E Data Request No.:	PGE_TURN002
PG&E File Name:	Securitization2020_DR_PGE_TURN002
Date Requested:	October 20, 2020
Date of Response	November 4, 2020

Q 7: Provide separate estimates of the probability of a surplus for the following scenarios, using Callan’s model and data except:

a. Change only the assumed Trust returns using TURN’s revised forecasts;

b. Change only the assumed Additional Shareholder Contributions using TURN’s revised model.

Response to Q7

Please see attached Excel file “DR2-Q5 Attachment 1.xlsx”. The probability of a surplus for the following scenarios, using Callan’s model and data except:

a. Change only the assumed Trust returns using TURN’s revised forecasts (tab TURN Rtn, cells H40:H41);

Probability of surplus: 77%
Probability of shortfall: 24%

b. Change only the assumed Additional Shareholder Contributions using TURN’s revised model (tab TURN ASC-t, cells H40:H41).

Probability of surplus: 76%
Probability of shortfall: 24%

PACIFIC GAS AND ELECTRIC COMPANY
Application 20-04-023
(Securitization)

TURN Response to
PG&E Data Requests
Set 2
Questions 22-30

PG&E Data Request No.:	PGE_TURN002
PG&E File Name:	Securitization2020_DR_PGE_TURN002
Date Requested:	October 20, 2020
Date of Response	October 27, 2020

Q 25: Does TURN agree that de-leveraging PG&E (i) was articulated by the CPUC in D.20-05-053 as a goal for the benefit ratepayers and/or (ii) is likely to be of benefit to ratepayers? If TURN does not agree with either of these statements, explain why not.

Response to Q25 – Jennifer Dowdell:

TURN agrees that, given where PG&E's leverage is currently, reducing the leverage of Pacific Gas and Electric Company, all else being equal, is generally in the best interest of ratepayers as long as it represents a genuine reduction of Pacific Gas and Electric Company debt obligations and such an action does not impose a debt burden on ratepayers or increase the risk of higher rates. TURN understands that both Moody's and Fitch will treat the securitization as on-balance sheet/on-credit. For these credit rating agencies, PG&E's proposal to replace $6 billion of Temporary Utility Debt with $7.5 billion of securitized bonds would increase overall leverage by $1.5 billion all else being equal. Moreover, since PG&E's Recovery Bonds under the proposed structure are specifically designed to be an obligation of ratepayers and not PG&E, the certain result of PG&E's securitization plan would be to increase the cash available to shareholders at the expense of ratepayers. Such an outcome hardly seems to the benefit of ratepayers.

WILD TREE RESPONSE TO PG&E DATA REQUEST NO. 2

PACIFIC GAS AND ELECTRIC COMPANY
Securitization 2020
Application 20-04-023
Data Request

Recipient:	The Wild Tree Foundation (April Rose Maurath Sommer)
PG&E Data Request No.:	PGE_WildTree002
PG&E File Name:	Securitization2020_DR_PGE_WildTree002
Date Requested:	October 23, 2020
Date Due:	October 30, 2020

The Wild Tree Foundation (Wild Tree) served testimony from Aaron L. Rothschild in this proceeding on October 14, 2020 (Rothschild Testimony). In light of the November 11, 2020 deadline for rebuttal testimony, PG&E respectfully requests that Wild Tree respond to the below requests in five business days. Please advise if Wild Tree will not serve responses and provide documents within the requested time frame.

Please provide electronic responses to the following questions. Paper copies are unnecessary. The responses should be provided to the following people:

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Q11: If PG&E is allowed to receive a share in any Credit Surplus, PG&E would have at least some incentive to get the lowest interest rate possible for the securitized bonds.