

**PACIFIC GAS AND ELECTRIC COMPANY
Wildfire Mitigation Plans Discovery 2022
Data Response**

PG&E Data Request No.:	OEIS_005-Q09		
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Date Sent:	March 23, 2022	Requesting Party:	Office of Energy Infrastructure Safety
PG&E Witness:		Requester:	Kevin Miller

SUBJECT: MITIGATION COSTS TO RATEPAYER

QUESTION 09

As reported in Table 3-2, PG&E's increase in electric costs to ratepayer due to wildfire mitigation activities (total) is markedly higher than the ratepayer impact provided by PG&E's direct utility peers:

- 2021 for PG&E \$11.63, SCE \$1.60, and SDG&E \$0.00

- 2022 for PG&E \$6.13, SCE \$6.90, SDG&E \$1.92 (projected)

- a) How does PG&E explain this vast discrepancy in in electric costs to ratepayers due to wildfire mitigation activities?
- b) How is PG&E justifying the increase to ratepayers at a cumulative rate so much higher than its peers?

ANSWER 09

- a) While we cannot specifically speak to the costs reflected in the 2022 WMPs for Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E), PG&E has put together a cost comparison table (below) against its utility peers to help explain the differences in electric costs to customers due to wildfire mitigation activities. As summarized in the table below, vegetation management (VM) and grid design and system hardening are the major cost drivers of the WMP for the period of 2020-2022.

Specifically, the 2020 GRC Decision (D.20-12-005) authorized PG&E to establish a VM balancing account and wildfire mitigation balancing account (WMBA). System hardening activities are tracked and recorded in the WMBA. PG&E is authorized to amortize the approved VM and WMBA costs incurred in 2020 beginning March 2021 through 2023. As a result, the customer impact of \$11.63 for 2021 includes a portion of the 2020 spending.

Please see the specific amounts below for VM and WMBA that are included in existing rates or will be collected in rates:

- 2020 – \$657.6 million in expense for vegetation management; \$61.4 million in expense and \$603.3 million in capital expenditures for wildfire mitigation. These amounts are amortized in customer rates beginning March 2021 until 2023.
- 2021 – \$723.4 million in expense for vegetation management; \$63.6 million in expense and \$930.9 million in capital expenditures for wildfire mitigation. These amounts are collected in customer rates in 2021-2023.
- 2022 – \$795.7 million in expense for vegetation management; \$57.4 million in expense and \$1,151.1 million in capital expenditures for wildfire mitigation. These amounts are collected in customer rates in 2022 through 2023/2024.

Description	2020-2022 WMP Total (With 2020 & 2021 Actual, 2022 Planned) \$000	2020-2022 Vegetation Management \$000	2020-2022 Grid Design and System Hardening \$000	Source Reference
PG&E	\$15,222.7	\$5,153.2	\$7,876.0	Table 3.1-2: Summary of WMP Expenditures by Category, Page 40, 2022 PG&E WMP Update
SCE	\$4,636.0	\$1,072.4	\$2,357.9	Table 3-1 and 3-2: Summary of WMP Expenditures by Category, Page 27, 2022 SCE WMP Update
SDG&E	\$1,883.5	\$210.0	\$1,153.6	Table 3-2: Summary of WMP Expenditures by Category, Page 15, 2022 SDG&E WMP Update

Some of the differences in costs may also be related to regulatory timing for recovery. For example, SCE explained that its cost estimates: “[f]or 2017- 2021, the increases do not include costs that are either under review, that will be reviewed by the Commission for later cost recovery or are otherwise not included in customer rates.” See SCE 2022 WMP, p. 28. SDG&E explained:

SDG&E’s wildfire mitigation activities forecasted prior to 2019 are currently recovered through its 2019 General Rate Case (GRC). Since the passage of Senate Bill 901 and Assembly Bill 1054, SDG&E has recorded wildfire mitigation expenditures incremental to its authorized revenue requirement in CPUC-authorized memorandum accounts, including its Wildfire Mitigation Plan Memorandum Account (WMPMA), the Fire Risk Mitigation Memorandum

Account (FRMMA), and other cost recovery mechanisms. SDG&E anticipates that, consistent with the direction of AB 1054, cost recovery for expenditures related to the WMP will be addressed in its next GRC. (SDG&E 2022 WMP, p. 16, footnote omitted)

Thus, SCE's and SDG&E's actual costs for earlier periods may be higher once Commission review of these costs is complete.

- b) Please see subpart (a) above regarding the differences between PG&E, SCE and SDG&E. All of the wildfire mitigation costs recovered by PG&E from customers are reviewed and approved by the California Public Utilities Commission (CPUC) or the Federal Energy Regulatory Commission (FERC) through open and transparent regulatory processes. The CPUC reviews these costs and allows PG&E to recover costs that are just and reasonable consistent with California Public Utilities Code § 451. FERC also reviews and approves costs as being just and reasonable.