

PG&E HEARING EXHIBIT PGE-46

A.20-04-023

PG&E'S SECURITIZATION 2020

PG&E Response to The Utility Reform Network's
Data Request 13, Questions 1-2

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

PG&E Data Request No.:	TURN_013-Q01-02		
PG&E File Name:	Securitization2020_DR_TURN_013-Q01-02		
Request Date:	October 2, 2020	Requester DR No.:	013
Date Sent:	October 9, 2020	Requesting Party:	The Utility Reform Network
PG&E Witness:	Q1-Q2: David Thomason	Requester:	Tom Long

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.

In its response to TURN's Data Request 8, Question 3, PG&E wrote, "[i]n general, NOL utilization follows the first-in, first out rule. Pre-2018 NOLs must be utilized prior to post-2017 NOLs. In addition, the model assumes Ratepayer NOLs must be utilized prior to the Shareholder Deductions." It also said that "[t]he substantial majority of the Existing Shareholder Deductions on Line 8 of Table 6-1 are pre-2018 NOLs."

QUESTION 01

Please clarify any differences between the categories "pre-2017 NOLs" (in the DR response) and "NOL carryforward at emergence, through 2018" (in testimony), as well as "post-2018 NOLs" and "NOL carryforward at emergence, 2019".

ANSWER 01

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

The categories in Table 6-1 titled "NOL carryforward at emergence, through 2018" and "NOL carryforward at emergence, 2019" merely reflect the balance of the NOLs as of the end of each of those years. In the data response cited, "pre-2018 NOLs" refers to NOLs generated prior to the 2017 Tax Act, and corresponds to the balance on Line 18 of Table 6-1 that shows the remaining balance of Ratepayer NOLs generated prior to the 2017 Tax Act and not subject to the new rules of how NOLs can be carried over. Line 19 of Table 6-1 shows the balance of Ratepayer NOLs that arose after the effective date of the 2017 Tax Act and must follow the new rules.

QUESTION 02

There are \$423 million of pre-2018 Federal Shareholder Tax Benefits, worth ~\$89 million in Trust contributions. Under FIFO, these potentially could be deducted before the ~\$1,900 of post-2017 Ratepayer NOLs.

- a. What happens when the two utilization order criteria identified in response to TURN DR8 Q3 conflict?
- b. Does PG&E assume all Ratepayer NOLs must be exhausted before Existing Shareholder Deductions can be used to fund the Trust? Or must these pre-2018 Shareholder Deductions be used to fund the Trust before the post-2018 Ratepayer NOLs are used?

ANSWER 02

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

- a.-b. There is no conflict. In the formula for calculating Additional Shareholder Calculations, all Ratepayer NOLs must be utilized prior to the utilization of the Shareholder Deductions. Chapter 6, Customer Credit Mechanism and Investment Returns (D. Thomason; G. Allen) explains why Ratepayer NOLs are applied first in the formula for calculating Additional Shareholder Contributions. See Chapter 6, page 6-8 to 6-9.