

Docket: A.20-04-023

Exhibit Number: A4NR-05

# Alliance for Nuclear Responsibility

## Cross-Examination Exhibit

PG&E Data Response No. A4NR\_006-Q01-07

and A4NR\_006-Q01-05\_Atch01

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

PG&E Data Request No.:	A4NR_006-Q01-07		
PG&E File Name:	Securitization2020_DR_A4NR_006-Q01-07		
Request Date:	November 20, 2020	Requester DR No.:	006
Date Sent:	December 3, 2020	Requesting Party:	Alliance for Nuclear Responsibility
PG&E Witness:	Q1-Q7: David Thomason	Requester:	John L. 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 01**

Regarding the Excel spreadsheet attached to the November 19, 2020 PG&E data response to A4NR entitled "Securitization2020\_DR\_A4NR\_004-Q04Rev01, please identify the amount of depreciation claimed in each year from 1995 thru 2019 in the applicable Federal tax filing.

**ANSWER 01**

PG&E objects to this request as vague and ambiguous. PG&E further objects to this request as overbroad and unduly burdensome. PG&E is providing information going back to 2002. Subject to its objections, PG&E responds as follows:

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q01-05\_Atch01.pdf.

## **QUESTION 02**

Regarding the Excel spreadsheet attached to the November 19, 2020 PG&E data response to A4NR entitled "Securitization2020\_DR\_A4NR\_004-Q04Rev01, please identify the amount of depreciation claimed in each year from 1995 thru 2019 in the applicable California tax filing.

## **ANSWER 02**

PG&E objects to this request as vague and ambiguous. PG&E further objects to this request as overbroad and unduly burdensome. PG&E is providing information going back to 2002. Subject to its objections, PG&E responds as follows:

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q01-05\_Atch01.pdf.

## **QUESTION 03**

Regarding the Excel spreadsheet attached to the November 19, 2020 PG&E data response to A4NR entitled "Securitization2020\_DR\_A4NR\_004-Q04Rev01, please identify the amount of balancing account overcollections and undercollections in each year from 1995 thru 2019 that affected taxable income in the applicable Federal tax filing.

## **ANSWER 03**

PG&E objects to this request as vague and ambiguous. PG&E further objects to this request as overbroad and unduly burdensome. PG&E is providing information going back to 2002. Subject to its objections, PG&E responds as follows:

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q01-05\_Atch01.pdf.

## **QUESTION 04**

Regarding the Excel spreadsheet attached to the November 19, 2020 PG&E data response to A4NR entitled "Securitization2020\_DR\_A4NR\_004-Q04Rev01, please identify the amount of balancing account overcollections and undercollections in each year from 1995 thru 2019 that affected taxable income in the applicable California tax filing.

## **ANSWER 04**

PG&E objects to this request as vague and ambiguous. PG&E further objects to this request as overbroad and unduly burdensome. PG&E is providing information going back to 2002. Subject to its objections, PG&E responds as follows:

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q01-05\_Atch01.pdf.

#### **QUESTION 05**

Regarding the statement in PG&E's Rebuttal Testimony on p. 6-16, lines 16 – 17 (“historical taxable income was reduced by Federal tax rules permitting accelerated depreciation and other extraordinary deductions”), please quantify the amount of such deductions in each year from 1995 thru 2019 in the applicable Federal tax filing.

#### **ANSWER 05**

PG&E objects to this request as vague and ambiguous. PG&E clarifies that the “extraordinary deductions” noted on page 6-16 relate to the major non-recurring events described on pages 6-14 and 6-15 of Chapter 6, Customer Credit Mechanism and Investment Returns – Rebuttal (D. Thomason; G. Allen). PG&E understands A4NR to be asking for information relating to bonus and super-bonus depreciation claimed on PG&E's tax returns. PG&E further objects to this request as overbroad and unduly burdensome. PG&E is providing information going back to 2002. Subject to its objections, PG&E responds as follows:

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q01-05\_Atch01.pdf.

#### **QUESTION 06**

Regarding the statement in PG&E's Rebuttal Testimony on p. 6-33, Table 6-16 (“PG&E was not replaced as the billing agent for third-party charges, such as DWR, or as the servicer for the Revenue Reduction Bonds”), please provide copies of the written agreements PG&E entered into in each referenced financing in order to perform billing agent and/or servicer functions.

#### **ANSWER 06**

PG&E refers A4NR to 2020Securitization\_DR\_A4NR\_006-Q06Atch01.pdf, 2020Securitization\_DR\_A4NR\_006-Q06Atch02.pdf, 2020Securitization\_DR\_A4NR\_006-Q06Atch03.pdf. PG&E has not been able to locate the servicing agreement for the Rate Reduction Bonds (RRBs), but will supplement this response if that agreement is located.

#### **QUESTION 07**

Regarding the statement in PG&E's Rebuttal Testimony on p. 10-13, lines 9 – 13 (“I have prepared an alternative version of the ratepayer present value calculations presented above, that presumes a wildfire liability that wipes out all PG&E taxable income in 2029, such that there are no Additional Shareholder Contributions to the Customer Credit Trust in that year.”)

- a. What was the basis for assuming that recognition of such a liability would be confined to a single year?
- b. What was the basis for selecting 2029 as the test year?
- c. Were any sensitivity analyses performed using years other than 2029?
- d. If the answer to “c” above is affirmative, please provide copies of such sensitivity cases in the same formats as Tables 10-1, 10-2, 10-3, and 10-4.

#### **ANSWER 07**

PG&E objects to this request as vague and ambiguous, and to the extent it calls for privileged attorney work product. PG&E’s response excludes any privileged information or attorney work product. Subject to these objections, PG&E responds as follows:

PG&E presented an alternative scenario in which all taxable income is eliminated in 2029 to provide an illustrative example of the potential impact on the expected value of the Customer Credit Trust of a catastrophic event such as a major wildfire in the next few years, followed by several years of legal proceedings to resolve third-party claims (which would be paid through insurance and the Wildfire Fund), followed by a CPUC proceeding to determine prudence (which is assumed to begin after the claims are resolved), followed by a reimbursement to the Go-Forward Wildfire Fund up to the disallowance cap. A loss has an impact in the tax year in which the loss is recognized for tax purposes. The key period is from 2021 through 2035, when the cap of \$7.59 billion in Additional Shareholder Contributions is expected to be reached. In light of the extensive wildfire mitigation efforts that have been and will be undertaken by PG&E, and the framework established by AB 1054 including with respect to the Go-Forward Wildfire Fund, a scenario in which there is a single wildfire payout before 2035 that is ultimately not recoverable and of such magnitude as to eliminate all taxable income for that year is a reasonable alternative scenario to evaluate the risks and benefits related to the proposed Securitization. For the avoidance of doubt, PG&E is not predicting that any of these events is likely to occur.

**PG&E Corporation & Subsidiaries**

**Historical Federal Taxable Income/(Loss) Before NOL Carryover**

Year	Consolidated Total Federal Taxable Depreciation	Combined Total CA Depreciation	Bonus Deprication	(Overcollection) / Undercollection including Settlement
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002	1,570,200,850	1,423,008,926	349,476,140	(279,117,020)
2003	1,687,584,731	1,403,043,591	549,865,292	137,746,332
2004	1,972,983,120	1,264,002,433	757,118,743	(128,882,355)
2005	1,106,658,554	1,275,640,088	37,615,245	(1,305,807,337)
2006	1,188,020,495	1,300,861,651	-	(792,611,644)
2007	1,307,579,174	1,427,938,115	-	(48,105,666)
2008	2,107,249,175	1,586,446,304	728,503,436	106,390,691
2009	3,014,833,152	1,614,057,604	1,467,922,308	(19,131,981)
2010	3,847,712,945	1,769,272,230	2,249,234,457	(466,772,449)
2011	3,973,505,054	1,996,552,890	2,553,947,844	(506,428,881)
2012	3,439,232,456	2,045,359,211	2,144,083,910	(654,257,773)
2013	3,185,950,907	2,212,895,670	1,832,601,585	104,521,908
2014	2,750,046,626	2,406,941,621	1,447,846,886	1,107,809,621
2015	3,230,268,361	2,426,500,566	1,802,032,404	88,156,300
2016	3,346,075,544	2,570,423,161	1,822,821,267	777,833,516
2017	2,724,517,160	2,647,278,368	1,174,960,980	(58,604,022)
2018	2,370,425,323 *	2,714,011,563	752,985,658	535,060,023
2019	2,423,552,864	2,767,215,369	612,090,835	1,421,528,127

\* 2018 tax return was amended changing the bonus depr. after the initial data request was provided. To be consistent with original response, this is from the originally filed tax return.