



Pacific Gas and Electric Company Securitization

A. 20-04-023

TURN HEARING EXHIBIT

TURN-11

Response to TURN Data Request 19-1

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

PG&E Data Request No.:	TURN_019-Q01Rev01		
PG&E File Name:	Securitization2020_DR_TURN_019-Q01Rev01		
Request Date:	November 23, 2020	Requester DR No.:	TURN-PG&E-19
Date Sent:	December 2, 2020 (Original) December 3, 2020 (Revised)	Requesting Party:	The Utility Reform Network
PG&E Witness:	Q1: Joe Sauvage and David Thomason	Requester:	Thomas Long

Pacific Gas and Electric Company (PG&E) submits the following revised response to The Utility Reform Network’s (TURN) nineteenth set of data requests, served on November 23, 2020. The revised answer responds to the email from TURN on December 2, 2020, and this response supersedes the prior response served on December 2, 2020.

QUESTION 01

In PG&E’s Rebuttal Testimony p. 5-20, PG&E states: “The Securitization is an independent transaction, designed to improve credit metrics and lower costs, which PG&E is pursuing after having paid wildfire claim liabilities satisfied through the Plan.”

- a. Please confirm that the credit metrics PG&E is referring to are Funds from Operations/Debt (FFO/Debt) and Debt/Earnings before Interest, Taxes, Depreciation and Amortization (Debt/EBITDA).
- b. For the forecast period 2020 through 2024 presented in PG&E’s Updated Testimony, does PG&E contend that the dollar amount of the Initial Shareholder Contribution to the CCT would impact the forecasted credit metrics in 2022, 2023, and 2024 if the Initial Shareholder Contribution is funded “in a credit accretive manner, i.e., without increasing the Utility’s or PG&E Corporation’s leverage,” as PG&E stated in its response to TURN DR_002-Q01.a-b?
- c. If the answer to part b above is “yes” please explain each and every reason why this would be the case.
- d. If the answer to part b above is “no”, is there any dollar amount of Initial Shareholder Contribution to the Customer Credit Trust in excess of \$1.8 billion that would not impact the forecasted credit metrics described in part a above in 2022, 2023, and 2024? Please provide the maximum dollar amount of the Initial Shareholder Contribution in excess of \$1.8 billion that would not impact these metrics and explain how PG&E determined this figure.

ANSWER 01 REVISION 01

- a. Confirmed.

b. – d. PG&E only evaluated the credit impact of a \$1.8 billion Initial Shareholder Contribution, i.e., the amount of the Initial Shareholder Contribution under PG&E’s proposed Securitization. As described in the testimony, the \$1.8 billion Initial Shareholder Contribution is the amount that is sufficient to fund the Customer Credit until the Additional Shareholder Contributions are forecasted to be made starting in 2024. With respect to part b. PG&E does not contend that an Initial Shareholder Contribution in the amount of \$1.8 billion that is funded “in a credit accretive manner, i.e., without increasing the Utility’s or PG&E Corporation’s leverage,” would impact the forecasted credit metrics in 2022, 2023, and 2024. PG&E has not evaluated whether and to what extent an Initial Shareholder Contribution in an amount in excess of \$1.8 billion would impact the forecasted credit metrics for 2022 through 2024. PG&E submits that such an analysis is not relevant. PG&E’s proposed rate-neutral Securitization is premised on (i) a securitization of \$7.5 billion as the amount needed to retire the \$6 Billion Temporary Utility Debt and fund the \$1.35 billion of deferred payments to the Fire Victim Trust pursuant to the Plan and (ii) a Customer Credit funded with a \$1.8 billion Initial Shareholder Contribution and up to \$7.59 billion in Additional Shareholder Contributions. Because the amount of the securitization and the amount of funding for the Customer Credit are dependent on each other, in no event will PG&E provide for funding of the Customer Credit Trust beyond the \$1.8 billion Initial Shareholder Contribution, Additional Shareholder Contributions of up to \$7.59 billion, and Customer Credit Trust Returns.