

**PACIFIC GAS AND ELECTRIC COMPANY  
Non-Case Discovery  
Data Response**

PG&E Data Request No.:	ED_108-Q02		
PG&E File Name:	Non-CaseDiscovery_DR_ED_108-Q02		
Request Date:	January 4, 2021	Requester DR No.:	108
Date Sent:	January 19, 2021	Requesting Party:	Energy Division
PG&E Witness:	David Harrit	Requester:	Bridget Sieren-Smith

**SUBJECT: 2021 SB 695 REPORT IOU RECOMMENDATIONS TO LIMIT COST AND RATE INCREASES**

**QUESTION 02**

**Managed Service Provider Opportunities**

Please identify and make recommendations for potentially outsourcing work to external companies.

**ANSWER 02**

Please see response to Question 1 for the list of cost cutting initiatives outlined in PG&E's Plan of Reorganization, specifically the Insourcing initiative described there which may include outsourcing where safe and cost-efficient. Please note that these initiatives are targets only and subject to external factors beyond PG&E's control, such as regulatory and bargaining agreement requirements, and costs of managing and controlling outside contractors and vendors, including quality, cyber-security and privacy controls, as well as market factors affecting contractor and vendor pricing and availability.

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Non-Case Discovery**  
**Data Response**

PG&E Data Request No.:	ED_108-Q03		
PG&E File Name:	Non-CaseDiscovery_DR_ED_108-Q03		
Request Date:	January 4, 2021	Requester DR No.:	108
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PG&E Witness:	Mari Becker	Requester:	Bridget Sieren-Smith

**SUBJECT: 2021 SB 695 REPORT IOU RECOMMENDATIONS TO LIMIT COST AND RATE INCREASES**

**QUESTION 03**

**Alternative Financing Opportunities**

Please identify and make recommendations regarding the applicability within the utility of potential alternative financing mechanisms such as securitization.

**ANSWER 03**

PG&E has identified and evaluated two alternative debt financing mechanisms. It should be noted that these alternative mechanisms would not be used to increase the proportion of debt in PG&E's capital structure, since doing so would raise the cost of equity and not reduce the overall cost of financing.

PG&E plans to issue several series of securitized debt starting in 2021 and continuing through 2024. PG&E anticipates that the interest cost savings to customers could eventually be on the order of about \$50 million annually. However, there is a limit to the total amount of securitized debt that can be outstanding at any one time, and as that limit is approached the credit ratings of securitized debt fall and the cost advantage may not be realized.

PG&E may also consider capital leases as another alternative to reduce financing costs. Generally, leasing is not a more cost-efficient form of debt financing for PG&E, but there may be specific transactions in which leasing may present a lower cost alternative. PG&E will evaluate any opportunities that appear promising.

**PACIFIC GAS AND ELECTRIC COMPANY  
Non-Case Discovery  
Data Response**

PG&E Data Request No.:	ED 108-Q01		
PG&E File Name:	Non-CaseDiscovery_DR_ED_108-Q01		
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PG&E Witness:	David Harrit	Requester:	Bridget Sieren-Smith

**SUBJECT: 2021 SB 695 REPORT IOU RECOMMENDATIONS TO LIMIT COST AND RATE INCREASES**

**QUESTION 01**

**Operational Productivity and Efficiency Opportunities**

Please identify and make recommendations for at least five potential operational area cost-cutting strategies:<sup>1</sup>

- A. Changes to office and travel expense prompted by COVID-19 Shelter-At-Home directives, for which the utility considers continued cost savings may be realized beyond the lifting of such directives.
- B. Changes to operational area expense due to use of Information Technology and Data Analytics.
- C. Changes to purchasing expense due to improvements in supply chain management.
- D. Two other recommendations, one of which should be centered in cost-cutting opportunities related to Transmission and Distribution expense.

**ANSWER 01**

As part of PG&E's Plan of Reorganization (POR), the company outlined several initiatives in support of customer rate affordability. These initiatives can be grouped into three categories: Process Redesign, Energy Costs, and Real Estate & Other. Please note that these initiatives are targets only and subject to external factors beyond PG&E's control, such as regulatory requirements, market conditions, customer needs and service obligations, safety and reliability controls, emergent unanticipated work, new regulatory mandates and requirements, increased energy and capacity loads and costs, pension and benefit costs, and timely approvals of revenue requirements and financing to fund the initiatives in ratemaking proceedings.

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<sup>1</sup> For dual-fuel utilities, please include at least one item related to gas.

Category	Initiative	Description
<b>Process Redesign</b>	Supplier Reset Discussions	Focuses on negotiations with top suppliers largely concentrated on price/rate reductions.
	Contract Administration	Includes audits of invoices of largest suppliers, stronger governance over contracts and change orders, and enhanced contractor performance management.
	Insourcing	Creates updated insource vs. outsource cost calculator to make best decisions around internal and contracted workforce strategy and targets specific groups that should be insourced.
	Work Planning	Ensures consistent, detailed and quality planning is completed in a timely manner to enable robust sourcing strategies that optimize resources, materials, construction methods and customer experience.
	Headcount (Management/Non-Field)	Aims to reduce total overall management and non-field headcount. Large exercise in early 2020 resulted in internal headcount exits and elimination of planned vacancies. Smaller headcount exercise may be needed in outer years to meet targets.
	Reduce Double Time	Aims to reduce the total hours of double-time in our Electric, Gas, and Generation Lines of Business (LOB). Overtime/double-time dashboard was built to give LOB leaders more timely insight into their employees' performance and deep dives are occurring to see if schedule and/or work rule policy changes are needed.
	LOB Bottoms-Up Initiatives	Includes various bottoms-up initiatives submitted by the individual LOBs in the POR.
<b>Energy Costs</b>	Sell Excess Renewables	Reduces customer costs through the sale of excess Renewable Portfolio Standard energy. Future periods will be sold as short-term sales or will be allocated to Community Choice Aggregator (CCA)

		and Direct Access (DA) customers in our Power Charge Indifference Adjustment (PCIA) Phase 2 proceeding.
	Renegotiate Power Purchase Agreements	PG&E negotiated modifications to multiple Power Purchasing Agreements with reductions that reflect both long-term discounts in PPA price and delays in initial start of the project relative to previous forecast.
<b>Real Estate &amp; Other</b>	SFGO Real Estate	Sell San Francisco General Office and move into more cost-effective location in Oakland.
	Sell Surplus Property	PG&E owns a portfolio of property and the surplus properties program seeks to monetize surplus assets.
	Modify Certain Public Purpose Programs	Reduces or stops spend with Public Purpose Programs that are identified as less valuable to the customer or less cost effective (primarily focused on Energy Efficiency program.

Many of these established initiatives align to the cost saving opportunities suggested in in Question 1 items A-D both directly and indirectly. Examples include but are not limited to:

- Insights from working under the COVID-19 Shelter-At-Home will be used to strategically inform Real Estate cost savings initiatives.
- The use of Information Technology and Data Analytics is a common enabler for savings within the Process Redesign category of initiatives. In particular, LOB Bottoms-Up Initiatives often identify technology solutions for process efficiencies and savings.
- The Work Planning initiative includes multiple cost-cutting opportunities driven by operational improvement efforts within both Transmission and Distribution.
- The work planning initiative is a key enabler of improvements in supply chain management, including delivery of timely, comprehensive contracting plans that enable effective strategic sourcing activities.

In addition to these established initiatives, PG&E monitors, assesses, and ideates on new cost-saving opportunities on an ongoing basis.