

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Compliance Review of Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, and Utility Retained Generation Fuel Procurement Activities for the Period January 1 through December 31, 2012

A. 12-02-023

(U 39-E)

**FIRST SET OF DISCOVERY REQUESTS OF
PACIFIC GAS AND ELECTRIC COMPANY TO
THE DIVISION OF RATEPAYER ADVOCATES**

General Instructions

The following general instructions apply to all data requests propounded by Pacific Gas and Electric Company (“PG&E”) on the Division of Ratepayer Advocates (“DRA”) in this proceeding.

1. Responses to this discovery request should be transmitted to PG&E as they become available, but **no later than Thursday, September 12, 2013**.
2. Responses to these discovery requests should be transmitted via email to the following recipients: PG&E’s 2012 ERRRA Compliance Review Case Manager, [Redacted] [Redacted] PG&E’s counsel, Charles Middlekauff (charles.middlekauff@pge.com) and Matt Fogelson (matthew.fogelson@pge.com).
3. As to any discovery request consisting of a number of separate subdivisions, or related parts or portions, a complete response is required to each part or portion with the same effect as if it were propounded as a separate discovery request.
4. Any objection to a discovery request should clearly indicate to which part or portion of the discovery request the objection is directed.
5. If any document, in whole or in part, covered by this request is withheld for whatever

reason, please furnish a list identifying all withheld documents in the following manner: (a) a brief description of the document; (b) the date of the document; (c) the name of each author or preparer; (d) the name of each person who received the document; and (e) the reason for withholding it.

6. If, in answering any of these discovery requests, there is deemed to be any ambiguity in interpreting either the discovery request or a definition or instruction applicable thereto, promptly contact PG&E's case manager or counsel to obtain a clarification.
7. If you have any questions regarding this data request, please email the Case Manager immediately (thomas.jarman@pge.com). If DRA objects to any of the data requests, please contact the assigned PG&E attorneys, Charles Middlekauff (charles.middlekauff@pge.com) and Matt Fogelson (matthew.fogelson@pge.com), as soon as possible.

Definitions

- A. As used herein, the term "you," "your(s)" and "DRA" mean the Division of Ratepayer Advocates and any and all of its respective present and former employees, agents, consultants, attorneys, officials, and any and all other persons acting on its behalf.
- B. The terms "and" and "or" shall be construed either disjunctively or conjunctively whenever appropriate in order to bring within the scope of these discovery requests any information or documents which might otherwise be considered to be beyond their scope.
- C. The singular form of a word shall be interpreted as plural, and the plural form of a word shall be interpreted as singular whenever appropriate in order to bring within the scope of these discovery requests any information or documents which might otherwise be considered to be beyond their scope.
- D. The term "communications" includes all verbal and written communications of every kind, including but not limited to telephone calls, conferences, notes, correspondence, and all memoranda concerning the requested communications. Where communications are not in writing, provide copies of all memoranda and documents made relating to the requested communication and describe in full the substance of the communication to the extent that the substance is not reflected in the memoranda and documents provided.
- E. The term "document" shall include, without limitation, all writings and records of every type in your possession, control, or custody, including but not limited to the following items, whether printed or reproduced by any process, including documents sent and received by electronic mail, or written or produced by hand, and whether or not claimed to be privileged or otherwise excludable from discovery: computer data files, information

stored in electronic media, including on computer tapes, disks, or diskettes, tapes, inputs, outputs, and printouts; notes; letters; correspondence; communications; telegrams; memoranda; summaries and records of telephonic and telegraphic communications; summaries and records of personal conversations; diaries; appointment books; reports (including any and all draft, preliminary, intermediate, and final reports); surveys; studies (including, but not limited to, load flow, engineering, general economic, and market studies; comparisons; tabulations; budgets; workpapers; charts; plans; maps; drawings; engineering and other diagrams (including “one-line” diagrams); photographs; film; microfilm; microfiche; tape and other mechanical and electrical audio and video recordings; data compilations; log sheets; ledgers; vouchers; accounting statements; books; pamphlets; bulletins; minutes and records of meetings; transcripts; stenographic records; testimony and exhibits, including workpapers; copies, reports, and summaries of interviews and speeches; reports and summaries of investigations; opinions and reports of consultants; reports and summaries of negotiations; press releases; newspaper clippings; drafts and revisions of draft of documents; and any and all other records, written, electrical, mechanical, and otherwise. “Documents” shall also refer to copies of documents (even though the originals thereof are not in your possession, custody, or control), every copy of a document which contains handwritten or other notations or which otherwise does not duplicate the originals or any other copy, and all attachments or appendices to any documents.

- F. “Identification” of a document includes stating: (a) the identity of each person who wrote, dictated, or otherwise participated in the preparation of the document; (b) the location of the document; and (c) the identity of each person having custody of or control over the document.
- G. “Identification” of a person includes stating his or her full name, most recent known business address and telephone number, present position, and prior connection to or association with any party to this proceeding, including position at the time of connection to the information requested.
- H. “Justify,” “explain,” “support,” “state,” and similar terms call for a full explanation of all reasoning involved, identification of all documents, information, studies and reports relied upon, used or referred to, and a summary of all facts relied upon, stating the basis therefore.
- I. “Party” and “person” refer to, without limiting the generality of their meaning, every natural person, corporate entity, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body, or agency.

- J. “Policy” or “position” means each rule, procedure, or directive, formal or informal, written or unwritten, and each common understanding or course of conduct which was recognized as such by you.
- K. “Providing copies” or similar phrases shall include the full identification of all requested documents, to the extent not already identified therein, as well as to the physical production of all such documents.
- L. “Relate to,” “concern,” and similar terms and phrases shall mean consist of, refer to, reflect, comprise, discuss, underlie, comment upon, form the basis for, analyze, mention, or be connected with, in any way, the subject of these discovery requests.
- M. When requested to “state the basis” for any analysis (including studies and workpapers), proposal, assertion, assumption, description, quantification, or conclusion, please describe every fact, statistic, inference, supposition, estimate, consideration, conclusion, study, and analysis known to you which you believe to support the analysis, proposal, assertion, assumption, description, quantification, or conclusion, or which you contend to be evidence of the truth or accuracy thereof.
- N. “Study,” “studies,” or “report(s)” denotes any document, as defined above, which reflects or was utilized in the collection, evaluation, analysis, summarization, or characterization of information in connection with the subject referred to.

Data Request

Chapter 1 – Executive Summary (Michael Yeo)

1. Should the word “fine” on page 1-6, line 13 be “find”?

Chapter 2 – PG&E’s Management of Utility-Owned Generation - Nuclear and Hydro (Yakov Lasko)

2. Should the word “three” on page 2-2, line 10 be “two”?
3. On page 2-1, lines 9-11, DRA states that it “reviewed generation outage information, including the underlying factors for certain outages, to ensure that ratepayers do not suffer any economic losses due to unreasonable UOG management errors or emissions.”
 - a. In its approach to addressing the prudence of PG&E’s management of its hydro utility-owned generation, did DRA consider the performance of PG&E’s hydro generation portfolio during the 2012 record period?

- b. In its approach to addressing the prudence of PG&E's management of Diablo Canyon, did DRA consider the performance of Diablo Canyon during the 2012 record period?

Chapter 3 -- PG&E's Management of Utility-Owned Generation – Fossil (Ravinder Mangat)

4. On page 3-1, lines 24-26, DRA states that “As discussed in the SONGS OII (I12-10-013), the utility has ultimate responsibility for collecting incremental “inspection and repair costs” from the manufacturer of components that failed, regardless of the reason for the failure.”
 - a. Please provide PG&E with a copy of the DRA testimony referenced in footnote 48.
 - b. Please define incremental “inspection and repair costs” as used above.
 - c. Please provide PG&E with the Commission decision that states that the utility has ultimate responsibility for collecting incremental “inspection and repair costs” from the manufacturer of components that failed, regardless of the reason for the failure.
5. On page 3-2, lines 8-9, DRA states that “In addition, DRA maintains that PG&E is not eligible to claim in ERRA any “inspection and repair costs” due to equipment failure, regardless of the reason for that failure, nor any energy replacement costs owing to this failure.”
 - a. Please identify the line item(s) in the ERRA balancing account where PG&E has included “inspection and repair costs” for any of its utility owned generation facilities.
 - b. If DRA is unable to specify where in PG&E's ERRA balancing account PG&E has included “inspection and repair costs” for any of its utility owned generation facilities, please explain why DRA is recommending a disallowance of \$1.61 million.
 - c. Please explain DRA's understanding of whether capital and expense costs of PG&E's utility owned generation are within the scope of PG&E's General Rate Case or ERRA Compliance Proceeding.
6. On page 3-12, lines 18-24, DRA states that PG&E should have included replacement costs in the Wartsila warranty for the Humboldt Generating Station.
 - a. Is DRA aware of any warranty from a turbine manufacturer that includes a provision addressing replacement costs in the case of a manufacturing or installation defect?
 - b. If so, please identify all warranties that DRA is aware of from turbine manufacturers that include a provision addressing replacement costs including, but not limited to: the name of the manufacturer, the date the warranty was entered into, the facility where the turbines were installed, the specific terms of the warranty with regard to replacement costs, and the purchasing utility/entity.

7. With regard to the labor and capital cost disallowance recommended by DRA on page 3-15 for the Humboldt Generating Station, describe in detail how DRA proposes that this disallowance be accounted.
 - a. Would the proposed disallowance mean that PG&E was not able to recover \$1.61 million in costs in ERRA?
 - b. Would the disallowance be applied to the 2014 General Rate Case (GRC)?
 - c. Would the disallowance be accounted for through some other mechanism other than the ERRA Balancing Account or the GRC? If so, please describe.
8. DRA’s testimony in Chapter 3 addresses an outage at Humboldt Generating Station, Unit 5 (p. 3-4, lines 4-5). What is DRA’s basis for seeking a disallowance for Units 3 and 7 (p. 3-15, Table 3.1, Item #5) when there was no forced outage at these units?
 - a. Is it DRA’s position that in an ERRA proceeding it can recommend disallowances associated with maintenance outages as compared to forced outages?
9. On page 3-3, lines 13-20, DRA describes its overall approach to investigating PG&E’s administration of UOG resources. DRA’s approach was: (1) “Identify whether there has been any forced outage, or maintenance/planned outages that were significantly longer than originally planned”; and (2) “Determine whether any failure of PG&E to act prudently and as a reasonable manager in the operation of this resource lead to these outages occurring or lasting longer than they should have done.”
 - a. In its approach to investigating PG&E’s administration of UOG resources, did DRA consider whether PG&E’s fossil generation portfolio operated at a higher reliability level during the 2012 record period when compared to the industry benchmarks?

Chapter 4 – Qualifying Facility Contract Administration (Yakov Lasko & Colin Rizzo)

10. On page 4-4, DRA recommends that “[c]ompliance audits should occur at least every three years and should focus on whether PG&E is complying with its contractual obligations, prudently administering its contracts, and dispatching energy at the lowest possible cost for ratepayers.”
 - a. Describe in detail the type of audit DRA is proposing with regard to compliance with contractual obligations.
 - i. What would the audit include?
 - ii. How would the audit be performed?
 - iii. How in-depth would the audit be (*e.g.*, a sampling of contracts or all contracts).

- iv. How would the results of the audit be used?
 - v. Would the audit results be filed in an ERRA compliance proceeding or some other proceeding?
- b. Describe in detail the type of audit DRA is proposing with regard to prudently administering contracts.
- i. What would the audit include?
 - ii. How would the audit be performed?
 - iii. How in-depth would the audit be (*e.g.*, a sampling of contracts or all contracts).
 - iv. How would the results of the audit be used?
 - v. Would the audit results be filed in an ERRA compliance proceeding or some other proceeding?
- c. Describe in detail the type of audit DRA is proposing with regard to dispatching energy at the lowest possible cost.
- i. What would the audit include?
 - ii. How would the audit be performed?
 - iii. How in-depth would the audit be (*e.g.*, a sampling of contracts or all contracts).
 - iv. How would the results of the audit be used?
 - v. Would the audit results be filed in an ERRA compliance proceeding or some other proceeding?
 - vi. Is this an audit of PG&E's Least Cost Dispatch practices?
- d. Is DRA recommending that the audit be performed by PG&E's Internal Audit department, a third-party, or some other PG&E Department?
- e. What does it mean on p. 4-4, line 14 and p. 4-5, line 2 that the corrective action report would be "certified."
- i. What aspect of the report will be "certified"?

Chapter 5 – Least Cost Dispatch (Ravinder Mangat)

11. On page 5-2, DRA recommends that PG&E provide a performance evaluation, comparison tool, or other quantitative analysis that demonstrates their effectiveness in achieving the least cost dispatch standard.
 - a. Please explain how this recommendation is consistent with Section 454.5(d)(2) of AB57, which states in part that one of the objectives of a Commission-approved procurement plan is to “Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation’s actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses.”
12. Describe in detail the “performance evaluation or other type of quantitative analysis that demonstrated PG&E’s effectiveness in achieving the least-cost dispatch standard in the record year” that DRA describes on p. 5-1, lines 20-22.
 - a. Describe with specificity the information that DRA believes would be appropriate to use in this performance evaluation or analysis.
 - b. Describe with specificity the output and/or results that DRA believe this performance evaluation or analysis should produce.
 - c. Has either Southern California Edison Company or San Diego Gas & Electric Company provided in their ERRA compliance proceedings a “performance evaluation or other type of quantitative analysis that demonstrated [that utility’s] effectiveness in achieving the least-cost dispatch standard in the record year.”
 - i. If so, identify which utility(ies) and the Application Number for the ERRA Compliance proceeding.
 - d. In discovery in this proceeding, including the Master Data Request, did DRA request a “performance evaluation or other type of quantitative analysis that demonstrated PG&E’s effectiveness in achieving the least-cost dispatch standard in the record year.”
 - i. If so, identify the specific request number(s).
 - e. Is DRA aware of any Commission decision, resolution or precedent that requires a “performance evaluation or other type of quantitative analysis” that demonstrates the “effectiveness in achieving the least-cost dispatch standard in the record year” in an ERRA Compliance proceeding.
 - i. If so, identify the decision, resolution or precedent.
13. On page 5-2, line 2, DRA states that PG&E has submitted its bids in a cost effective manner. Please explain and supply all supporting analyses on how DRA reached this conclusion.

14. On page 5-4, DRA summarizes the Commission's Least Cost Dispatch Standard. On page 5-5 DRA states that "this (i.e., the CAISO's Integrated Forward Market) leads to a least-cost multi-product co-optimization methodology that is designed to maximize economic efficiency and consider physical constraints, thereby relieving network congestion. According to CAISO, in theory, the economic efficiency of the market operation could be achieved through a least-cost resource commitment and scheduling with co-optimization of energy and A/S. However, the economic efficiency of the market depends heavily on the presentation of resources by the bidders, including the IOUs."
- a. Does the DRA agree or disagree with the CAISO that resources cleared through the Integrated Forward Market are consistent with the Commission's Least Cost Dispatch Standard? Please provide supporting discussion to your response.
15. At page 5-2, DRA recommends that PG&E provide a performance evaluation, comparison tool, or other quantitative analyses that demonstrates their effectiveness in achieving Least Cost Dispatch. Please explain how PG&E's response to Master Data Request 1.4.1 does not respond to DRA's recommendation.

For reference, MDR 1.4.1 says this:

1.4.1. Explain (qualitatively) and make a showing (quantitatively) as to whether or not the lowest cost mix of resources within given constraints was achieved for the Record Period. Include in your response:

1.4.1.1. The mix of resources used, for example, utility owned generation versus market purchases and short and long-term contracts and the analysis performed to determine least-cost;

1.4.1.2. The analysis and comparison as to risk and cost basis of utilizing financial trading products day-ahead versus committing utility-owned physical power (energy and capacity) to its optimal capacity in the Integrated Forward Market;

1.4.1.3. The extent of correlation (if any) between PG&E's purchase of financial trading products with PG&E's credit providers during the Record Period (include 2011 for comparison purposes). Make a showing quantitatively and include any workpapers in excel format with formulas intact, which either show or disprove correlation. Identify fully (by volume traded, dollar amount) each financial energy trading entity, which also provides credit facilities to PG&E;

1.4.1.4. An explanation of PG&E's dispatch decisions for the Record Period related to any CAISO tariff changes and FERC rules as to the percentage of load forecast that must be committed in the day-ahead market to avoid penalties. Using for example, the historical precedents of 95% and 85%. Identify in particular, PG&E's day-ahead percentage of load forecast self-scheduled. Disaggregate utility-owned versus utility controlled resources. Include all workpapers in excel format with formulas intact.