

PACIFIC GAS AND ELECTRIC COMPANY
General Rate Case 2011 Phase I
Application 09-12-020
Data Response

PG&E Data Request No.:	DRA_194-05		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_194-Q05		
Request Date:	March 10, 2010	Requester DR No.:	DRA-194-DFB
Date Sent:	March 24, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Donna-Fay Bower

SUBJECT: BENEFITS

QUESTION 5

In response to DRA-006, Q 17. PG&E stated that “This forecast will be updated in the Application to reflect the timing and provisions of benefit changes actually contained in recently negotiated the labor agreements.” Health Care Fiduciary Compliance and Administration has not changed from the NOI (see page WP 17-3). Why has PG&E not updated its forecast to reflect changes contained in recently negotiated labor agreements? Please provide the updated forecast.

ANSWER 5

The response to DRA-006, Q17 provided a detailed breakdown of the 2011 forecast of \$1,720,000 for Health Care Fiduciary Compliance and Administration. This forecast assumed that the Benefits Reopener changes would be effective in 2010, and the 2011 compliance and administration cost forecast would include the normal compliance and administration costs associated with the updated benefit plan offerings.

As explained in the response to GRC2011-Ph-I_DR_DRA_194-Q03, the benefit plan changes negotiated as part of the Benefits Reopener will be effective in January 2011. PG&E forecasts that one-time costs associated with implementation and communication of the new medical plan offerings and plan design changes will be completed in 2011 (rather than 2010 as originally forecast).

The updated forecast for 2011 fiduciary compliance and administrative costs total \$2.5 million. However, as noted in the response to GRC2011-Ph-I_DR_DRA_194-Q01, PG&E did not update the original request filed in the NOI to reflect changes in forecast administrative costs. Only the cost/savings attributable to the actual benefit changes resulting from the Benefits Reopener were updated in PG&E’s Application filing. PG&E’s request for Health Care Fiduciary Compliance and Administration continues to be \$1,720,000.