

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

PG&E Data Request No.:	DRA_194-07		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_194-Q07		
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 7

In response to DRA-006, Q 21, PG&E states that “The Rx contract savings is equal to the projected Rx cost in each year under the current contract times the percentage savings associated with the change to the new contract. The percentage savings were provided by PG&E’s pharmacy benefits manager, Medco, based on the new negotiated contract financial terms.” Please provide the supporting documentation calculation. In addition please provide a detailed explanation for why the Application workpapers do not contain the Medical Plan Forecast plan changes that were included in PG&E’s NOI filing (NOI PG&E-6, Chapter 17 workpapers WP 17-3)

ANSWER 7

The attached letter from Medco documents the estimated savings under the updated prescription drug contract. This documentation is provided in GRC2011-Ph-I_DR_DRA_194-Q07Atch01.

As noted in response to DRA_194-06, the estimated change in forecast medical plan costs resulting from plan design changes was expanded in the Application, and is documented in PG&E’s Application workpapers (see Attachment 1 of the Towers Perrin Health Care Cost Forecast Update - 2009 through 2013 letter dated November 3, 2009). Specifically, the estimated cost effect of Medical Plan changes, including forecast savings from the updated prescription drug contract, are incorporated in PG&E’s Application request, and detailed in Application workpapers (PG&E-6, Chapter 17, WP 17-12 through WP 17-17).