

March 19, 2010

Redacted

Manager, Retirement Programs
Pacific Gas & Electric Company
245 Market Street, Redacted
San Francisco, CA 94105

Dear Redacted

**PACIFIC GAS AND ELECTRIC TEST YEAR 2011 GRC — DATA REQUEST
NUMBER DRA-194-DFB (ITEM #8)**

Per your request, we have prepared the following response to data request number DRA-194-DFB, item 8 regarding the calculation projected non-bargained employee contributions.

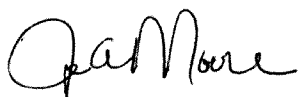
- 8. On WP 17-27, PG&E shows the Employee Health Care Contributions Forecast. For item (d) Net Flex Employees Contributions for the 2010 it is (\$5,864,868), for 2011 it is (\$7,390,569), for 2012 it is (\$7,986,437), and for 2013 it is (\$8,633,338). Please provide the supporting documentation and calculations as how PG&E derived these forecasted amounts.**

Non-bargained employee contributions are developed based on health plan enrollment data and forecast employee contributions. Specific calculations cannot be provided because they are generated by our systems based on each individual employee's coverage elections and the associated cost for that coverage (premium for insured coverage or premium-equivalent for self-insured coverage). The steps of the calculation are as follows:

- Total 2010 contributions are determined by multiplying the enrollment (by plan by coverage category) as of June 2009 by the associated employee contribution that will be charged for coverage under that plan. Specifically, 2010 employee contributions were set in July 2009 based on projected health care costs for the coming year.
- 2011 – 2013 contributions are determined based on projected medical and dental costs for those years multiplied the forecast cost sharing percentage of 7.5%.

GRC2011-Ph-I_DR_DRA_194-Q08Atch01

Sincerely,



Jean Moore

cc:

Eric Sock — Towers Watson/Denver
Elodie Marchalot — Towers Watson/San Francisco