

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

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Date Sent:	March 31, 2010	Requesting Party:	DRA
PG&E Witness:	Linda Cheng	Requester:	Donna-Fay Bower

EXHIBIT REFERENCE: PG&E-6, CHAPTER 3

SUBJECT: PG&E CORPORATION COST RECOVERY POLICY

QUESTION 3

Prior to transferring the 183 employees, what were PG&E Corporation's departments? For each department prior to the transferring of the 183 employees, what was the function of department?

ANSWER 3

The page and line number references refer to *Pacific Gas and Electric Company 2011 General Rate Case Prepared Testimony, Exhibit (PG&E-6) Administrative and General Expenses*.

Chairman, CEO and President's Immediate Office – is responsible for the executive leadership of PG&E and PG&E Corporation. Since PG&E is the sole operating subsidiary of PG&E Corporation, the activities of the Chairman, CEO, and President focus on the core business of PG&E. (Page 4-1; lines 8-13.)

Prior to transferring the 183 employees, the Corporate Secretary's organization for PG&E Corporation consisted of:

- **Vice President, Corporate Governance and Corporate Secretary's Immediate Office** – is responsible for providing support to the PG&E and PG&E Corporation Boards of Directors and the PG&E Corporation Chairman, CEO and President, and the PG&E President on all matters related to the corporate governance of PG&E and PG&E Corporation. (Page 4-4; Lines 27-32) The Vice President, Corporate Governance and Corporate Secretary manages PG&E's Corporate Secretary Department, which provides compliance, reporting, shareholder and other necessary

services for PG&E and PG&E Corporation; and manages the director fees and expenses for PG&E's and PG&E Corporation's Board of Directors.

- **Corporate Secretary** - supports the Board of Directors of PG&E and PG&E Corporation and their respective committees; provides compliance, reporting, shareholder and other necessary services for PG&E and PG&E Corporation; and manages the director fees and expenses for PG&E's and PG&E Corporation's Board of Directors. (Page 4-1; lines 17-21)

Prior to transferring the 183 employees, the General Counsel's organization for PG&E Corporation consisted of:

- **Immediate Office of the Senior Vice President and General Counsel** – is in charge of PG&E's Law Department. In this capacity, the General Counsel provides legal advice, counsel, and oversight guidance to PG&E's officers and directors on all matter affecting PG&E, and oversees all legal advice given by the attorneys in the Law Department. (Page 5-2; lines 3-7)
- **Law Department** – substantive activities fall into three categories: litigation, regulatory, and corporate services. (Page 5-2; lines 21-22)

Prior to transferring the 183 employees, the Chief Risk Officer's organization for PG&E Corporation consisted of:

- **Vice President and Chief Risk and Audit Officer's Immediate Office** – provides the oversight, management, and administrative functions for the entire Risk and Audit organization. (Page 6-1; lines 29-31)
- **Enterprise Risk Management & Insurance** – works to minimize the adverse financial effect of catastrophic property and casualty losses. (Page 6-8; lines 14-15)

Prior to transferring the 183 employees, the Finance organization for PG&E Corporation consisted of:

- **Senior Vice President and Chief Financial Officer's Immediate Office** – is responsible for managing the financial operations and performance, and long-term financial outlook and strategy of PG&E Corporation; approving financial transactions; developing strategy for financial operations and advising the board of directors on the full range of strategic and financial goals for PG&E Corporation; developing and setting financial performance targets for PG&E Corporation; overseeing and reviewing Securities and Exchange Commission filings and public disclosures; conveying financial information regarding PG&E Corporation operations and communicating financial expectations and performance to investors and the financial community; overseeing the operations of the office of Vice President and

Chief Risk and Audit Officer, providing additional oversight of the effective and efficient management of Market and Credit Risk Management, Compliance and Ethics, Corporation Security and Enterprise Risk Management and Insurance. (Page 8-2; lines 5-24)

- **Finance** – is responsible for managing the Utility’s financial and operational performance, oversight of financial planning and economic analysis services, and decision support to key client groups. Areas transferred were Economic and Project Analysis, Corporate Services Business Finance, and Planning, Forecasting and Reporting. (Page 8-3; lines 11-13)
- **Vice President Investor Relations Immediate Office** – is responsible for structuring the communications to the public regarding historic financial performance and future expectations. (Page 8-11; lines 24-26) The Vice President of Investor relations manages PG&E’s Investor Relations Department which is responsible for ensuring the proper valuation of PG&E’s traded securities; objectives are to ensure that PG&E complies with the SEC rules and regulations pertaining to communication with investors; and that PG&E is responsive to its shareholders. (Page 8-11; lines 17-21)
- **Investor Relations** – is responsible for ensuring the proper valuation of PG&E’s traded securities; objectives are to ensure that PG&E complies with the SEC rules and regulations pertaining to communication with investors; and that PG&E is responsive to its shareholders. (Page 8-11; lines 17-21)
- **Performance and Process Improvement** – responsible for process improvement initiative support for the Finance Organization. (Page 8-13; lines 27-28)
- **Banking and Money Management** – is responsible for all banking and money management matters for PG&E. (Page 8-15; lines 17-18)
- **MBA (Leadership Development Department)** – managing the MBA program including; Associates Program (a 2-year program which identifies talent from a select list of universities across the country; recruits, hires, and trains the MBA Associates participants; provides rotational opportunities to learn PG&E’s business; develops leadership skills in communication, business understanding, strategy, performance improvement and coaching and developing staff; and provides career management and leadership opportunities); Fellowship Program (identifies talent within PG&E and provides financial assistance in completion of their MBA at a select list of universities, and offers activities similar to the MBA Associates Program); and Intern Program (identifies talent from a select list of universities across the country for internship positions at PG&E with activities similar to the MBA Associates Program). (Page 8-17; lines 3-19)

- **Corporate Information Technology** – responsible for IT infrastructure and application support for PG&E Corporation, including planning, implementing, and maintaining IT infrastructure, devices, applications and network utilized by PG&E Corporation; provides support for IT infrastructure, devices, applications and network utilized by PG&E Corporation; and provides governance and oversight over usage and changes to the IT infrastructure, devices, applications and network utilized by PG&E Corporation. (Page 8-14; lines 12-19)

Prior to transferring the 183 employees, the Controller’s organization for PG&E Corporation consisted of:

- **Vice President and Controller’s Immediate Office** – is responsible for oversight of the departments in the Controller’s Department. (Page 9-2; lines 20-21) The controller’s Department is responsible for establishing and implementing accounting policies for the Company; recording and monitoring financial performance; and providing timely corporate reporting of financial positions and business operations to the SEC, CPUC, FERC and other external agencies. (Page 9-1; lines 6-11)
- **Corporate Accounting** – maintains the financial books and records for PG&E, enabling the Company to be able to perform timely and accurate internal and external reporting of financial information; advises senior management on the financial impact effect of regulator developments and planned business transactions; and is responsible for the preparation of external financial reports, research and analysis of the accounting impact of regulatory decisions and significant business transactions and events, and implementation of PG&E’s accounting policies. (Page 9-3; lines 19-27)
- **Financial Compliance & Controls** – monitor and report on PG&E Corporation and the Utility’s Section 404 and SOX Act compliance; manage PG&E Corporation’s and the Utility’s policies and procedures to meet the requirements of Section 404 of the SOX Act; and performs detailed audits of general ledger account reconciliations to ensure the account balances are recorded correctly. (Page 9-7; lines 8-13)
- **Payment Services Immediate Office** – has two sections, Payroll and Accounts Payable. The Payroll department is responsible for paying all Utility and PG&E Corporation employees correctly, on time and in compliance with all bargained contracts, laws, ordinances, regulations or mandated requirements; is also responsible for disbursement of payroll taxes, overseeing garnishments and the production of periodic filings and reporting requirements. (Page 9-8, lines 13-22) The Accounts Payable department is responsible for making timely and accurate payments to vendors and employees, as well as for retaining, organizing and managing source documents as required by PG&E procedures, government agencies

and regulators; processes all invoices and employee expense reimbursement checks; administers the Corporate Credit Card Program and the Petty Cash Program; reconciles Accounts Payable-related General Ledger accounts, provides tax withholding and reporting as required, and maintains all Accounts Payable-related master files and control tables. (Page 9-9; lines 18-27)

Tax Department – is responsible for all federal and state income tax matters and all property and sales/use tax matters for PG&E. (Page 10-1; lines 6-7)

Prior to transferring the 183 employees, the Public Affairs’ organization for PG&E Corporation consisted of:

- **Senior Vice President Public Affairs Immediate Office** – responsible for developing, executing, overseeing and managing PG&E’s public affairs activities, including: managing the six departments that report to the SVP and directing the federal, state and local government relations program; providing strategic guidance and counsel to officers and other leaders within the Company on key business decisions and issues; establishing standards and maintaining quality control for the Public Affairs organization; building and developing the management leadership team within the Public Affairs Department; and managing the Company’s memberships in various organizations through a shareholder-funded, below-the-line account. (Page 11-2; lines 4-16)
- **Vice President of Corporate Environmental and Federal Affairs Immediate Office** – represents the Company before Congress and federal agencies, and develops and enhances relationships with various stakeholders at the national level to support PG&E’s environmental leadership and customer satisfaction goals. (Page 11-9; lines 4-7) The Vice President of Corporate Environmental and Federal Affairs manages PG&E’s Corporate Environmental and Federal Affairs Department and the Environmental Policy Department. (Page 11-9; footnote 3)

Prior to transferring the 183 employees, the Corporate Relations’ organization for PG&E Corporation consisted of:

- **Senior Vice President Corporation Relations Immediate Office** – responsible for developing, executing, and overseeing a broad spectrum of internal and external communications activities to provide information to PG&E’s customers, employees and the general public. (Page 12-2; lines 7-10)

- **Corporate Relations Department** – responsible for managing communications in support of the Company’s investor and shareholder relations efforts, as well as communications surrounding corporate governance matters, required financial reporting, senior executive outreach to select audiences, corporate legal and HR issues, and key federal policy matters. (Page 12-10; lines 22-27)
- **Advertising** – responsible for delivering relevant information to customers via cost-effective mass market communication channels, including television and radio, print and online, and community outreach programs and events. (Page 12-11; lines 28-31, and page 12-12; line 1)
- **External Communications** – principal organization responsible for communications to the public via English-language and multicultural media; also the primary organization for managing and directing emergency communications to customers and the general public. (Page 12-4; lines 21-24)
- **Internal Communications** – responsible for employee, leadership and retiree communications. (Page 12-6; lines 12-13)

Prior to transferring the 183 employees, the Human Resources’ organization for PG&E Corporation consisted of:

- **Senior Vice President Human Resources Immediate Office** - ensures that PG&E has the qualified workers needed to provide safe and reliable gas and electric services; provides strategic direction, oversight, and coordination of issues, policies and services for the Company. (Page 14-2; lines 4-8)
- **Benefits** – responsible for delivering the full scope of pension and benefit programs offered by PG&E; including designing and developing PG&E’s benefit programs, managing PG&E’s benefits vendors, administering and delivering certain benefits services directly to participants, and ensuring compliance with all applicable federal, state, and local laws. (Page 14-5; lines 3-8)
- **Rewards** – responsible for developing and delivering effective, innovative and cost-competitive compensation services for the Company overall including: designing and implementing competitive compensation policies and programs to attract and retain highly qualified and motivated workers and assuring compliance with all compensation-related legal requirements. (Page 14-5; lines 26-32; page 14-6; line 1)

- **HR Systems** – responsible for managing Information Technology (IT) services that support HR; prioritizing maintenance, incremental improvements and major IT projects for the HR Department; acting as primary liaison with Information Systems and Technology Service for support of systems that support HR functions; managing PG&E employee data; developing HR system requirements and test cases, approving system design, performance of some system testing and authorizing all HR system changes; supporting the Return to Work and Leave Management programs; and operating the HR Service Center. (Page 14-6, lines 245-31; page 14-7, lines 1-5)
- **Talent Management** – provides HR processes and services that support the end-to-end planning, identification, management, and development of employees and leaders. (Page 14-8; lines 25-27)

Investments and Benefit Finance – ensures appropriate funding and investment management of all external trusts assets maintained by PG&E and PG&E Corporation; serves as staff to the PG&E Corporation Employee Benefit Committee for assets related to employee benefit programs and as staff for the PG&E Nuclear Facilities Decommissioning Master Trust Committee for assets held for decommissioning PG&E’s nuclear power plants; for both committees makes recommendations pertaining to all aspects of investment management, including investment policy and asset allocation, as well as asset class and investment management structure; and monitors quarterly investment performance and reviews funded status. (Page 18-2; lines 4-14)

Corporate Strategy and Development - is responsible for PG&E Corporation’s long-term strategic plan and evaluating growth opportunities, including asset acquisitions and mergers within the energy sector.

Strategic Analysis – supports PG&E Corporation’s goals by developing financial models and performing company valuation and synergy analyses as part of corporate acquisition initiatives; advising senior management on strategic investment opportunities; supporting development of PG&E Corporation and PG&E business strategies; and acting as a liaison between Corporate Strategy and Development and Finance to facilitate effective decision-making and utilization of resources.