

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

PG&E Data Request No.:	DRA_188-03		
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Request Date:	March 9, 2010	Requester DR No.:	DRA-188-DFB
Date Sent:	March 22, 2010	Requesting Party:	DRA
PG&E Witness:	Hudson Martin	Requester:	Donna-Fay Bower

SUBJECT: RISK AND AUDIT DEPARTMENT COSTS

QUESTION 3

Forecast for 2010 and 2011 was \$4,789,256 and \$5,133,422, respectfully, in the NOI and \$3,903,216 and \$4,722,695, respectively in the application. Please provide a detailed explanation and supporting calculations on the change in forecast.

ANSWER 3

2010

\$4,789,256 to \$3,903,216 = \$886,040 decrease between the NOI and Application was mainly due to the following.

- Labor: Decrease of 5 FTE at \$110K each = \$550K
- Affiliate Charge: At the time the NOI was filed, the VP Audit Officer (a Corporation employee) charged out time and expenses to the Internal Audit Department at the Utility. After the NOI was filed, the VP Audit Officer moved to the Chief Risk Officer (CRO) role, which oversees more than just the Internal Audit dDepartment. Therefore, the Internal Audit Department no longer received time and expenses charge out from the Corporation. This results in a reduction of \$340k in the 2010 forecast.

2011

\$5,133,422 to \$4,722,695 = \$410,727 decrease between the NOI and Application was mainly due to the following.

- Affiliate Charge: \$350k reduction due to VP Audit Officer moving to CRO role (see above).