

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

PG&E Data Request No.:	DRA_175-06		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_175-Q06		
Request Date:	March 3, 2010	Requester DR No.:	DRA-175-DFB
Date Sent:	March 17, 2010	Requesting Party:	DRA
PG&E Witness:	Jason Wells	Requester:	Donna Fay Bower

SUBJECT: PG&E CORPORATION COSTS

QUESTION 6

On Line 10, Controller's Department, PG&E Corp is forecasting \$1,691,000 in base year dollars. How did PG&E Corporation determine this forecast? In addition, please provide supporting spreadsheet for this calculation.

- a. Please provide a detailed explanation of the services being provided by PG&E Corporation. In addition, provide a breakdown of the costs by labor, non-labor, and outside services/consultants.
 - i. Labor costs should reflect which of the 41 remaining PG&E Corp are included in labor and which functional area it is in.
 - ii. For all Outside Services/Consultants, provide a detail justification for the need for these services, including the costs.

ANSWER 6

The method used to forecast PG&E Corporation's Test Year 2011 costs was to review the work expected to be performed in 2011 and then to calculate the resources required to perform such work. The supporting spreadsheet for this calculation is included as Attachment GRC2011-DR_DRA_175-Q06AAtch01.

- a. The Controller's Organization currently has two Provider Cost Centers (PCCs) related to PG&E Corporation: PCC 20031 (VP and Controller's Immediate Office), and PCC 20032 (Corporate Accounting). A breakdown of costs by labor, non-labor, and outside services is described below and shown in the attached spreadsheet.
 - PCC 20031 (VP and Controller's Immediate Office) includes labor and non-labor costs associated with the two Controller's Organization employees who remained with PG&E Corporation (the VP/Controller and an Executive Assistant) as well as related contract costs. As shown in Table 9-1 of Exhibit (PG&E-6), the 2011

forecast for these costs is \$1,430,273. ¹ A detailed explanation of the VP and Controller's Immediate Office's services is provided at page 9-2, line 19 through page 9-3, line 10 of Exhibit (PG&E-6).

- PCC 20032 (Corporate Accounting) includes certain non-labor costs associated with financial reporting support function and system support with respect to SAP financial system, Concur employee expense system, and HR/Payroll system. As shown in Table 9-1 of Exhibit (PG&E-6), the 2011 forecast for these costs is \$430,679.²
- i. As noted above, of the 41 remaining PG&E Corporation employees, two are in the Controller's Department: (1) the VP and Controller, and (2) the Executive Assistant. These labor costs are shown in the attached spreadsheet.
- ii. Outside Services costs for PCC 20031 are shown in the attached spreadsheet and primarily include external audit fees for the following: (1) \$565,000 for services performed in connection with the financial audit of PG&E Corporation; (2) \$100,000 for services performed in connection with the audit of PG&E Employee Benefit Plans; and (3) \$50,000 for other audit-related services. Under the Securities Exchange Act, PG&E is required to file an audited financial statements with the Securities Exchange Commission (SEC). In addition, the Employee Retirement Income Security Act of 1974 (ERISA) requires that PG&E Employee Benefit Plans are audited by an independent accounting firm.

¹ See line 1) CFO Controllers VP & Immediate Office, 923-Outside Services-Corp (2011 Forecast).

² See line 2) Corporate Accounting, 923-Outside Services-Corp (2011 Forecast).