

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

PG&E Data Request No.:	DRA_175-11		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_175-Q11		
Request Date:	March 3, 2010	Requester DR No.:	DRA-175-DFB
Date Sent:	March 17, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Donna Fay Bower

**SUBJECT: PG&E CORPORATION COSTS**

**QUESTION 11**

On Line 16, Short Term Incentive Plan, PG&E Corp is forecasting \$5,012,000 in base year dollars. How did PG&E Corporation determine this forecast? In addition, please provide supporting spreadsheet for this calculation.

- a. Which of the 41 remaining PG&E Corporation employees are eligible to receive STIP?

**ANSWER 11**

The 2011 forecast of \$5,012,000 in base year dollars is calculated by multiplying the 2011 nominal forecast by the Global Insight de-escalation factor:  $\$5,517,000 \times 0.908464 = \$5,012,000$ .

The PG&E Corporation forecast of \$4.9 million was developed by calculating a three-year average of the actual STIP payouts as a percentage of the maximum potential award (which is two times the target award). The three years were the most current at the time of the forecast: STIP plan years 2006, 2007 and 2008 with awards paid out respectively in 2007, 2008, and 2009. This three-year average percentage was multiplied by the 2008 STIP plan maximum potential award value. The attachment (GRC2011-DR\_DRA-175\_11\_Atch-01) shows the specifics of the calculation for the \$4.9 million. This value was escalated to arrive at the \$5,012,000 in base year dollars.

- a) All of the PG&E Corporation jobs are STIP-eligible. Employees holding those jobs would receive STIP in any given year if they meet the following criteria: they are hired before 10/1 of a STIP year, they are still on the active payroll as of 12/31 of that STIP plan year, and their individual performance meets certain requirements. There are some exceptions, such as when a person retires, but those are the primary criteria.