

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

PG&E Data Request No.:	DRA_175-12		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_175-Q12		
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 12

On Line 17, Benefits, PG&E Corp is forecasting \$271,000 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.
- b. Please provide a detailed justification for including PG&E Corporation Relocation costs in Test Year 2011.

ANSWER 12

An explanation of the relocation cost forecast for the new hires and employees of PG&E Corporation was provided in response to GRC2011-NOI_DR_DRA_007-Q35. An additional copy of PG&E's response to this data request is attached. While this response details the development of the 2011 forecast of \$298,000 (in nominal dollars, or \$271,000 in base year dollars), there is no separate spreadsheet further documenting this calculation. However, to clarify the basis for the 2011 forecast described in DR 007-Q35, the following provides additional detail on the 2009 forecast:

- \$372,000 - MBA hires: This forecast assumes relocation of 12 MBA new hires at an average cost of \$31,000 per hire [$\$31,000 \times 12 = \$372,000$]
- \$712,000 - homeowner relocations: This component assumes 3 director/officer new hires/placements at an average cost of \$204,000 per relocation, plus \$100,000 for continuing payments of mortgage subsidy benefits for relocations initiated before 2009 { $(\$204,000 \times 3) + 100,000 = \$712,000$ }

- \$100,000 – renters: This component assumes one director/officer new hire/placement at an estimated cost of \$100,000.
- (a) As described in Exhibit (PG&E-6), Chapter 17, page 17-31, both PG&E (Utility) and PG&E Corporation (holding company) employees participate in the Relocation Program administered by a single Relocation department. Company Account 926 is charged for expenses related to Utility new hires/employees, while PG&E Corporation Account 923 is charged for expenses related to relocation of holding company new hires/employees.

The following lists the specific relocation services administered by the Relocation Group:

Program Component	Cost Category
<u>Move Allowance</u> : A lump sum provided to cover expenses associated with house hunting and final trip for employee and family (travel, lodging and meals) and temporary lodging. Both Renters and Homeowners are eligible.	Non-labor
<u>Household Goods Move and Storage</u> : Covers the cost to transport the employee's household goods and storage. Both Renters and Homeowners are eligible.	Outside Services
<u>Direct Reimbursement</u> : Covers typical buyer/seller costs for personal home sale/ home purchase. Provided to Homeowners only.	Non-labor
<u>Mortgage Subsidy</u> : An amount paid directly to the lender to help transition relocated employees to high cost housing areas. Provided to Homeowners only.	Outside Services
<u>Home Sale Assistance</u> : Eligible relocating homeowners have the option to receive direct reimbursement of customary seller costs or to participate in the Home Sale Assistance Program. Under this program, if a property does not sell within the mandatory marketing period (at least 60 days), it is purchased at the appraised value and marketed until it is sold. Provided to Homeowners only.	Outside Services
<u>Bargaining Unit Relocation</u> : Relocation assistance paid to employees who must relocate due to job displacement (per the terms of the applicable union agreement). Both Renters and Homeowners are eligible.	Non-labor

- (b) While most of the PG&E Corporation employees, including the Relocation Group employees responsible for administering the Relocation Program, were transferred

to the Company in January 2009, a small number of employees remain at PG&E Corporation. The remaining staff is primarily comprised of senior executives and their immediate staff. When a vacancy occurs, the search for a successor typically includes qualified candidates who are located outside of the San Francisco Bay Area. In such cases, the availability of a full complement of relocation services is a critical and integral component of the employment process. The absence of adequate relocation benefits would restrict the efforts of PG&E Corporation to attract and place individuals with the appropriate talent and experience for these specialized positions.