

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

PG&E Data Request No.:	DRA_175-13		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_175-Q13		
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 13**

On Line 18, Benefits Costs, PG&E Corp is forecasting \$665,000 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 justification for including PG&E Corporation Pension Non-Qualified costs in Test Year 2011.

**ANSWER 13**

The basis for the 2011 non-qualified pension cost forecast of \$733,000 (in nominal dollars, or \$665,000 in base year dollars) is the 2008 recorded adjusted expense held constant through the forecast period. While there is no separate spreadsheet further documenting this calculation, the following provides additional detail on this forecast:

<b>Nonqualified Pension Plan</b>	<b>2008 Cash Payments (PG&amp;E Corp)</b>
Supplemental Executive Retirement Plan (frozen Utility-sponsored SERP)	\$ 87,774
Supplemental Executive Retirement Plan (Corporation-sponsored SERP)	\$ 589,786
Retirement Excess Benefit Plan	\$ 0
Non-Employee Director Retirement *	\$ 27,500
Actuarial Valuation Fees **	\$ 27,500
<b>Total</b>	<b>\$732,500</b>

- \* There is currently one retired non-employee director of the Corporation's Board of Directors. Although annual payments equal \$30,000, they were inadvertently included in forecast as \$27,500.
- \*\* Under the current agreement with Towers Watson (formerly Towers Perrin), actuarial fees increase on an annual basis. Fees are held constant at 2008 level in this forecast.

(a) Retirees of PG&E Corporation earned their non-qualified pension payments during their active years of service. During this service, these employees focused their efforts on Utility operations and services, and virtually all of their workload concerned Utility operations and services. In fact, for most of these retirees, the majority of their employment history was as a Utility employee - prior to the creation of the holding company in 1997. Whether as a Utility employee or a Corporation employee, the service provided by these retirees was a fundamental part of the essential service required for the efficient operation of the Utility and fulfillment of the Utility's service to its customers. For these reasons, it is appropriate to include the cost of non-qualified pension payments made to individuals who happened to be employed by PG&E Corporation at the time of their retirement.