

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

PG&E Data Request No.:	DRA_145-04-Supp01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_145-Q04-Supp01		
Request Date:	February 12, 2010	Requester DR No.:	DRA-145-TLG
Date Sent:	March 19, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Dao Phan

**SUBJECT: SHORT – TERM INCENTIVE PLAN (STIP)**

**QUESTION 4**

PG&E states that its STIP forecast is “based on the most recent 3-year average STIP score expressed as a percentage of the maximum potential award” and that the score is 64.6% for the PG&E and 66.2% for PG&E Corporation.

- a) Provide the detailed break down of the calculation for the 64.6% and the 66.2% and the supporting documentation relied upon which shows how the 64.6% and the 66.2% was used in the forecast of \$106.8 million and \$4.9 million.
- b) Provide the **actual STIP** score expressed as a percentage of the **actual STIP payout** for 2004 through 2008 and for 2009 and 2010.
- c) On page 16.1 PG&E states its “forecast is based on the 3-year average of **actual STIP results** for plan years 2006, 2007 and 2008”, and on page 16-7 PG&E states that its STIP costs are “based on the most recent 3-year average STIP score **expressed as a percentage of the maximum potential** award”. DRA is confused by PG&E’s statements that it based its forecast on the “3-year average of actual STIP results” and PG&E’s statement that it based its STIP forecast on “the most recent 3-year average STIP score expressed as a percentage of the maximum potential award”. Provide the documentation that explains these two statements in detail, in particular the meaning of “actual STIP results” and “maximum potential” award.

**ANSWER 4 – SUPPLEMENTAL 1**

PG&E objects to this request on the grounds that the question asks for actual 2009 data, while PG&E’s request is based on 2008 recorded data. Notwithstanding the foregoing and without waiving PG&E’s right to object to the admissibility of the requested information into evidence, PG&E responds as follows:

- b) The table below includes information for the 2009 STIP paid in 2010, which was not available at the time of the original response. This information is for Utility executive and non-executive employees. It is also updated to provide additional information in response to the specific question of providing the actual STIP score as a percentage of the actual STIP payout. Finally, based on a telephone discussion with DRA, the information about potential maximum payout has been removed for clarity.

Prior to 2006, about 50 lines of business created their own business or operating goals. As a result there was not one overall STIP score. Rather, the calculation of actual payout as of percent of target represented the score. Therefore, for the STIP plan years 2003 through 2005, the actual STIP score expressed as a percentage of the actual STIP payout was 100%.

Since the 2006 STIP plan, there has been a single set of metrics for all plan participants resulting in an overall STIP score. The STIP award calculation includes further adjustments to the awards based on individual performance. For STIP plan years 2006 through 2009, it is possible to show the difference between the actual STIP score and the actual STIP payment.

The “Total Target Payout” values do not include targets for those individuals who were STIP-eligible, but did not receive an award due to their individual performance modifier.

<b>STIP Plan Year</b>	<b>STIP Payout Year</b>	<b>Total Target Payout</b>	<b>Total Actual Payout</b>	<b>Payout as a % of Target</b>	<b>Payout Score</b>	<b>Actual STIP Score</b>	<b>Actual Score as % of Payout Score</b>
2003	2004	\$53.8	\$88.6	164.7%	1.647	1.647	100.0%
2004	2005	\$56.2	\$75.4	134.2%	1.342	1.342	100.0%
2005	2006	\$58.9	\$79.0	134.1%	1.341	1.341	100.0%
2006	2007	\$60.9	\$85.8	140.9%	1.409	1.354	96.1%
2007	2008	\$76.0	\$93.7	123.4%	1.234	1.191	96.5%
2008	2009	\$82.7	\$101.6	122.9%	1.229	1.178	95.9%
2009	2010	\$91.7	\$154.2	168.3%	1.683	1.648	97.9%