

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

PG&E Data Request No.:	DRA_180-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_180-Q01		
Request Date:	March 5, 2010	Requester DR No.:	DRA-180-DFB
Date Sent:	March 19, 2010	Requesting Party:	DRA
PG&E Witness:	Steve Leder	Requester:	Donna Fay Bower

**SUBJECT: HUMAN RESOURCES DEPARTMENT AND OTHER COSTS**

**QUESTION 1**

On page 14-12, PG&E states: "PG&E anticipates continued changes to the workforce based on restructuring to achieve operating efficiencies. PG&E's severance costs in 2008 were \$14.7 million for the Utility and it requests funding of \$11.2 million for 2011." How did PG&E derive this \$11.2 million forecast? Please provide the spreadsheet with supporting calculations showing the development of this forecast.

**ANSWER 1**

This 2011 forecast of \$11.2 million for utility severance is based on the following:

- A preliminary 2009 forecast for the Utility of 80-85 headcount reduction at a cost of \$110,000 to \$120,000 per headcount, for a total of \$9.6 million (80 X \$120,000 = \$9.6 million).
- In addition, \$1 million was forecast for 2009 for Corporation severances, based on a minimal number of severances at the director level and above. This forecast was established before the Corporation to Utility transfer.
- After the Corporation to Utility transfer, 79% of the severance costs set aside for Corporation severance (79% X \$1 million = \$790,000) were transferred to the Utility forecast. This resulted in a Utility severance forecast of \$10.390 million (i.e., \$9.6 million + \$790,000).
- For 2010 and 2011, the 2009 forecasts are escalated at 3.75% annually, resulting in the 2011 forecast of \$11.2 million.

Please see GRC2011-Ph-I\_DR\_DRA\_180-Q01Atch01.xls for the Excel spreadsheet calculations.