

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

PG&E Data Request No.:	DRA_221-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_221-Q01		
Request Date:	March 18, 2010	Requester DR No.:	DRA-221-GAW
Date Sent:	April 1, 2010	Requesting Party:	DRA
PG&E Witness:	Trung Q. Ha	Requester:	Greg Wilson

EXHIBIT REFERENCE: PG&E-3, VARIOUS CAPITAL CHAPTERS

SUBJECT: APPROVAL STATUS OF CAPITAL PROJECTS

In Chapter 14 of Exhibit PG&E-8, PG&E states the following on page 14-2:

Once the OPC [Operating Plan Committee] arrives at a recommended annual budget, it is presented to the Utility and Holding Company Boards of Directors for their concurrence. Approved annual budgets and recommended 2-year targets are then issued to each LOB. Each LOB then updates their 3-Year Operating Plan based on the approved budget and targets.

QUESTION 1

Does the above quotation from Exhibit PG&E-8 mean that all of the capital projects discussed in Exhibit PG&E-3 have been approved by the OPC and the Boards of Directors?

OVERVIEW OF OPC AND BOARDS OF DIRECTORS BUDGET APPROVAL PROCESS

The Operating Plan Committee (OPC) manages the annual budgeting process for the Company and approves budgets at the line of business (LOB) level. The OPC does not review and approve projects individually. Each LOB manages to this total annual budget and allocates funding to the highest priority work and projects.

At the end of each year, the OPC recommends the following year's annual budget target to the Boards of Directors (Board) for approval. Again, this budget recommendation is at the LOB level. The Board does not review and approve projects individually during the annual budget approval process. However, a separate governance policy requires that the Board approve any project exceeding \$100 million in total costs. Any project expecting to exceed the \$100 million

threshold, whether this is known at the start or is known well into the project, is required to get Board approval.

The table below shows all projects approved by the Board.

Projects Approved by the Board	PG&E Exhibit
1. SmartMeter™ Project	(PG&E-4), Chapter 13
2. Colusa Generating Station	(PG&E-5), Pg. 5-4
3. Humboldt Bay Generating Station	(PG&E-5), Pg. 5-5
4. Jefferson-Martin 230-kV Transmission	Electric Transmission – Not included in 2011 GRC
5. Dynamic Pricing Phase I: Peak Day Pricing	(PG&E-4), Pg. 8-31 and (PG&E-7) Pgs. 2-32 and 2-33
6. Diablo Canyon Power Plant Units 1 & 2 Reactor Vessel Head Replacement	(PG&E-5), Pg. 4-11
7. San Francisco 115-kV Recabling	Electric Transmission – Not included in 2011 GRC

ANSWER 1

Per the overview above, the OPC does not approve individual capital projects as referenced in Exhibit PG&E-3. The Board approves projects exceeding the \$100 million threshold.