

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

|                        |                             |                   |             |
|------------------------|-----------------------------|-------------------|-------------|
| PG&E Data Request No.: | DRA_221-03                  |                   |             |
| PG&E File Name:        | GRC2011-Ph-I_DR_DRA_221-Q03 |                   |             |
| 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 3**

Please provide a list of all capital projects that have NOT been formally approved by the OPC and the Boards of Directors, for Exhibit PG&E-3 and other PG&E exhibits. Each item on the list should indicate its corresponding PG&E exhibit and chapter.

**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.

| <b>Projects Approved by the Board</b>                                    | <b>PG&amp;E Exhibit</b>                          |
|--|--|
| 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, 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 3**

Please refer to the overview table above for projects approved by the Board. All other projects have not been approved by the Board.

The OPC does not approve individual projects.