

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

PG&E Data Request No.:	DRA_250-03		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_250-Q03		
Request Date:	April 5, 2010	Requester DR No.:	DRA-250-MCL
Date Sent:	April 16, 2010	Requesting Party:	DRA
PG&E Witness:	Andrew Abranches	Requester:	Mariana Campbell

EXHIBIT REFERENCE: PG&E-6, CHAPTER 8

SUBJECT: FINANCE DEPARTMENTS COSTS – PCC 14044 AND 14085

QUESTION 3

In reference to Exhibit PG&E-6 Pages 8-18 to 8-20 Information Technology Projects.

- A. When does PG&E plan to implement the International Financial Reporting Standards? Provide date.
- B. What software does PG&E plan to implement and use to establish the International Financial Reporting Standards? Will this be developed in-house or developed by contractors? If so, provide name of the contractor working on this project.
- C. Provide a list and description of all Miscellaneous Small Technology Projects. Are these small technology projects part of the day to day operational maintenance performed by PG&E's I.T Department? If not, please state how are these projects different from what is already established. Provide a breakdown of the forecast expense of \$600,000 for year 2011.
- D. In reference to Miscellaneous Small Technology Projects. Aren't these minor systems modifications to maintain optimal operating conditions as stated by PG&E in page 8-20 part of the regular maintenance and embedded cost for this department? What makes these Small Technology Projects Capital projects? Are these systems modifications considered new projects?
- E. In reference to the Asset Accounting System. Did PG&E conduct any research and studies that proves this system's efficiency and accuracy for accounting purposes? If so, please provide this research and any studies done before acquiring this system. Was there a Testing period done on this system? If so, when was this system tested?

- F. In reference to the Asset Accounting System. How will PG&E Corporation benefit from having and using the Asset Accounting System?
- G. What Asset Accounting System is PG&E currently using to do these transactions? Since when does PG&E use this system currently in place? How was it determined that a new Asset Accounting System was needed or needed to be replaced? Please explain.

ANSWER 3

- A. PG&E expects to be required to implement the International Financial Reporting Standards (IFRS) for its 2014 financial statement and as part of the implementation, three years of recorded costs have to be available for comparison purposes (2012, 2013, and 2014). This means that PG&E has to be able to state their costs using the new standards as well as the current standards starting January 1, 2012.
- B. PG&E plans to use SAP to implement the International Financial Reporting Standards. The project team will most likely consist of a mix of PG&E employees as well as SAP consultants. PG&E is actively reviewing contracting partners at this time, however, has not made a selection, and therefore cannot provide specific names.
- C. Miscellaneous Small Technology projects are specific engagements not part of everyday Maintenance and Operations performed by PG&Es IT department. These projects differ from Maintenance and Operations as they are enhancements to current systems individually or as part of a larger upgrade. Maintenance and Operations functions include activities that ensure the system is available, however do not include activities where the underlying processes have changed. The enhancements are to address changes to the underlying process changes such as technology obsolescence. Specifically these projects in 2011 include:
 - a. Implementation of Documentum a document management system, to provide more effective and efficient document storage and sharing capabilities across PG&E [\$100,000]
 - b. Improvements and enhancement to the revenue accounting interfaces from the Customer Care and Billing platform, developing greater linkages for revenue accounting between SAP and the Customer Care and Billing platforms [\$500,000]
- D. Miscellaneous Small Technology projects are specific engagements not part of everyday Maintenance and Operations performed by PG&Es IT department or as part of PG&Es Finance department. These projects differ from Maintenance and Operations as they are enhancements to current systems individually or as part of a larger upgrade. Maintenance and Operations functions include activities that ensure the system is available, however do not include activities where the underlying processes have changed. The enhancements are to address changes

to the underlying process changes such as technology obsolescence. Specifically the project in 2012 is an additional module as part of the SAP upgrade, and is therefore a capital project:

- a. Upgrade of Concur the travel management system, as part of the SAP Upgrade [\$300,000]
- E. PG&E is replacing its current Asset Accounting System with PowerPlant in April 2010 moving away from the SAP asset accounting module. In 2006 PG&E conducted a study of needed improvements needed in the SAP modules to better serve the asset intensive needs of PG&E. SAP was unable to provide a solution that met the requirements outlined [see attached requirements document *GRC2011-Ph-I_DR_DRA_250-Q03 attachment Utilityissues082308.xls*]. As a result PG&E began an effort to find a solution, for a best of breed asset accounting system for Utilities, that could properly account for all the asset accounting intricacies of PG&Es rate base. PowerPlant provided the greatest balance of capability and ease of usage for utilities. PowerPlant is the system used by approximately 75% of the investor owned utilities. The Assistant Controller of PG&E contacted at least four other utilities who use PowerPlant before acquiring the system.
- F. The new Asset Accounting System will benefit PG&E in a number of ways. It will facilitate the implementation of the International Financial Reporting Standards by breaking down the current asset records into more detailed components. It allows for more control and automation of capital accounting processes such as managing leases and recording Asset Retirement Obligations. It provides more visibility and transparency between assets and capital orders. It provides integration with the tax system that PG&E uses, PowerTax. It allows the annual property tax reporting to be streamlined.
- G. PG&E is currently using SAP for asset accounting and has used it since May of 1996. It was determined that a new Asset Accounting system was needed for the reasons mentioned in response F.