

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

PG&E Data Request No.:	DRA_250-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_250-Q01		
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 1

In reference to Exhibit PG&E-6 pages 8-16 and 8-17

- A. Provide a list of all “external sources” PG&E uses to train PG&E’s high potential talent for their leadership positions.
- B. Describe and explain high-potential employees hired by PG&E. What makes these employees different from regular employees. Explain what is a “high potential employee”.
- C. Provide description of training provided and provide training cost for the leadership development department for years 2005 – 2009. Is there training cost for PCC 14044 & 14085 in the forecast years? If so, please provide breakdown cost for both PCCs.
- D. How did PG&E determined in year 2008 that only 3 employees worked on below the line activities? How did PG&E track their time and responsibilities for FTEs working on the Corporation side? How was this time tracked, allocated between Corporate and Utility and how often.
- E. In reference to Table 8-2, page 8-18. Are there any vacancies for PCCs 14044 & 14085 for years 2008-2010 and state vacant title positions and salary associated per vacancy per each specific year. Please provide number of vacancies per year.
- F. In reference to Table 8-2, page 8-18. The number of MBA Associates FTEs increased in year 2008 from 22 to 27 in year 2009 and a drop to 22 FTEs in year 2010. Please explain the need of 5 additional positions from year 2008 to 2009. Are those positions vacant in year 2010? Please explain the drop of positions for year 2010 and 2011.

- G. PG&E states that “In 2011, \$2.9 million will be dedicated to succession planning and employee development for high-potential employees within PG&E. Please provide a detail breakdown of the \$2.9 million that will be dedicated in the development for these high potential employees. In which FERC account(s) was this \$2.9 million forecasted?”

ANSWER 1

PG&E objects to this data request to the extent it asks for 2009 or 2010 actual data, while PG&E’s GRC request is based on 2008 actual data. Notwithstanding the foregoing and without waiving PG&E’s right to object to the admissibility of such data into evidence, PG&E responds as follows.

Please note that the reference to PCC 14044 in PG&E’s testimony (Exhibit PG&E-6, page 8-16) is incorrect. The correct reference should be to PCC 14084. PG&E has made this correction via errata dated April 13, 2010.

- A. PG&E currently uses the following external sources along with internal sources to provide training to high potential employees:
1. Gallup Consulting – Strengths-Based Leadership Assessments/Coaching
 2. Enerdynamics – Energy Industry Overview (Education Experts)
 3. Valtera – 360 Review Assessments/Coaching
 4. LifeMoxie – Formalized Mentoring Program
 5. Executive Coaching consultants (as needed)

PG&E plans to add the following external sources to the current curriculum in 2010 or 2011:

1. Inspiring Leaders Program
 2. Slideology – Effective Presentation Skills
- B. PG&E does not hire high potential employees externally. PG&E identifies high potential employees from internal candidates, through the annual performance management and succession planning process. The criteria for a high potential employee are:

Definition:

A **high potential** is an employee who has demonstrated successful performance, exhibits strong leadership behaviors and has the ability, aspiration and commitment necessary to succeed in a broader organizational role.

Criteria:

- 1) Performance – Demonstrates consistent performance in achieving goals and exhibiting leadership competencies.
- 2) Leadership –Exhibits at least successful and often times role model leadership behaviors which are aligned with current and future roles.
- 3) Ability - A combination of knowledge and skills that are applied effectively which employees will use in future roles.
- 4) Career Aspiration - The employee’s motivation to continue to grow, influence and have more responsibility as a leader in the organization.
- 5) Commitment - The employee is dedicated to the organization and puts forth discretionary effort to achieve company goals and drive the business forward.

Ratings:

The readiness rating of the employee is dependent on how quickly and how qualified the individual is to assume the responsibilities of the new role. The definitions for rating levels are:

- | | |
|----------------------------------|---|
| Ready Now | <ul style="list-style-type: none"> □ Consistently meets and exceed performance objectives and initiatives. □ Currently possess the necessary qualifications and credentials to assume the responsibilities of the succession planning position immediately. |
| Ready in
1 to 2 Years | <ul style="list-style-type: none"> □ Consistently meets and exceed performance objectives and initiatives, however needs development in one or two key competency areas. □ Currently lack the necessary qualifications and credentials for immediately assuming the responsibilities of the succession planning position, but possess the potential to obtain these requisites within one to two years. |
| Ready in
3 to 5 Years | <ul style="list-style-type: none"> □ Consistently high performance in performance; competencies have not been fully achieved. □ Candidates with high leadership potential who are more than two years from being succession planning candidates. □ Candidates will participate in development activities to increase their readiness for future succession planning positions. |

C. As mentioned above, PG&E has a set of external sources to provide training to leadership development department:

1. Gallup Consulting – Strengths-Based Leadership Assessments/Coaching
2. Enerdynamics – Energy Industry Overview (Education Experts)
3. Valtera – 360 Review Assessments/Coaching
4. LifeMoxie – Formalized Mentoring Program
5. Executive Coaching consultants (as needed)
6. Inspiring Leaders Program
7. Slideology – Effective Presentation Skills

PG&E also uses the following internal courses and activities to provide training to leadership development department:

1. PG&E Leadership Academy: Supervisor Essentials (1)
2. PG&E Leadership Academy: Effective Communicating
3. PG&E Leadership Academy: Supervisor Essentials (2)
4. PG&E Leadership Academy: Helping Others Succeed
5. PG&E Leadership Academy: Leading Out Loud
6. PG&E Leadership Academy: Supervisor Essentials (3)
7. PG&E Leadership Academy: Why Should Anyone Be Lead by You
8. PG&E Leadership Academy: Time Management
9. PG&E Leadership Academy: Six Sigma Training
10. One week Orientation (MBA Training)
11. MBA Program Tours (Including: Livermore, Customer Call Center, DCP, Helms, Colusa)
12. Junior Achievement / volunteer program

Training also includes tuition reimbursement for MBA Fellows.

Training costs (which include external training, internal training, fellow tuition, and labor costs associated with the Leadership Development Department staff) are included in PCCs 14084 and 14085 and are shown in the table below.

PCC	Activity	2006 Recorded	2007 Recorded	2008 Recorded	2009 Recorded	2010 Forecast	2011 Forecast
1408 4	External Training	\$1,075	\$203,747	\$59,867	\$20,280	\$150,000	\$180,000
1408 4	Internal Training	\$4,629	\$90,039	\$33,348	\$0	\$100,000	\$130,000
1408 4	Fellows Tuition	\$267,215	\$150,241	\$40,612	\$560,609	\$571,515	\$630,000
1408 5	Labor	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500

- D. The three FTEs allocated below-the-line are the three employees assigned to work with the Corporate Strategy and Development Department. All costs for these 3 employees were captured in PCC 20053. As stated in Exhibit PG&E-6), page 3-1, "Corporate Strategy and Development and Strategic Analysis have been retained at PG&E Corporation, but PG&E is not seeking recovery of any costs associated with these areas."
- E. For PCC 14085, there was a single vacancy in 2009 for a Manager position, with an annual salary of \$120,000. After careful review of the workload associated to managing the Leadership Development program, this position was eliminated from the forecast for 2010. There were no vacancies in 2008.
- F. In 2009, the demand for MBA talent and business need increased resulting in the increased number of MBA hires. We have reduced the expected number of Program participants in 2009 - 2011 to allocate funding for new internal high potential leadership program. This funding will invest in PG&E's internal pipeline with a projected investment in over 375 internal high potential employees at the Manager to VP level.
- G. The reference to "high-potential employees" on page 8-18 of Exhibit PG&E-6 was meant to encompass both "high potential" internal employees as well as participants in PG&E's MBA programs. High Potential employees are forecasted to have \$1.9 Million dedicated to succession planning and employee development. In addition to this amount, \$630,000 will be forecast for tuition reimbursement for the MBA Fellows, and \$310,000 is forecast for training for the MBA Associates and MBA Interns. Together, training and developing costs forecasted for High Potential employees and MBA Associates, Fellows and Interns totals almost \$2.9 million in 2011. The FERC accounts for these costs are identified below:

FERC Acct	Activity	2011
920	Internal Training	\$180,000
921	External Training	\$130,000
921	Tuition Reimbursement	\$630,000
921	High Potential Program	\$300,000
		\$1,564,596
923	High Potential Program	6

High Potential Program costs include the following costs forecasted in 2011. Specifically Leadership Development Courses are consistent with internal courses provided to MBA Associates, Interns and Fellows in response C above.

Activities	Participants	Cost
Leadership Development Courses	350	\$599,000
360 Assessments/Coaching	350	\$267,000

Mentoring Program	350	\$150,000
Business/Leadership Speaker Series	350	\$25,000
Business Projects	350	\$10,000
Leader As a Coach Series	350	\$228,000
New Leader Coaching/On-boarding	350	\$235,000

Program Costs

Coordinator	350	\$110,000
Program Materials	350	\$41,000
Program Infrastructure	350	\$175,000
Program Orientation	350	\$25,000

Total		\$1,865,000
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