

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

PG&E Data Request No.:	DRA_224-05		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_224-Q05		
Request Date:	March 19, 2010	Requester DR No.:	DRA-224-DFB
Date Sent:	April 2, 2010	Requesting Party:	DRA
PG&E Witness:	Mark Hughes	Requester:	Donna Fay Bower

**EXHIBIT REFERENCE: PG&E-6, CHAPTER 7**

**SUBJECT: SAFETY, HEALTH AND CLAIMS DEPARTMENT AND OTHERS COSTS –  
INFORMATION TECHNOLOGY PROJECTS**

**QUESTION 5**

How did PG&E determine it would save \$343,000? Where in SH&C forecast is this savings reflected?

**ANSWER 5**

The calculation of savings is based on two factors:

- 1) Reducing the Pitney Bowes contract from 9.5 FTEs to 4 FTEs, and
- 2) Reallocation of 3,970 square feet of real estate for use better than storing paper.

The Pitney Bowes contract for 9.5 FTEs cost PG&E \$489,079 in 2009 with 2.5% escalation each year. With an aggressive timeline, from project funding to the point where PG&E can +eliminate the contracted FTEs is approximately 6 months.

The soonest the contractors could be eliminated would be July 1, 2011, assuming a funding date of 1/1/2011. The annual value of the contract at that point would be approximately \$520,000

Assuming the new contract cost for 4 FTEs is prorated, the forecast cost would be approximately \$219,000 per year ( $(\$520,000 / 9.5) * 4$ ) – a difference of \$301,000 per year.

At the time the cost saving projection was calculated, the chargeback cost for real estate was \$12.72 per square foot per year.  $\$12.72 * 3970 \text{ sq. ft} = \$50,498$ .

Total expected savings under these assumptions is approximately \$350,000 per year.

These savings are included in the 2011 forecast and are shown as a reduction of expense for Workers Comp in account 923.