

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

PG&E Data Request No.:	DRA_178-08		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_178-Q08		
Request Date:	March 5, 2010	Requester DR No.:	DRA-178-DFB
Date Sent:	April 6, 2010	Requesting Party:	DRA
PG&E Witness:	Sanford Hartman	Requester:	Donna Fay Bower

**SUBJECT: LAW DEPARTMENT – INJURIES AND DAMAGES (ACCOUNT 925)**

**QUESTION 8**

In response to DRA-052-DFB, Q11, PG&E stated that the “forecast for 2011 was determined by taking the 2009 budget forecast for the items described above, escalated by 4% in 2010 and 4% again 2011. In addition, Legal Services (such as law firms and consultants for the Law Department) is forecast to increase by an additional \$2 million for specific matters anticipated to occur in 2011 that were not included in the 2009 base work, as well as \$1 million for major litigation expenses.” For each of the following items please provide the calculations supporting documentation:

- a. All costs of the Senior Vice President and General Counsel’s immediate office (including labor, materials, facilities, and contracts);
- b. Consultants and contracts to assist claims investigators, as well as temp agency employees, for the Third Party Claims organization;
- c. Legal Services such as law firms and consultants for the Law Department; and,
- d. Contract services such as copying and temp agency employees for the Law Department.

**ANSWER 8**

- a. The 2011 forecast for the Senior Vice President and General Counsel’s immediate office was developed by using the standard labor and benefit increases as set in PG&E’s SAP system and adding a specific dollar amount in 2011 for Outside Services for miscellaneous contract costs including law firm advice on an as-needed basis. All other costs were assumed to remain flat from 2009 to 2011.

PCC 20020 SVP & General	2009	2010	2011

<b>Counsel (whole dollars)</b>	<b>Planned</b>	<b>Escalated</b>		<b>Forecast</b>	
Labor - Productive	\$614,092	\$637,122	3.75%	\$661,017	3.75%
Labor - Burden	\$187,931	\$201,808	7.38%	\$216,782	7.42%
Labor - Payroll Tax	\$61,409	\$63,712	3.75%	\$66,102	3.75%
<b>TOTAL LABOR</b>	<b>\$863,432</b>	<b>\$902,642</b>		<b>\$943,901</b>	
Outside Services	\$70,000	\$79,800	14.00%	\$85,000	6.52%
Materials	\$10,000	\$10,000		\$10,000	0.00%
Facility	\$80,869	\$80,869		\$80,869	0.00%
Employee Expense	\$25,000	\$25,000		\$25,000	0.00%
Other	\$15,000	\$15,000		\$15,000	0.00%
IT	\$33,286	\$33,286		\$33,286	0.00%
Charges from the Utility	\$180,000	\$180,000		\$180,000	0.00%
Activity Charge Out (1 hour)	-\$581	-\$581		-\$581	0.00%
	<b>\$1,277,006</b>	<b>\$1,326,016</b>		<b>\$1,372,475</b>	
Allocation to Affiliates	(\$12,770)	(\$13,266)		(\$13,725)	
<b>TOTAL</b>	<b>\$1,264,236</b>	<b>\$1,312,750</b>		<b>\$1,358,750</b>	

(Please note that some of the details shown above are slightly different than the workpapers supporting PG&E's Application. The Law Department's GRC request is unchanged, however. PG&E will correct the workpapers in its errata filing.)

b. The 2011 forecast for consultants and contracts to assist claims investigators, as well as temporary agency employees, for Third Party Claims (PCC 10451) was developed by escalating the 2009 forecast 4% for 2010 and 4% again in 2011.

<b>PCC 10451 – Third Party Claims</b>	<b>2009</b>	<b>2010</b>	<b>%</b>	<b>2011</b>	<b>%</b>
	<b>Forecast</b>	<b>Escalated</b>	<b>Increase</b>	<b>Forecast</b>	<b>Increase</b>
Temp Agency Employees	\$71,200	\$74,100	4%	\$77,100	4%
Consultants and contracts	\$340,300	\$353,900	4%	\$368,000	4%

c. The 2011 Legal Services forecast (law firms, consultants, experts, etc.) for the Law Department (PCC 10448) was developed by escalating the 2009 forecast 4% for 2010 and 4% again in 2011. In addition, \$2 million was added for specific items anticipated to occur in 2011 as well \$1 million for major litigation expenses.

<b>PCC 10448</b>	<b>2009 Forecast</b>	<b>2010 Escalated</b>	<b>% Increase</b>	<b>2011 Forecast</b>	<b>% Increase</b>
Legal Services	\$13.840	\$14.393	4%	\$14.969	4%
Additional Litigation				\$1.000	
Specific Matters in 2011				\$2.000	
TOTAL				\$17.969	

d. The 2011 forecast for contract services such as temporary agency employees and other contracts costs including copying for the Law Department (PCC 10448) was developed by escalating the 2009 forecast 4% for 2010 and 4% again in 2011.

Please note that the attorneys and legal assistants in the Law Department charge their time out using activity rates, and contract costs are included as overheads in the rates. When an attorney or legal assistant charges to a non-Law Department order or PCC, a portion of these overhead costs moves out of Law Department PCC 10448.

<b>PCC 10448 – Law Department</b>	<b>2009 Forecast</b>	<b>2010 Escalated</b>	<b>% Increase</b>	<b>2011 Forecast</b>	<b>% Increase</b>
Temp Agency Employees	\$578,000	\$601,000	4%	\$625,000	4%
Consultants and contracts	\$339,000	\$352,500	4%	\$366,600	4%