

**PACIFIC GAS AND ELECTRIC COMPANY
2011 General Rate Case
Division of Ratepayer Advocates
Data Response**

PG&E Data Request No.:	DRA_041-02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_041-Q02-Supp01		
Request Date:	September 29, 2009	Requester DR No.:	DRA-041-JJT
Date Sent:	April 7, 2010	Requesting Party:	DRA
PG&E Witness:	M. Chris Maturo	Requester:	Joel Tolbert

SUBJECT: INFORMATION TECHNOLOGY

QUESTION 2

The benefit of a project is very important in evaluating its usefulness as well as the costs. Provide all needs analyses and/or studies used to justify each IT project to PG&E management. Also provide:

- a) The highest signature level obtained for each project their name, position and dates obtained. Provide the date and minutes of any meeting where projects the projects were approved.
- b) The cost/benefit analysis for all IT projects in the current GRC application. Include decision criteria used in benefit and cost analysis for each project.
- c) All abandoned projects use to leveraged any IT project in the GRC application.
- d) A list of all abandoned IT projects.
- e) For each project provide the internal and external estimated costs that are being capitalized along with the total project costs.
- f) Also, provide the estimated useful life of each project.

ANSWER 2

- a) Consistent with PG&E's response to the Master Data Request (MDR) 23, Question 3, in responding to the current data request, PG&E assumes that the projects referred to in the questions above include the Functional Area IT (FAIT) programs and IT Optimization projects.

The highest signature level obtained for each project was addressed by PG&E in response to DRA's Master Data Request. Please see PG&E's response to Master Data Request 23, Question 3, Part C. PG&E does not have minutes from meetings where these projects were approved.

- b) PG&E has identified quantitative cost benefit analyses for two FAIT projects: 1) the Corporate Data Center Upgrade and 2) MobileConnect (formerly Enterprise Mobile). Copies of these analyses are included as GRC2011-PhI_DR_DRA_041-Q02-Atch01.xls and GRC2011-PhI_DR_DRA_041-Q02-Atch02.xls

Not all of the IT projects will have quantitative cost/benefit analyses because not all of the projects are driven solely by cost. PG&E recognizes qualitative project benefits as well, such as better customer service, compliance related issues, increased safety, and improved operational and process efficiencies. PG&E continues to collect the qualitative benefits for each of the IT projects included in the GRC. PG&E will submit a write-up for each IT project that will include a brief description of the project and a discussion of the associated qualitative benefits. PG&E will submit these write-ups to DRA as soon as they are available.

- c) PG&E understands this item to refer to any projects that have been abandoned or cancelled, and the resultant work product leveraged on another project included in the GRC application. As described in Exhibit (PG&E-3), Chapter 16, page 7, PG&E had undertaken a Geographic Information System (GIS) project that was cancelled. The cancelled initiative is related to a project in the 2011 GRC called the Gas and Electric Mapping program. At this time, PG&E is not aware of any other programs that have been abandoned or cancelled, and the resultant work product leveraged on another project included in the GRC application.
- d) In addition to the project identified in section (c) above, PG&E has recently cancelled one other program called SAP eRecruit.
- e) PG&E does not break down IT project forecasts by internal and external forecast costs. However, in preparing the Functional Area IT (FAIT) forecasts using PG&E's FAIT cost forecasting tool, PG&E enters certain assumptions regarding the amount of internal and external IT and business labor for each project. These assumptions relative to the percentage of internal and external project labor are located on the "Project Costing Checklist" tab of the forecasting tool. Copies of the forecasts for each FAIT program were provided to DRA in response to Deficiency Notice 039A, attachments GRC2011-NOI_DR_DRA_Def039-A-Supp02-Atch01 through GRC2011-NOI_DR_DRA_Def039-A-Supp03-Atch57.
- f) The estimated useful life of each project is outlined in PG&E's Depreciation Accrual Rate Schedule for 2009. A copy of this schedule was provided to DRA in response to Master Data Request 23, Question 3(b). Please see GRC2011-NOI_DR_DRA_MDR23-Q03Atch02, page 29. Column (f) on page 29 lists the average service life in years for PG&E's IT projects.

SUPPLEMENTAL ANSWER 2 (B)

As noted in PG&E's November 5, 2009 response to Data Request 41, PG&E is submitting a supplemental answer to part (b) of question 2 to the data request.

The information technology (IT) programs included in PG&E's GRC forecast are not solely driven by cost. Many other types of benefits accrue when the programs are implemented such as improved customer service, operational or process efficiencies and better compliance with regulatory requirements.

Some of the IT programs in the request that have not yet done so will eventually undergo a quantitative cost/benefit review consistent with PG&E's IT governance process. If such analyses are not yet complete, it is because the programs have not reached the stage in the project life cycle where it is time to complete the cost/benefit analysis. Based on PG&E's best professional judgment, PG&E is confident that all the IT programs included in the GRC forecast will satisfy a quantitative cost/benefit analysis if appropriate.

Given the various stages of program development and the various program objectives, PG&E has prepared a write-up for each IT program that briefly summarizes the program's general purpose and then discusses the expected program benefits. PG&E has grouped the programs by functional area consistent with the GRC presentation. Additional detail related to the business needs and benefits of these programs may be obtained from the business sponsor for each program.

The attached write-ups for each functional are included herein as:

Corporate Relations - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch03

Customer Care - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch04

Diablo Canyon Power Plant - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch05

Engineering & Operations - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch06

Energy Delivery - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch07

Energy Procurement - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch08

Enterprise ISTS - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch09

Finance - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch10

General Counsel - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch11

Human Resources - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch12

Power Generation - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch13

Risk & Audit - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch14

Safety, Health & Claims - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch15

Shared Services - GRC2011-Ph-I_DR_DRA_041_Q02-Supp01-Atch16

SUPPLEMENTAL ANSWER 2 - QUESTION 2 (B)

PG&E neglected to include one attachment when it submitted its supplemental response to Data Request 41, question 2, part (b). The attached write-ups for the Regulatory Relations functional area is included herein as GRC-2011-Ph-I_DR_DRA_041_Q02-Supp02Atch01.