

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

PG&E Data Request No.:	DRA_237-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_237-Q01		
Request Date:	March 26, 2010	Requester DR No.:	DRA-237-DFB
Date Sent:	April 9, 2010	Requesting Party:	DRA
PG&E Witness:	Sanford Hartman	Requester:	Donna-Fay Bower

SUBJECT: LAW DEPARTMENT AND OTHER COSTS

QUESTION 1

In reference to PG&E's response to DRA-012-DFB Q7Atch02. Effective January 1, 2009, 10 employees were transferred from PG&E Corporation to the Utility Law Department PCC 10448.

- a. Please explain why and how PG&E determined that 10 employees needed to be transferred to the Utility Law Department PCC 10448.
- b. Prior to the transfer of employees in 2009, how many employees worked in law for the Utility side? Provide job titles and salary for each employee.
- c. Was there a time allocation factor for time tracking purposes prior to the transfer of employees to the Utility side? If yes, please explain time allocation and time tracking for Holding Company and Utility.
- d. Please provide breakdown of expenses associated with the 10 employees transferred to the Utility from Holding Company that are embedded in Accounts 920, 921, and 923 for the years 2004-2009.

ANSWER 1

a. In Chapter 3, PG&E Corporation Cost Recovery Policy, Exhibit (PG&E-6), Administrative and General Expense, pages 3-3 and 3-4, PG&E provides an explanation for transferring PG&E Corporation employees to the utility.

PG&E states:

"Transferring these employees from PG&E Corporation to the Company is consistent not only with PG&E Corporation's focus on the Company, but also with the reality of the employees' workload. For the vast majority of the transferred employees, virtually all of their workload concerns Company operations and services.

To the extent Company employees perform work for PG&E Corporation or its non-Company subsidiaries; the Company has not sought, and will not seek, recovery of the associated costs through rates. In 2009, PG&E conducted an analysis of the orders used to track the costs of the PG&E employees who transferred to the Company. PG&E then forecast the work that such employees would perform for non-Company purposed in 2011 and removed the costs from PG&E's 2011 GRC request. In addition, like all PG&E employees, the employees who transferred from PG&E Corporation to the Company will continue to comply with all applicable affiliate rules."

b. As of 12/31/2008, 161.25 employees worked in the Utility Law Department (PCC 10448 and PCC 10451). Please see Attachment GRC2011-Ph-1_DR_DRA_237-Q1bAtch01 for the requested information.

c. No, there was no time allocation factor for time tracking purposes for the Corporation Law employees (PCC 20021) prior to the transfer to the Utility.

Prior to 2008, the PG&E Corporation Law attorneys did not use a time tracking system. In 2008, the PG&E Corporation Law attorneys began to use the same time tracking system as the Utility Law Department attorneys.

d. The following table shows the 2004-2008 recorded costs for PG&E's Corporation Law Department (PCC 20021) as they appear in SAP.

PCC 20021 HC Law Department	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Labor - Productive	\$ 1,485,133	\$ 1,574,216	\$ 1,522,593	\$ 1,473,152	\$ 1,218,592
Labor - Burden	\$ 445,540	\$ 472,265	\$ 456,778	\$ 578,506	\$ 476,500
TOTAL LABOR	\$ 1,930,673	\$ 2,046,480	\$ 1,979,371	\$ 2,051,658	\$ 1,695,092
Outside Services	\$ 3,084,599*	\$ 1,340,134	\$ 1,874,188	\$ 1,165,221	\$ 916,435
Materials	\$ 28,553	\$ 14,211	\$ 11,541	\$ 26,023	\$ 16,449
Facility	\$ 561,950	\$ 364,355	\$ 314,754	\$ 304,456	\$ 304,572
Employee and Other	\$ 304,732	\$ 165,473	\$ 125,650	\$ 176,603	\$ 141,696
IT	\$ 266,108	\$ 252,490	\$ 226,970	\$ 201,792	\$ 166,357
Charges from the Utility	\$ 8,354	\$ 2,947	\$ 402,125	\$ 435,426	\$ 152,339
Activity Charges Out	\$ (1,541)		\$ (6,901)	\$ (23,553)	\$ (50,875)
TOTAL	\$ 6,183,427	\$ 4,186,090	\$ 4,927,697	\$ 4,337,626	\$ 3,342,063
Headcount	14	15	12	11	10

* Adjusted. See WP 5-10 and 5-

In 2009, the Corporation Law Department employees were transferred to the Utility Law Department (PCC 10448) and their costs were co-mingled with the Utility costs. PG&E is unable separate out the 2009 actuals that would have been associated with the 10 transferred employees. In addition, PCC 20021 had more then 10 employees in years 2004 – 2007 (also not the same 10 employees). PG&E is unable to separate out the

costs associated with the 10 transferred employees for the earlier years. We have provided costs for all employees for these years. Please note that burdens are included in SAP recorded costs and therefore the costs shown above do not correspond to the figures shown in Exhibit (PG&E-6), Chapter 5 of PG&E's testimony and workpapers (which excludes burden costs).