

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

PG&E Data Request No.:	DRA_243-11		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_243-Q11		
Request Date:	April 1, 2010	Requester DR No.:	DRA-243-DFB
Date Sent:	April 14, 2010	Requesting Party:	DRA
PG&E Witness:	Steve Leder	Requester:	Donna Fay Bower

**SUBJECT: HR TALENT MANAGEMENT**

**QUESTION 11**

In response to DRA-180-DFB, Question 3, PG&E provided a breakdown of severance costs for the period 2004-2009. Please provide a detailed explanation as to what “Transitional Payments (made to 175 Employees over a 3 Year Period)” are and why they are included in severance costs. In addition, provide the supporting documentation supporting these costs.

**ANSWER 11**

In 2006, PG&E revised its severance policy to provide certain displaced employees additional options beside a lump sum severance payment. The additional options were referred to as transitional leaves and included two options – Paid Personal Leave and Educational Leave. Employees who were at least 52 years old at the time of their displacement were eligible for these leaves. Here is a brief description of the two options:

- Paid Personal Leave - An employee whose position is eliminated as a result of a Transformation-related reduction in force may elect to take a paid personal leave (either 100% or 50% of pay) in lieu of their severance benefit. The leave period will be equal to the number of weeks used as the basis for calculating the severance benefit for those who elect a 100% paid leave, or two times that amount for those who elect a 50% paid leave. Employees on a 50% pay Transitional Leave, employees will accrue one-half (1/2) credited service of the leave duration.
- Educational Leave - The Educational Leave option offers employees the opportunity to take a leave of absence for up to two years with continued partial pay, benefits, and tuition refund. An employee whose position is eliminated as a result of a Transformation-related reduction in force may elect to take an educational leave (50% of pay) in lieu of their severance benefit. The leave period will be equal to 75% of two times the amount of the number of weeks used

as the basis for calculating the severance benefit. The duration of any educational leave cannot extend beyond the equivalent of 75% of an employee's severance amount because 25% of the severance amount will be used to offset benefit provisions during the leave period. Benefits will be provided consistent with the treatment of part-time employees on a leave of absence.

The costs included in the "Transitional Payments" are related to employees who elected to take a transitional leave rather than accepting a lump sum severance payment. Since these costs are a result of the severance plan that was in place at that time, they are included in the overall costs.