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-Supp		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_224-Q05-Supp		
Request Date:	March 19, 2010	Requester DR No.:	DRA-224-DFB
Date Sent:	April 20, 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 - ORIGINAL

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 contact 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 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.

ANSWER 5 -SUPPLEMENTAL

Please note that the savings forecast of $343,000 provided in Exhibit (PG&E-6), page 7-17 was in error. The correct savings figure should be $301,000. PG&E will make this correction by errata.

The calculation of the $301,000 savings is based on the following:

- Reducing the Pitney Bowes contract from 9.5 FTEs to 4 FTEs

Specifically, 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.

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