

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

PG&E Data Request No.:	DRA_220-02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_220-Q02		
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PG&E Witness:	Ezra C Garrett	Requester:	Mariana Campbell

DATA REQUEST NO: DRA-220-MCL

EXHIBIT REFERENCE: PG&E-6, CHAPTER 11

In reference to Exhibit PG&E-6 page 11-2 states that “Each of the PG&E Corporation senior executives reviewed their business calendars to determine the portion of their time spent on Utility and non-Utility matters. Based on this analysis, the SVP’s immediate office forecast costs have been reduced by 1.0 percent.”

QUESTION 2A

Did SVP of Public Affairs’ immediate office record or track their time using the time tracking system as agreed to in the 2007 GRC? If no, explain why not.

ANSWER 2A

The language in this question refers to two categories of expenses that are removed from PG&E’s GRC forecast: 1) non-utility affiliate costs and 2) below-the-line costs which may relate to the utility (e.g., lobby government officials about a bill that may affect the utility). As a point of clarification, the 1.0 percent reduction quoted from page 11-2 relates to the first category (non-utility affiliate costs), and the time tracking system agreed to in the 2007 GRC was implemented to determine the second category of expenses (above-the-line vs. below-the-line). No expenses for either category are included in PG&E’s 2011 GRC forecast.

Consistent with PG&E’s Below The Line Procedures (see GRC2011-Ph-I_DR_DRA_220-Q01Atch01.doc) the SVP of Public Affairs’ immediate office has an automatic allocation to below the line FERC account 426. The language regarding automatic allocations is on page 2 of GRC2011-Ph-I_DR_DRA_220-Q01Atch01.doc, in the section labeled, “Time and Expense Guidelines”, under the header “Automatic Allocation of Costs to BTL Activities”, and excerpted here:

Some departments perform BTL activities on a regular basis in addition to above-the-line activities. These departments' officers and supervisors may not perform BTL activities directly, but since they oversee BTL activities, a portion of their time and expenses are allocated to BTL activities. For example, a Vice President responsible for employees who perform BTL activities as well as ATL activities allocate a proportionate amount of his or her time BTL. The allocation for officers and department heads is automated in SAP.

The automatic allocation for 2008 and 2009 is described in PG&E's testimony, Exhibit (PG&E-6), Chapter 11, page 11-3, beginning on line 6:

For 2008 and 2009, PG&E has allocated 45 percent of the SVP's immediate office's costs below-the-line, based on the composition of above- and below-the-line activities performed within Public Affairs as a whole.

Footnote [2] on page 11-3 also provides information about this allocation:

As agreed to in the 2007 GRC, Public Affairs established a time-tracking system to account for above-the-line and below-the-line activities. To determine the allocation applied to the officers, the recorded time of the departments that report to each them is used to determine the percentage of the officer's cost center that is charged above-the-line and below-the-line. Please note that the officers themselves may spend less—and perhaps significantly less—of their actual time on below-the-line activities than this methodology would allocate to them.

The calculation of the percentage used for 2008 and 2009 is shown in Attachment GRC2011-NOI_DR_DEF046-F-Atch01.1

The allocation for 2011 (which is the same as the allocation for 2010) is described in PG&E's testimony, Exhibit (PG&E-6), Chapter 11, page 11-3, beginning on line 9:

For 2011, PG&E has increased this below-the-line allocation to 60 percent. While the SVP's time spent on above- and below-the-line activities is not expected to change materially as a result of her new role (as of November 1, 2009), PG&E nevertheless increased the below-the-line allocation for 2011 out of an abundance of caution.

Please note that in addition to the automatic allocation, the SVP Public Affairs immediate office reports time and expenses for activities such as political campaigns and below-the-line Community Choice Aggregation (CCA) time, as required political reporting requirements and CPUC regulations.

¹ The calculation shown in workpapers is 45% below the line, compared with 44% shown in the attachment.