

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

PG&E Data Request No.:	DRA_244-04		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_244-Q04		
Request Date:	April 1, 2010	Requester DR No.:	DRA-244-DFB
Date Sent:	April 14, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Donna Fay Bower

**SUBJECT: BENEFITS**

**QUESTION 4**

(In reference to response DRA-007-DFB, Question 17 Atch 01)

On Line 4 – 2010 Plan Design Change: Cost of \$0.10 increase in company matching contributions effective January 1, 2010. How does this plan design change differ from the 2009? How did PG&E determine this amount? Please provide the supporting documentation calculation to supporting this amount.

**ANSWER 4**

Please note that DRA-007-DFB, Question 17 referenced in this data request requested the development and calculations of the NOI forecast. At the time of the NOI filing, PG&E forecast an increase in company matching contributions of \$0.10 for both union-represented and non-union represented employees, effective January 1, 2010. In the Application, PG&E updated this forecast to remove the forecast increase in company matching contribution for non-represented employees, and to delay the effective date of the company match increase for union-represented employees until 2011, in accordance with the outcome of the Benefits Reopener negotiations.

The provisions of the Retirement Savings Plan, as updated in accordance with the updated provisions of the current IBEW, ESC and SEIU labor agreements, are described in Exhibit (PG&E-6), Chapter 17, page 17-29. Specifics on the plan change effective in 2011 can be found in Workpaper 17-32, footnote (c). Specifically, the forecast reflects an increase in company match from \$0.50 to \$0.60 on the dollar of eligible bargaining unit employee contributions, effective January 1, 2011. Years of service required for match eligibility have not changed for union-represented employees.

The forecast first year costs of \$5,504,481 for the 2011 plan change is shown on WP 17-32 as a separate line in the 2011 forecast. The development of this cost estimate is provided in the following table:

<b>Cost of RSP Plan Design Change for Union-Represented Employees (effective January 1, 2011)</b>		
Line	Calculation	Explanation
a.	\$ 2,120,501	Actual company matching contribution for bargaining unit employees (April 2009)
b.	x            12	
c.	\$ 25,446,012	Estimated 2009 annual match for bargaining unit employees
d.	X            1.04	Forecast wage growth* for 2010
e.	\$ 26,463,852	Estimated 2010 annual match for bargaining unit employees
f.	X            1.04	Forecast wage growth* for 2011
g.	\$ 27,522,407	Forecast 2011 annual match for bargaining unit employees (baseline before application of negotiated match change)
h.	X            1.20	Percent increase in company match for bargaining unit employees ( \$0.60 / \$0.50 = 1.2)
i.	\$ 33,026,888	Forecast 2011 annual match for bargaining unit employees (after application of negotiated company match increase)
j.	( \$ 27,522,407)	Minus 2011 baseline company match (line (g) above)
k.	<b>\$ 5,504,481</b>	Forecast cost of 2011 company match (net of lines (i) and (j) above)

\* Wage growth reflects general wage increase of 3.75 percent plus wage progression increases that are provided as employees move through the steps of the classification (e.g., from apprentice to journey level)