

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

PG&E Data Request No.:	DRA_244-10		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_244-Q10		
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 10

(Referencing response to DRA-007-DFB Question 25 regarding Tuition Refund Plan)

In addition, how did PG&E determine that an a non-labor escalation rate of 3.5% needed to applied each year to reflect rising tuition for Non-Represented Employees, ESC-Represented Employees and IBEW-Represented Employees?

ANSWER 10

Based on the professional opinion of PG&E's tuition reimbursement program coordinator, an annual escalation rate of 3.5% was found to be reasonable in capturing the year-to-year rising cost of tuition. Please note that this rate was developed independent of any labor- or non-labor escalation rates developed for purposes of the GRC.

Attached to this response is an excerpt of PG&E's response to DRA-193-DFB regarding escalation rates used for Exhibit (PG&E-6), Chapter 17 benefit costs in forecast years (GRC2011-Ph-I_DR_DRA_193-Q01Atch01, page 7). The last column of the attachment explains that although an annual escalation rate of 3.5 percent was used to forecast Tuition Refund Plan costs, PG&E has noted that actual tuition costs are expected to increase at a much higher rate. Specifically, this response cites a recent forecast from the California Postsecondary Education Commission (CPEC) that indicates that California State University fees for 2010 have actually increased 27% from 2009 and California Community College fees have increased 30% from 2009. The CPEC has also announced that the 2011 Governor's budget assumes a 10% increase in fees at the California State Universities. For your reference, a copy of the CPEC report is provided as attachment GRC2011-Ph-I_DR_DRA_244-Q10Atch02.