

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

PG&E Data Request No.:	DRA_244-12		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_244-Q12		
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 12

In response to DRA-007-DFB, Question 28, PG&E provided a breakdown of relocation costs for Relocation Assistance, Relocation Third Party, Relocation Bargaining Unit Employees and Corp employee transfer to Utility. For each of these line items provide the supporting calculations components that PG&E used to develop these forecasted expenses.

ANSWER 12

The 2011 GRC Application's relocation cost forecasts are based on the Relocation Director's projections developed starting in second quarter 2008. These forecasts are based on hiring and placement activity trends over the 2007-2008 timeframe and the anticipated effects of the real estate market crisis at that time. There are no specific workpapers directly supporting the development of the 2009 forecast; however, the following attachments provide additional detail and documentation that were used in the preparation and presentation of Relocation costs in the GRC:

1. GRC2011-Ph-I_DR_DRA_244-Q12Atch01 is the Corporate Items Relocation budget forecast update as of 2nd quarter 2009. This analysis illustrates the growing relocation costs since 2006. General forecast cost trends referenced this historical experience.
2. GRC2011-Ph-I_DR_DRA_244-Q12Atch02 provides a detailed relocation program cost breakdown for the forecast period and supporting activity description and assumptions. The forecast line item titled "Relocation Assistance" is made up of the first five line items of this attachment (i.e., Move Allowance through Mortgage Subsidies). The forecast line item titled "Relocation – Third Party" is shown on this attachment as the "Home Sale Assistance Program". The 2009 cost forecasts for all components were prepared by the Relocation Director and reflect both the anticipated number of relocations, and the effects of an assumed 4 percent inflation on certain individual components, e.g., move allowance and household goods and

storage. A flat 4% inflationary increase is assumed for forecast years 2010 and 2011. See Attachment 3 described below regarding the inflation assumption.

3. GRC2011-Ph-I DR DRA 028-Q12Atch03 documents the CPI – All Urban Consumers inflation rate for 2008 of 3.8 percent which was consistent with the 4% inflation assumption used when the forecast was developed in late 2008/ early 2009.
4. GRC2011-Ph-I DR DRA 028-Q12Atch04 describes the key cost drivers of the Relocation budget components. This document was provided by the Relocation Director to further explain the cost increases for forecast years 2009 through 2011.