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

PG&E Data Request No.:	DRA_277-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_277-Q01		
Request Date:	June 15, 2010	Requester DR No.:	DRA-277-DFB
Date Sent:	June 22, 2010	Requesting Party:	DRA
PG&E Witness:	Linda Cheng (subparts a, b, and d) Redacted	Requester:	Donna Fay Bower

EXHIBIT REFERENCE: PG&E-18, CHAPTER 53

SUBJECT: PG&E CORPORATION

QUESTION 1

Please refer to PG&E-18, Chapter 53, p. 53-4. The response to Question 10 says: While it is true that PG&E Corporation has other subsidiaries besides the Utility, these subsidiaries are largely inactive and the costs associated with the minimal time that staff spends on these subsidiaries have already been deducted from the GRC request."

a. Please define what PG&E means by "largely inactive";

b. For each of PG&E Corporation's subsidiaries, other than PG&E, the utility, please describe the activities of that subsidiary in 2008 and in 2009;

c. For each of PG&E Corporation's subsidiaries, other than PG&E, the utility, please identify all time spent by staff on these subsidiaries in 2008 and in 2009 and provide supporting documentation that shows how PG&E tracked that time;

d. For each of PG&E Corporation's subsidiaries, other than PG&E the utility, please identify which generated income for PG&E Corporation in 2008 and 2009.

ANSWER 1

PG&E objects to this data request to the extent it requests information regarding 2009 activities, as PG&E's 2011 GRC request is based on 2008 recorded information. Notwithstanding the foregoing and without waiving PG&E's right to object to the admissibility of such information into evidence, PG&E responds as follows.

a. We describe the PG&E Corporation subsidiaries other than PG&E ("non-utility subsidiaries") as "largely inactive" because, unlike PG&E, they are not operating subsidiaries that generate revenue. The non-utility subsidiaries were established for various purposes as described in the answer to question 1 (b) below, and have very little activity at this time.

b. The activities of the non-utility subsidiaries in 2008 and 2009 are described below.

Pacific Energy Pipeline Ruby, Inc. was formed in January 2008 to be PG&E Corporation's investment entity for a potential minority interest in the Ruby natural gas pipeline project (an interstate natural gas pipeline running from the California-Oregon border to Wyoming). No such investment was made. This subsidiary had no activities in 2008 or 2009.

PG&E Corporation Support Services, Inc. was formed to provide services to the PG&E Corporation family of companies. In 2008, this subsidiary employed two individuals who provided general support services to PG&E Corporation's non-CPUC-regulated subsidiaries. One of these individuals left this subsidiary in August 2008; since that time, this subsidiary has employed only one individual. This subsidiary's activities in 2008 and 2009 were limited to tax and payroll for these two individuals in 2008 and for the one remaining employee in 2009.

PG&E Corporation Support Services II, Inc. was formed, for tax purposes, to employ individuals who provide permitted shared corporate support services outside of the state of California to PG&E Corporation and the Utility. These employees are primarily in the Washington, D.C. area. This subsidiary's activities in 2008 and 2009 were limited to tax and payroll for approximately 12 employees in 2008 and 2 employees in 2009.

PG&E National Energy Group, LLC was formed for the limited purpose of holding stock in National Energy & Gas Transmission, Inc. (NEGT, formerly known as PG&E National Energy Group, Inc.). PG&E Corporation's equity interest in NEGT was cancelled on October 29, 2004 pursuant to NEGT's Chapter 11 plan of reorganization. This subsidiary had no activities in 2008 or 2009.

PG&E Real Estate Services, Inc. was formed to provide corporate support services relating to employee relocation and related human resources support. Its activities in 2008 and 2009 were limited to these services.

PG&E Strategic Capital, Inc. was formed for general business purposes, including possibly serving as a vehicle for investments and holding ownership of shares. Its activities in 2008 and 2009 were limited to holding a 33 1/3% non-managing ownership interest in Pacific Connector Gas Pipeline, LLC (the General Partner Pacific Connector Gas Pipeline, LP) and a 33% non-managing ownership interest in Pacific Connector Gas Pipeline, LP (the limited partnership established for the purpose of developing, constructing, owning, and operating a natural gas pipeline extending from the Jordan Cove Energy Project liquefied natural gas terminal at Coos Bay, Oregon to Malin, Oregon).

PG&E Ventures, LLC was formed for the purpose of holding interests in other businesses, financing, and other transactions. Its activities in 2008 and 2009 were limited to ownership of subsidiaries.

PTTP Services LLC was formed to provide corporate administrative services. It had no activities in 2008 and 2009.

c. As described in Exhibit (PG&E-6), Chapter 2, page 2-3, lines 4-15:

> Corporate Services witnesses and their business planners were asked to identify projects or tasks performed by their organization for the benefit of non-utility affiliates. Examples of such tasks include services provided for the quarterly and annual filings of forms 10Q/10K, accounting research, financial statement preparation for the benefits plans and other *ad hoc* projects specific for PG&E Corporation. The methodology used to calculate these costs involved review of historical direct charges, departmental review of time spent on PG&E Corporation-related activities, and the number of PG&E Corporation employees as a percentage of total Company employees. The costs identified by this exercise were separately identified and deducted from the A&G Study results.

See also Workpapers Supporting Exhibit PG&E-6, Chapter 2, WP 2-6 to 2-7 (describing Schedule 6: Affiliate Costs). Given the very limited activities of PG&E Corporation's non-utility subsidiaries in 2008 and 2009, PG&E employees are unlikely to have spent more than a *de minimis* amount of time in support of such activities. Any such time would be reflected in Schedule 6 of each A&G Study department's workpapers.

d. In 2008, none of the non-utility subsidiaries generated income for PG&E Corporation.

   In 2009, none of the non-utility subsidiaries generated income for PG&E Corporation, with the exception of PG&E Real Estate Services, Inc. This subsidiary generated income of $23,000 in broker referral fees on transactions relating to our relocating employees. The revenue generated is used to offset the costs of the relocation program.