

**Pacific Gas and Electric Company
2014 General Rate Case
Meeting Record**

Participant Name	Participant's Organization
Greg Wilson	Energy Division
Mark Pocta	DRA
Clayton Tang	DRA
Tamera Godfrey	DRA
Dao Phan	DRA
Redacted	PG&E
Redacted	PG&E
Redacted	PG&E
Shelly Sharp	PG&E

Date/Time: July 7, 2011/10 AM – 11:30 PM

Location: CPUC offices - Room 4206

Subject: Meeting to discuss PG&E's 2014 Results of Operations (RO) Model

Summary:

After introductions, PG&E went over the agenda, and walked through the attached material.

PG&E showed DRA the proposed 2014 GRC sample expense workpaper tables that include recorded and forecast data in both base year dollars and nominal dollars.

- PG&E indicated that the proposed tables will be included as a standard workpaper package for PG&E witnesses requesting recovery of expenses.
- PG&E witnesses will continue to provide forecasts in nominal dollars in their testimony.
- DRA and Energy Division asked whether a headcount forecast would be included in PG&E's 2014 GRC, and whether the headcount information would be available at the MWC level. PG&E proposed including a headcount forecast, by line of business at a minimum, in the 2014 GRC and will work with the lines of business to assess whether a methodology to translate major work category (MWC) expense requests into meaningful headcount or full-time equivalents is possible.

**Pacific Gas and Electric Company
2014 General Rate Case
Meeting Record**

- DRA asked whether the O&M expense overheads included below-the-line expenses or holding company A&G costs. PG&E responded that none of those costs were included in the O&M expense.
- DRA asked whether the A&G Study workpapers included overheads. PG&E responded the overheads were not included in the A&G Study.
- DRA and Energy Division asked whether the RO model can produce standard expense tables that would be included in PG&E witnesses' workpaper package. PG&E indicated that while the RO model does not include 5 years of historic expense data which is included in the standard expense workpaper tables, the RO expense input module is consistent with data shown in the standard workpaper tables so that it is straight forward for DRA witnesses to make recommended changes in the RO model.
- DRA and Energy Division requested that PG&E provide more detailed descriptions at the mat code or sub-process level. PG&E confirmed that it would be able to provide more detailed descriptions at the mat code or sub-process level for gas and electric distribution, as well as energy supply.
- DRA and Energy Division indicated that they would continue to review the sample workpaper tables and provide further feedback to PG&E.

DRA and Energy Division have accepted PG&E's proposal to produce a combined gas and electric iterative RO model at the department level as long as PG&E continues to include O&M factors in the A&G workpapers to clearly identify A&G costs that are tied to the GRC vs. other rate cases.

DRA and Energy Division will discuss internally and let PG&E know whether PG&E needs to provide project-based Allowance for Funds Used During Construction (AFUDC). (Initial feedback is that this enhancement is not critical to DRA and Energy Division.)

DRA and Energy Division will discuss internally and let PG&E know whether PG&E needs to implement a dynamic linkage between headcount and benefit burden.(Initial feedback is that this enhancement is not critical to DRA and Energy Division.)

Mr. Wilson reinforced the importance of having a RO model that is easy to operate and uses consistent input fields. Mr. Wilson also recommended that PG&E come back and do a mock up demonstration of the RO capital input module before it's completely built and functional.

Next steps:

**Pacific Gas and Electric Company
2014 General Rate Case
Meeting Record**

Both teams indicated that it would be beneficial to regroup to review PG&E's proposed A&G workpapers, discuss the A&G issues seen in previous GRCs and to see a demonstration of PG&E's RO capital input module. PG&E will set up a meeting in late July/early August. There are three items DRA and Energy Division will internally discuss to provide feedback in the next meeting:

- Sample expense workpaper tables (attached).
- Project-based AFUDC functionality.
- Linkage between headcount and benefit burden.

* * * * *