

**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
Donna-Fay Bower		DRA
Jean Jarjoura		DRA
Redacted		PG&E
		PG&E
		PG&E
		PG&E
		PG&E
Shelly Sharp		PG&E
John Hughes		PG&E

Date/Time: Oct 11, 2011/1:30 PM – 3:15 PM

Location: CPUC offices

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

Summary:

After introductions, PG&E walked through the attached material.

PG&E provided a preview of the capital-related RO model enhancements, including the following:

- The proposed 2014 capital module would be approximately 3 times faster to execute compared to the 2011 capital module.
- PG&E has significantly reduced the file sizes and number of lookups.
- The 2014 RO model will be MS Excel based, and requires MS Excel 2007 or 2010 to operate.

After PG&E's RO model presentation, Mr. Jarjoura provided two additional suggestions:

- PG&E should investigate its input options to consider delta changes throughout the capital module.
- PG&E should investigate options to consolidate the base, adjustment and adjusted-base worksheets to assure DRA is making changes to the

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

appropriate line item. If the consolidated worksheet gets too big to navigate through due to the monthly spreads, PG&E can consider an alternative of showing the annual base, adjustment and adjusted-base in one consolidated worksheet, while the monthly details will be shown in different worksheets.

Next, PG&E showed DRA the proposed sample A&G Department workpapers and covered the following points:

- PG&E indicated that the proposed sample workpapers would be included as a standard package for all A&G departments.
- PG&E agreed to investigate whether vacancy forecasts could be added to the headcount template for the A&G department workpapers.
- DRA asked whether it would be possible to separate the proposed increases by labor vs. non-labor in the year-to-year explanations. PG&E indicated it would provide year-to-year explanations by employee related (labor and materials) and contract costs. DRA indicated they would like to internally discuss and provide feedback in our next meeting.

PG&E asked DRA to provide feedback on PG&E's proposed O&M sample workpapers (agenda item 2). DRA asked to postpone the discussion, along with pending issues from prior meetings on RO model AFUDC functionality (agenda item 3) and dynamic linkage between headcount and benefit burden (agenda item 4), to allow DRA additional time to discuss internally. DRA proposed to meet again in three weeks (from October 11) to provide PG&E its preference on the pending items.

Finally, PG&E shared with DRA and Energy Division its concerns and challenges with providing headcount information at the Major Work Category (MWC) level. PG&E already plans to provide headcount information at the Line of Business (LOB) level. While PG&E could impute headcount information at the MWC level, imputed headcount figures that are based on historical averages could lead to discrepancies at a detailed level for the following reasons:

- Headcount and MWC are highly correlated, but they could have a “many-to-many” relationship.
- While one LOB has budget ownership for a MWC, the work sponsored by a MWC could be performed by workers in multiple LOBs.
- A worker could perform work in one MWC or multiple MWCs that belong to different LOBs.
- Imputed headcount figures at the MWC level represent labor estimates for a mixture of workers if the work is performed by multiple types of workers. This labor estimate mixture pattern could vary based on the work type, workers' skillsets and workers' availabilities.

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

- Each classification of workers has a different pay rate and Overtime (OT) level.

Mr. Tang indicated that DRA would still like to see headcount information at the MWC level notwithstanding PG&E's concerns about imputing headcounts. PG&E proposed to continue researching the best methodology to provide imputed headcount and will provide an update when the team meets again in three weeks.

Next steps:

PG&E will provide a CD of its current "work-in-progress" RO model to DRA and Energy Division during the week of October 17 so that DRA and Energy Division can explore and provide input to PG&E's RO model in its development stage.

Two meetings will be set up around the end of October.

Meeting 1:

1. DRA will provide feedback on PG&E's proposed A&G workpapers and O&M sample workpapers, along with its preference on whether the project-based AFUDC functionality and a dynamic linkage between headcount and benefit burden is needed in PG&E's 2014 GRC.
2. PG&E will provide updates on the RO model development and updates on the headcount analysis.
3. DRA and PG&E will discuss timeline and changes to the Master Data Request for the 2014 GRC.

Meeting 2: DRA and PG&E will meet to discuss the Joint Compensation Study. PG&E hopes to kick off the joint study in October or as soon as possible.

* * * * *