

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

Participant Name	Participant's Organization
Greg Wilson	Energy Division
Clayton Tang	DRA
Jean Jarjoura	DRA
Redacted	PG&E
	PG&E
	PG&E
	PG&E
Shelly Sharp	PG&E
John Hughes	PG&E

Date/Time: Dec 13, 2011/10:00 AM – 11:30 AM

Location: CPUC offices

Subject: Meeting to discuss PG&E's 2014 GRC Results of Operations (RO) Model development, proposed workpaper improvements, FTE imputation methodology, and Master Data Request (MDR)

Summary:

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

PG&E provided an update on key dates for the RO model development timeline, RO enhancements, and progress to date, including the following:

- PG&E will provide the 2014 GRC RO model, populated with 2011 GRC data and with a complete user manual included on a CD, to DRA on December 30, 2011, which is six months prior to the filing of PG&E's NOI
- PG&E asked DRA to provide feedback on PG&E's 2014 GRC RO model by March 1, 2012, two months after PG&E's submittal of the RO model, as agreed upon in the 2011 GRC Settlement (Section 3.12.m)
- PG&E's 2014 GRC A&G RO model input will accept forecast recommendations in nominal dollars; this is consistent with the O&M RO input model. DRA will still be able to view O&M and A&G forecasts in both base year and nominal dollars
- For AFUDC, the global adjustment capability of cost of capital change remains. In addition, adjustments to capital project duration intervals will reflect different AFUDC application factors

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- Mr. Wilson asked whether non-GRC projects were included in the capital expenditure tab in the capital RO module. PG&E confirmed that the capital model includes all utility capital projects, but a filter function will be available to group GRC-only capital projects in the capital RO model
- PG&E offered to provide an RO demo in January timeframe if it is helpful; DRA indicated that an RO model demonstration might not be necessary assuming the reference manual provides good instructions

Next, PG&E discussed with DRA a few proposed updates to the O&M and capital workpaper templates:

- PG&E recommended eliminating the FERC Function column in the LOB O&M workpapers because the FERC function information will already be presented in the SAP/FERC Translation chapter. Mr. Tang indicated that DRA would like to have the FERC function information in the LOB workpapers
- PG&E agreed to investigate whether it could break out “Others” costs from the non-labor costs because costs in the “Others” bucket may receive different or no escalation compared to labor or non-labor costs
- DRA agreed to adopt PG&E’s proposal to combine a 5-year forecast and 5-year historical costs in one capital workpaper page instead of breaking out forecast and historical costs to separate worksheets
- DRA preferred that PG&E continue providing project details for all capital projects over \$1 million
- PG&E agreed to provide 5-year historical spending amounts for all capital projects less than \$1 million, aggregated at the Major Work Category (MWC) level

PG&E then walked through its proposed methodology to impute Full-Time Equivalents (FTE) at the MWC level. PG&E indicated that while this FTE translation would provide labor trending information at a high level, imputed headcount figures that are based on historical averages could lead to discrepancies at a detailed level for the many reasons we provided in the October 11 meeting:

- FTE 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.

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- This labor estimate mixture pattern could vary based on the work type, workers' skillsets and workers' availabilities
- Each classification of workers has a different pay rate and Overtime (OT) level

Finally, PG&E asked when DRA would provide an updated Master Data Request (MDR) for PG&E's 2014 GRC considering that PG&E plans to file its NOI on July 2, 2012. PG&E also indicated that there were a few questions in the 2011 MDR it would like to seek DRA's approval to remove from the 2014 MDR document. DRA indicated it would consider the proposal if good justifications are provided. DRA also indicated that it planned to provide PG&E the updated MDR document in the January 2012 timeframe.

Before we ended the meeting, PG&E asked for DRA feedback on the Work-in-Progress Capital RO Model PG&E provided on October 21, 2011, to DRA and Energy Division. While Mr. Jarjoura indicated that he would reserve his comments until a later time, Mr. Wilson acknowledged that PG&E's new RO model has been significantly improved, in terms of execution speed and user interface, compared to the 2011 RO model.

Next steps:

- PG&E will provide its fully functional 2014 GRC RO model, populated with 2011 GRC data and with a complete user manual included on a CD, to DRA on December 30, 2011
- DRA and Energy Division will provide feedback on PG&E's 2014 RO model by March 1, 2012, two months after PG&E's submittal of the RO model
- DRA and Energy Division will reach out to PG&E on any questions regarding the 2014 RO model or to request a RO model demo if deemed helpful
- DRA will confirm whether PG&E's recommended updates to the proposed 2014 O&M and capital workpapers are acceptable
- PG&E will investigate whether it can break out "Others" costs from the non-labor costs because costs in the "Others" bucket may receive different or no escalation compared to labor or non-labor costs
- PG&E will provide DRA a list of the 2011 MDR questions PG&E proposes to remove from the 2014 MDR document, including reasons for each request to remove
- DRA will provide PG&E an updated MDR document for PG&E's 2014 GRC in the January 2012 timeframe

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