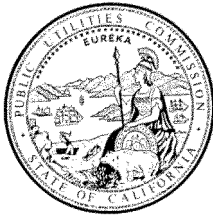


Docket:	:	<u>A.12-11-009</u>
Exhibit Number	:	<u>DRA-17</u>
Commissioner	:	<u>Florio</u>
ALJ	:	<u>Pulsifer</u>
Witness	:	<u>Laserson</u>



**DIVISION OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations  
for  
Pacific Gas and Electric Company  
General Rate Case  
Test Year 2014**

**Administrative and General Expenses  
Part 2 of 2**

San Francisco, California  
May 3, 2013

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# ADMINISTRATIVE AND GENERAL EXPENSES

## I. INTRODUCTION

This exhibit presents the analyses and recommendations of the Division of Ratepayer Advocates (DRA) regarding Pacific Gas and Electric Company's (PG&E) forecasts of Administrative and General (A&G) expenses for Test Year (TY) 2014 and capital expenditures for 2012 through 2014.

The categories of A&G expenses cover general expenses not chargeable to a specific functional activity. A&G expenses are recorded in the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts 920 through 935. Many items comprise A&G expenses including outside services employed, injuries and damages, franchise taxes, regulatory commission expenses, miscellaneous general expenses, and maintenance of general plant. PG&E's A&G-related capital expenditures are for Information Technology (IT) initiatives proposed by specific A&G departments.

This exhibit addresses, among other things, all A&G costs associated with the following PG&E Company departments:

- Human Resources Department and HR Technology (Exhibit PG&E-9, Chapter 4)
- Regulatory Relations Department (Exhibit PG&E-9, Chapter 5)
- Corporate Affairs – Communications Department (Exhibit PG&E-9, Chapter 8)
- Corporate Affairs – External Affairs Department (Exhibit PG&E-9, Chapter 9)

PG&E Corporation-related costs in the four departments listed above are addressed in Ex. DRA-16 (Administrative & General Expenses, Part 1 of 2) but the costs are reflected in this exhibit.

1 **II. SUMMARY OF RECOMMENDATIONS**

2 The following summarizes DRA's recommendations:

- 3  DRA recommends \$55.6 million for Human Resources  
4 Organization, which is \$6.6 million or 11.9% less than PG&E's  
5 request of \$62.2 million.
- 6  DRA recommends \$21.1 million for the Regulatory Relations  
7 Organization, which is \$1.5 million or 7.0% less than PG&E's  
8 request of \$22.6 million.
- 9  DRA accepts PG&E's request of \$19.0 million for Corporate Affairs  
10 - Communications.
- 11  DRA accepts PG&E's request of \$10.3 million for Corporate Affairs  
12 - External.
- 13  For A&G Department IT expenses, DRA recommends \$198,000  
14 compared to PG&E's forecast of \$5.6 million.
- 15  For A&G Department capital expenditures, DRA recommends  
16 \$12.5 million for 2012, \$3.3 million for 2013, and \$3.5 million for  
17 2014, compared to PG&E's forecasts of \$12.4 million, \$3.3 million,  
18 and \$10.9 million, respectively.

19 Table 17-1a compares DRA's and PG&E's TY2014 forecasts of the A&G  
20 Department expenses addressed in this exhibit:

21 **Table 17-1a**  
22 **Administrative & General Expenses for TY2014**  
23 **(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>1</sup> (c)	Amount PG&E>DRA (d=c-b)	Percentage PG&E>DRA (e=d/b)
Human Resources Org	\$55,556.2	\$62,191.2	\$6,625.0	11.9%
Regulatory Relations Org	\$21,104.2	\$22,577.2	\$1,473.0	7.0%
Corporate Affairs - Comm	\$18,956.6	\$18,956.6	\$0	0.0%
Corporate Affairs – External	\$10,373.0	\$10,373.0	\$0	0.0%
Total	\$106,000.0	\$114,098.0	\$8,098.0	7.6%

24  
<sup>1</sup> Ex. PG&E-9, p. 4-46, p. 5-19, p. 8-14, p. 9-13

1 Table 17-1b compares DRA's and PG&E's 2012-2014 forecasts of A&G  
 2 Department-related IT expenses:

3 **Table 17-1b**  
 4 **Administrative & General IT Expenses for TY2014**  
 5 **(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>2</sup> (c)	Amount PG&E>DRA (d=c-b)	Percentage PG&E>DRA (e=d/b)
Human Resources Org	\$198.0	\$3,755.0	\$3,557.0	1,796.5%
Regulatory Relations Org	\$0	\$1,600.0	\$1,600.0	n/a
Corporate Affairs - Comm	\$0	\$250.0	\$250.0	n/a
Corporate Affairs – External	\$0	\$0	\$0	n/a
<b>Total</b>	<b>\$198.0</b>	<b>\$5,605.0</b>	<b>\$5,407.0</b>	<b>2,730.8%</b>

6 Table 17-2 compares DRA's and PG&E's 2012-2014 forecasts of A&G  
 7 Department-related capital expenditures:

8 **Table 17-2**  
 9 **A&G Department Capital Expenditures for 2012-2014**  
 10 **(In Thousands of Dollars)**

Description <sup>3</sup>	DRA Recommended			PG&E Proposed <sup>4</sup>		
	2012	2013	2014	2012	2013	2014
MWC 05	\$127.0	\$591.0	\$1,291.0	\$527.0	\$591.0	\$1,291.0
MWC 2F Build IT	\$12,157.0	\$2,690.0	\$2,200.0	\$11,850.0	\$2,690.0	\$9,600.0
Total	\$12,284.0	\$3,281.0	\$3,491.0	\$12,377.0	\$3,281.0	\$10,891.0

<sup>2</sup> Ex. PG&E-9, p. 4-46, p. 5-19, p. 8-14, p. 9-13

<sup>3</sup> PG&E provided recorded 2012 IT capital expenditures by Major Work Category (MWC) and not by A&G Department.

<sup>4</sup> Ex. PG&E-9, p. 4-51, p. 5-20, p. 8-14.

1 **III. GENERAL OVERVIEW**

2 **A. PG&E's Request**

3 Major cost drivers are requests for additional staffing and technology projects.  
4 PG&E says it developed its forecast by utilizing 2011 staffing levels and then  
5 forecasting any needed increases in department services for Labor and Non-Labor.  
6 PG&E escalates these forecasts through 2012, 2013, and 2014.<sup>5</sup>

7 **B. Authorized vs. Recorded Expenses**

8 In PG&E's TY 2011 GRC decision, the Commission ordered the utility to  
9 provide periodic compliance filings showing authorized and recorded expenses and  
10 capital expenditures, by Major Work Category (MWC), for electric distribution,  
11 electric generation, and gas distribution.<sup>6</sup>

12 In keeping with the spirit of that order, DRA provides the following historical  
13 comparison of authorized versus recorded expenses for the PG&E A&G  
14 Departments addressed in this exhibit.

15 **Table 17-3**  
16 **2007-2011 Authorized vs. Recorded A&G Department Expenses**  
17 **(In Thousands of Dollars)**

Category	Year					
		2007	2008	2009	2010	2011
HR	Authorized	\$43,795.1	\$45,000.7	\$46,206.3	\$47,411.9	\$54,845.1
	Recorded	\$55,503.2	\$58,194.8	\$60,539.4	\$57,192.8	\$61,648.4
Regulation	Authorized	\$25,444.4	\$26,144.8	\$26,845.2	\$27,545.7	\$23,444.6
	Recorded	\$27,327.9	\$24,610.8	\$25,750.5	\$25,655.8	\$25,554.3
Corp Aff. Com	Authorized	\$15,450.4	\$15,875.7	\$16,301.0	\$16,726.4	\$16,624.8
	Recorded	\$9,353.0	\$12,258.3	\$19,717.5	\$20,637.2	\$24,336.8
Corp Aff. External	Authorized	\$11,841.9	\$12,167.9	\$12,493.8	\$12,819.8	\$8,172.9
	Recorded	\$15,775.9	\$13,608.9	\$11,915.7	\$11,794.0	\$11,613.8

18 Source: Authorized and recorded data from PG&E's response to Master Data Request, Chapter 24.

<sup>5</sup> PG&E's response to data request DRA-PG&E-021-LJL, Q. 1.

<sup>6</sup> Decision (D.) 11-05-018, *mimeo.*, Ordering Paragraph 42, at pp. 98-99.

1 **IV. DISCUSSION / ANALYSIS OF HUMAN RESOURCES DEPARTMENT**  
2 **and HR TECHNOLOGY COSTS**

3 This section discusses Human Resources Department and HR Technology  
4 Costs for PG&E's 2014 GRC. The mission of PG&E's Human Resources and HR  
5 Technology Department is to attract, retain and support a highly qualified and  
6 diverse workforce to deliver the services that customers need and expect.<sup>7</sup> PG&E's  
7 HR department designs, develops and implements programs and services to  
8 operationalize the policies described in Exhibit PG&E-8, Chapter 1, Human  
9 Resources Policy.<sup>8</sup> This section also discusses the Information Technology (IT)  
10 projects that support PG&E's HR Programs.

11 PG&E is requesting that the Commission adopt PG&E's 2014 forecast of  
12 \$62.2 million in expenses for HR Department costs.<sup>9</sup> PG&E also requests \$3.8  
13 million for IT expenses in 2014, and \$7.9 million for capital expenditures over the  
14 period from 2012 through 2016.<sup>10</sup> The department costs forecast is \$12.9 million  
15 (26%) higher than the 2011 recorded adjusted amount of \$49.3 million.<sup>11</sup>

16 The following table summarizes PG&E's request and DRA's recommendation  
17 regarding test year expenses for the Human Resources Department and HR  
18 Technology Costs.  
19

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<sup>7</sup> Ex. PG&E-9, p. 4-1.

<sup>8</sup> Ex. PG&E-9, p. 4-1.

<sup>9</sup> Ex. PG&E-9, p. 4-1.

<sup>10</sup> Ex. PG&E-9, p. 4-1.

<sup>11</sup> Ex. PG&E-9, p. 4-1.



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**Table 17-4  
Administrative & General Expenses for TY2014  
Human Resources Department and HR Technology Costs  
(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>12</sup> (c)
Acct 920	\$38,653.3	\$43,112.0
Acct 921	\$3,672.2	\$3,878.0
Acct 923 utility	\$12,451.7	\$14,412
Acct 923 corporate	\$789.0	\$789
HR Technology	\$198.0	\$3,755.0
Total	\$55,764.2	\$65,946.0

5  
6  
7  
8

**Table 17-5  
Administrative & General Capital Expenditures for 2012-2014  
Human Resources Department and HR Technology Costs  
(In Thousands of Dollars)**

Description	DRA Recommended			PG&E Proposed <sup>13</sup>		
	2012	2013	2014	2012	2013	2014
MWC 05	\$527.0	\$591.0	\$1,291.0	\$527.0	\$591.0	\$1,291.0
MWC 2F	\$8,850.0	\$2,690.0	\$1,600.0	\$8,850.0	\$2,690.0	\$6,650.0
Total	\$9,377.0	\$3,281.0	\$2,891.0	\$9,377.0	\$3,281.0	\$7,941.0

9

**A. Senior Vice President Human Resources Immediate Office**

PG&E forecasts \$1.7 million in its Test Year 2014 GRC for Senior Vice President Human Resources Immediate Office.<sup>14</sup> The Senior Vice President Human Resources (SVPHR) and Immediate Office functional area provides the direction, oversight and HR strategy for PG&E and PG&E Corporation.<sup>15</sup> The SVPHR also leads efforts to ensure that the HR team is managing its budget and

<sup>12</sup> Ex. PG&E-9, Wp.4-1.

<sup>13</sup> Ex. PG&E-9, p.4-3.

<sup>14</sup> Ex. PG&E-9, p.4-3.

<sup>15</sup> Ex. PG&E-9, p.4-3.

resources efficiently while at the same time delivering the services and support the organization requires. Specific responsibilities of the department include: strategic direction, oversight and coordination of HR policies and services for the Company.<sup>16</sup> PG&E developed its forecast by utilizing 2011 staffing levels and then forecasting any needed increases in department services for Labor and Non-Labor. PG&E escalates these forecasts through 2012, 2013, and 2014.<sup>17</sup>

The SVPHR and Immediate Office consisted of four employees at Year End (YE) 2012.<sup>18</sup> Staffing levels increased in 2012 to four employees and are not expected to change in 2014.<sup>19</sup> DRA does not take issue with PG&E's 2014 forecast at this time.

**Table 17-6**  
**2007-2012 Recorded Data for SVP Human Resources**  
**(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
SVPHR	\$2,272.3	\$2,033.6	\$1,942.9	\$2,238.0	\$1,801.2	\$2,433.4

Source: 2007-2011 data from Ex. PG&E-9, p. 4-3. 2012 data from DR\_DRA\_108-Q04

### **B. VP Human Resources**

The VP Human Resources section includes the following functional areas: HR Delivery, Labor Relations, Compensation and PG&E Academy.

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<sup>16</sup> Ex. PG&E-9, p.4-3.

<sup>17</sup> DRA\_021

<sup>18</sup> DR\_DRA\_Oral10-Q02Atch01.

<sup>19</sup> Ex. PG&E-9, p.4-3.

1                   **1. HR Delivery Costs (PCCs 10382, 12911, 13627, 13629,**  
2                   **10322, 10379, 10462, 10387, 10377, 10378, 10380,**  
3                   **10388, 10381, 10478, 12733, 20054, 10383, 10386,**  
4                   **12991, 13629, 14104, 14523, 14828, 14896)**

5                   PG&E is forecasting \$7.7 million in its Test Year 2014 GRC for Human  
6 Resources Delivery Costs.<sup>20</sup> PG&E's HR Delivery costs are broken down into three  
7 teams.<sup>21</sup> The first is HR Delivery Consulting which provides front line HR support to  
8 senior service leaders (32 employees in 2011).<sup>22</sup> PG&E's HR Delivery Consulting  
9 team consists of the HR Directors, Managers and Consultants who work with  
10 PG&E's LOB senior leaders to implement new HR Programs and existing ones.<sup>23</sup> In  
11 addition, PG&E says that "this team is responsible for handling confidential  
12 employee issues, enlisting subject matter experts and assuming the role of HR  
13 contact for leaders human resources needs."<sup>24</sup>

14                   HR Service Center which provides phone and email support to employees,  
15 supervisors and managers, as well as processes for employee and retiree-related  
16 transactions (13 employees in 2011).<sup>25</sup> It fields calls and emails from individual  
17 employees, supervisors, retirees and in some cases higher level leaders when they  
18 need assistance or have questions about HR programs, policies or transactions. In  
19 2011, HR Service Center answered over 71,000 employee and retiree calls and  
20 processed well over 30,000 individual transactions.<sup>26</sup>

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<sup>20</sup> Ex. PG&E-9, Wp.4-2

<sup>21</sup> Ex. PG&E-9, p.4-20

<sup>22</sup> Ex. PG&E-9, p.4-20

<sup>23</sup> Ex. PG&E-9, p.4-20

<sup>24</sup> Ex. PG&E-9, p.4-20

<sup>25</sup> Ex. PG&E-9, p.4-20

<sup>26</sup> Ex. PG&E-9, p.4-21

1 PG&E says that the Equal Employment Opportunity (EEO) and Affirmative  
2 Action (AA) functions “conduc[t]s investigations related to EEO and AA complaints  
3 and provide[s] training related to EEO and AA compliance obligations.” The EEO  
4 “team” consisted of 6 employees in 2011.<sup>27</sup> PG&E says that “[t]he EEO  
5 investigation team thoroughly investigates all discrimination or harassment related  
6 complaints to determine whether they are alleging an instance of discrimination,  
7 harassment, a violation of PG&E policy, or where an employee is concerned about  
8 retaliation.”<sup>28</sup>

9 PG&E asserts that it has an increased need for HR employees in the field to  
10 support leaders at all levels of the organization through a combination of incremental  
11 hiring and automation of some transactions currently performed in the HR Service  
12 Center.<sup>29</sup> PG&E says it is adding HR Delivery Consultants in 2012 to meet the need  
13 for field support and plans to add an additional eight employees to this team in  
14 2014.<sup>30</sup>

15 At YE 2012, the HR Delivery Department consisted of 58 employees, and  
16 PG&E is forecasting 66 employees by 2014.<sup>31</sup> PG&E added 7 new employees in  
17 2012. However, PG&E has not provided adequate support or justification for an  
18 additional 8 new employees in 2014. PG&E states that it “... plans to implement  
19 process and technology improvements that will reduce the number of transactions  
20 that HR employees process centrally, freeing up resources to work with field  
21 supervisors, managers, and employees.”<sup>32</sup>

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<sup>27</sup> Ex. PG&E-9, p.4-20

<sup>28</sup> Ex. PG&E-9, p.4-22.

<sup>29</sup> Ex. PG&E-9, p.4-22.

<sup>30</sup> Ex. PG&E-9, p.4-22

<sup>31</sup> Ex. PG&E-9, p.4-23

<sup>32</sup> Ex. PG&E-9, p.4-23

1 Due to lack of support DRA recommends that the Commission use the YE  
 2 2012 recorded employee head count and all associated costs in accounts 920 and  
 3 921 escalated by roughly 3% per year for 2 years, which is most reflective of  
 4 PG&E's current spending. DRA recommends \$6.04 million for PG&E's HR Delivery  
 5 Department which is \$1.65 million less than PG&E's original request of \$7.69 million.

6 **Table 17-7**  
 7 **2007-2012 Recorded Data for HR Delivery Costs**  
 8 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
HR Delivery	\$8,152.9	\$7,302.8	\$4,835.9	\$4,604.6	\$5,159.4	\$6,011.7

9 Source: 2007-2011 data from Ex. PG&E-9, p. 4-2. 2012 data from DR\_DRA\_108-Q04

10 **2. Labor Relations Costs (PCC's 10374, 13648)**

11 PG&E is forecasting \$4.7 million in its Test Year 2014 GRC for Labor Relation  
 12 Costs.<sup>33</sup> Over 65 percent of PG&E's workforce is represented by one of three  
 13 unions.<sup>34</sup> With this large proportion of PG&E's employees covered by a labor  
 14 agreement, PG&E asserts that the Labor Relations function plays a critical role in  
 15 maintaining a strong working relationship with the Company's unions.<sup>35</sup> The  
 16 Company must maintain this relationship while at the same time negotiating wages,  
 17 benefits and working conditions that manage costs and allow the Company to attract  
 18 and retain an available, qualified workforce.<sup>36</sup> The Labor Relations team develops  
 19 and implements the labor strategy for the Company.<sup>37</sup> Broadly, it is charged with  
 20 managing the Company's relationship with its three unions, negotiating all

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<sup>33</sup> Ex. PG&E-9, p.4-22

<sup>34</sup> Ex. PG&E-9, p.4-22

<sup>35</sup> Ex. PG&E-9, p.4-22

<sup>36</sup> Ex. PG&E-9, p.4-23

<sup>37</sup> Ex. PG&E-9, p.4-23

1 agreements with the unions and ensuring compliance with the agreements.<sup>38</sup> The  
 2 Labor Relations Department consisted of 34.5 equivalent full time employees at  
 3 Year End 2012 and is not expected to change in 2014. DRA does not take issue  
 4 with PG&E's 2014 forecast at this time.

5 **Table 17-8**  
 6 **2007-2012 Recorded Data for Labor Relations**  
 7 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Labor Relations	\$3,278.3	\$4,078.6	\$4,089.2	\$3,873.4	\$4,079.9	\$4,592.5

8 Source: 2007-2011 data from Ex. PG&E-9, p. 4-3. 2012 data from DR\_DRA\_108-Q04

9 **3. PG&E Academy Department Costs (PCCs 12867,**  
 10 **13735, 14026, 14027, 12912, 13705, 10393, 10391,**  
 11 **10375, 11681, 12484, 12868, 12869, 12870, 12871,**  
 12 **14918, 14453, 14906, 10391, 12885)**

13 PG&E forecasts \$10.3 million in its Test Year GRC for PG&E Academy  
 14 Department Costs.<sup>39</sup> PG&E Academy is PG&E's centralized internal training  
 15 organization.<sup>40</sup> According to PG&E, the mission of PG&E Academy is to increase  
 16 employee safety and productivity by designing, delivering and measuring top quality,  
 17 in-classroom and online learning.<sup>41</sup> In 2011, PG&E Academy delivered 6,800  
 18 training sessions covering over 200 different topics through instructors or on-the-job  
 19 training to employees in areas such as Electric Operations, Equipment, Gas  
 20 Operations and Safety and Compliance.<sup>42</sup> The instructor-led and on-the-job training  
 21 sessions represented over 40,000 student days. In addition, 58 separate web-based

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<sup>38</sup> Ex. PG&E-9, p.4-23

<sup>39</sup> Ex. PG&E-9, WP.4-2.

<sup>40</sup> Ex. PG&E-9, p.4-26.

<sup>41</sup> Ex. PG&E-9, p.4-26.

<sup>42</sup> Ex. PG&E-9, p.4-26.

1 technical training classes were offered to employees and contractors.<sup>43</sup> Twelve of  
2 these online courses were developed in 2011.<sup>44</sup> PG&E Academy consists of six  
3 teams: Gas Training, Electric Training, Equipment and Compliance Training,  
4 Enterprise Systems Training and Change Management, Professional Development,  
5 and Academy Operations.<sup>45</sup>

6 DRA forecasts \$7.71 million which is \$2.63 million less than PG&E's request.  
7 The differences between PG&E's and DRA's forecasts are explained below.

8 PG&E requests 10 new employees in its 2014 forecast.<sup>46</sup> In 2011 PG&E  
9 recorded 34 FTEs which it then increased by 12.5 FTEs to 46.5 FTEs by YE 2012.<sup>47</sup>  
10 This 36.8% ( $46.5/34 = 1.368$ ) increase is already significant. PG&E wants to  
11 increase the employee count by another 21.5% ( $56.5/46.5 = 1.215$ ) from 2012 to  
12 2014.<sup>48</sup> That is an overall increase of 66.2% over a 3 year period, from 2011 to  
13 2014. PG&E has not justified imposing this burden on its ratepayers. The 2012  
14 recorded expense level is most indicative of what PG&E is currently spending. For  
15 2014, DRA recommends ratepayer funding for the PG&E employee headcount at YE  
16 2012. PG&E has not shown that the 10 new FTEs requested for 2014 are needed  
17 given that PG&E already increased staffing by 12.5 FTE's in 2012, and PG&E has  
18 not shown that additional staff is needed for the new Webcast Studio and Technical  
19 Training maintenance work. DRA recommends using 2012 recorded expense of  
20 \$3.48 million, escalated by roughly 3% per year for Account 923. Neither PG&E's

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<sup>43</sup> Ex. PG&E-9, p.4-26.

<sup>44</sup> Ex. PG&E-9, p.4-26.

<sup>45</sup> Ex. PG&E-9, p.4-26.

<sup>46</sup> Ex. PG&E-9, WP.4-69.

<sup>47</sup> \_R\_DRA\_Oral010-Q22Atch01

<sup>48</sup> \_R\_DRA\_Oral010-Q22Atch01

1 testimony nor its workpapers<sup>49</sup> provide enough support to add an increment above  
2 the recorded FTE count of 2012.

3 PG&E also provided little support for the Technical Training maintenance  
4 work it says is needed in Account 923. When DRA asked for detail on the increased  
5 costs for curriculum development work and Electric Qualification Program support,  
6 PG&E responded by stating that “923 Outside Services includes additional contract  
7 support to provide the oversight and curriculum direction required to develop new  
8 courses for gas and electric operations. This oversight also includes the  
9 development of the appropriate assessments for each course. **When appropriate**  
10 (emphasis added) these assessments are used to determine if an employee or  
11 contractor has successfully gained the required knowledge and skill covered in the  
12 particular class and is qualified to complete the work back on the job.”<sup>50</sup> DRA  
13 interprets “when appropriate” as meaning that assessments are not always 100%  
14 necessary. DRA concludes that an \$854,656 expense to ratepayers is excessive  
15 and burdensome given that it is only sometimes used. Thus, for 2014, DRA  
16 recommends the 2012 recorded expense of \$3.32 million escalated over 2 years.

17 **Table 17-9**  
18 **2007-2012 Recorded Data for Academy Costs**  
19 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Academy	\$559.1	\$4,783.8	\$5,566.7	\$5,364.9	\$7,170.3	\$8,094.1

20 Source: 2007-2011 data from Ex. PG&E-9,Wp.4-2. 2012 data from DR\_DRA\_108-Q04Atch05

21 **4. Compensation Costs (PCCs 10385, 13630, 14865,**  
22 **20057, 20067)**

23 PG&E is forecasting \$3.4 million in its Test Year 2014 GRC for Compensation  
24 Costs.<sup>51</sup> The Compensation team is responsible for developing and delivering

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<sup>49</sup> Ex. PG&E-9, pp. 4-26 – 4-32; Ex. PG&E-9, WP pp. 4-189 – 4-191.

<sup>50</sup> DRA\_Oral010-19

<sup>51</sup> Ex. PG&E-9, p.4-25.



1 effective, innovative and cost-competitive compensation plans and programs for the  
2 Company.<sup>52</sup> The department assures compliance with all compensation-related  
3 legal and regulatory requirements and designing and implementing competitive  
4 compensation policies and programs to attract and retain qualified and motivated  
5 workers.<sup>53</sup> The team completes these functions through compensation programs  
6 and activities such as Annual Base Pay Program, Short-Term Incentive Plan (STIP),  
7 Long-Term Incentive Plan, Reward and Recognition Program, Executive  
8 Compensation Administration, development of compensation policies (e.g.,  
9 overtime, alternative work schedules and shift premiums), benchmarking or  
10 compensation practices and other compensation projects (e.g., career tracks), and  
11 consultation with business leaders, Talent Management, HR Delivery, and Labor  
12 Relations.<sup>54</sup>

13         According to PG&E, Cost-effective and competitive compensation programs  
14 are critical to the Company's ability to retain experienced employees and to attract  
15 new employees to perform the many critical functions necessary to provide gas and  
16 electric services throughout PG&E's service territory.<sup>55</sup> The Company's programs  
17 are designed to pay for results and accountability and to help develop and maintain  
18 a high-performing workforce.<sup>56</sup> PG&E says they are also designed to reinforce the  
19 importance of "achieving results in the right way- encouraging employees to  
20 demonstrate PG&E's values and guiding behaviors."<sup>57</sup>

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<sup>52</sup> Ex. PG&E-9, p.4-25.

<sup>53</sup> Ex. PG&E-9, p.4-25.

<sup>54</sup> Ex. PG&E-9, p.4-25.

<sup>55</sup> Ex. PG&E-9, p.4-25.

<sup>56</sup> Ex. PG&E-9, p.4-25.

<sup>57</sup> Ex. PG&E-9, pp.4-25 – 4-26.

1 At YE 2012, the Compensation team consisted of 14 employees and is  
 2 expected to remain at 14 thru 2014.<sup>58</sup> The Compensation forecast also includes the  
 3 annual software license and service costs for the third-party software license and  
 4 service costs for third party software tool that is used to support the annual pay  
 5 planning process. These costs are estimated to continue to be \$75,000 per year.

6 DRA does not take issue with PG&E's 2014 forecast at this time.

7 **Table 17-10**  
 8 **2007-2012 Recorded Data for Compensation Costs**  
 9 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
	\$2,095.1	\$3,163.2	\$2,543.5	\$2,937.4	\$2,696.3	\$3,378.9

10 Source: 2007-2011 data from Ex. PG&E-9, p. 4-3. 2012 data from DR\_DRA\_108-Q04

### 11 **C. Talent Management**

12 PG&E requests \$22.0 million in its Test Year 2014 GRC for the Talent  
 13 Management.<sup>59</sup> PG&E says its Talent Management and Inclusion function provides  
 14 an integrated, end-to-end view of workforce development, employee recruitment,  
 15 diversity and inclusion and employee development.<sup>60</sup> The forecast is an increase of  
 16 \$4.6 million from 2011 recorded costs.<sup>61</sup> According to PG&E, the teams that make  
 17 up the Talent Management function work to understand future workforce needs,  
 18 identify and develop PG&E's future leaders, attract and retain the best talent  
 19 available in the market and maximize employee performance.<sup>62</sup> The Talent  
 20 Management and Inclusion function is comprised of the following teams:

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<sup>58</sup> Ex. PG&E-9, p.4-26

<sup>59</sup> Ex. PG&E-9, WP.4-2

<sup>60</sup> Ex. PG&E-9, p.4-3.

<sup>61</sup> Ex. PG&E-9, p.4-4.

<sup>62</sup> Ex. PG&E-9, p.4-4.

1 Performance and Inclusion team which focuses on workforce diversity and inclusion  
2 policies, EEO reporting and AA plan development and succession and performance  
3 management programs; Recruiting which focuses on workforce planning, recruiting  
4 of new employees, internal employee job moves (other than bargaining unit  
5 movement based on the job bidding process), PG&E's Master of Business  
6 Administration (MBA) Program and relocation; Employee Development which  
7 focuses on design and implantation of the Leadership Development program for high  
8 potential managers and directors, tuition refund administration, knowledge  
9 management, onboarding for new employees and their supervisors and career  
10 development programs; Workforce Development: Power Pathway™ which does  
11 Career training and workforce development program, design and implementation;  
12 and HR Placement and Employment Support which represented employee job  
13 bidding and movement and Department of Transportation (DOT) drug testing.<sup>63</sup>

14 PG&E recorded 114 FTE's in 2011 and 121 FTE's for 2012,<sup>64</sup> or an increase  
15 of 7 new employees from 2011 to 2012. PG&E states "The HR department plans to  
16 add recruiters to support the Company's increased hiring and provide additional  
17 support for the Knowledge Transfer, Director and Manager Training and Workforce  
18 Planning programs."<sup>65</sup> PG&E developed its forecast by utilizing 2011 staffing levels  
19 and then forecasting any needed increases in department services for Labor and  
20 Non-Labor. PG&E escalates these forecasts through 2012, 2013, and 2014.<sup>66</sup>

21 PG&E requests 9 new employees in its 2014 forecast. PG&E has not justified  
22 adding 9 new FTEs in addition to the already 7 new employees added in 2012.<sup>67</sup>  
23 The 2012 recorded expense level is most indicative of what PG&E is currently

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<sup>63</sup> Ex. PG&E-9, p.4-4.

<sup>64</sup> Ex. PG&E-9, p.4-4.

<sup>65</sup> Ex. PG&E-9, p.4-4.

<sup>66</sup> DR DRA 021-Q01

<sup>67</sup> DR\_DRA\_Oral010-Q22Atch01

1 spending. For 2014, DRA recommends using the PG&E employee headcount from  
 2 2012. DRA recommends using 2012 recorded expense of \$11.7 million for Account  
 3 920, escalated by roughly 3% per year for two years.

4 Thus DRA is forecasting \$19.38 million for PG&E’s Talent Management  
 5 Group which is \$2.63 million less than PG&E’s initial request.

6 **Table 17-11**  
 7 **2007-2012 Recorded Data for Talent Management**  
 8 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
	\$19,115.9	\$18,564.3	\$18,629.1	\$16,246.1	\$17,376.9	\$20,952.0

9 Source: 2007-2011 data from Ex. PG&E-9,Wp.4-2. 2012 data from DR\_DRA\_108-Q04Atch05

10 **D. Workforce Health and Productivity (PCCs 13757, 13758,**  
 11 **14025, 13573, 10450, 12731, 13649, 14730)**

12 PG&E forecasts \$12.3 million for its Workforce Health and Productivity  
 13 function in its Test Year 2014 GRC.<sup>68</sup> The Workforce Health and Productivity  
 14 functional area is responsible for developing and administering the full scope of  
 15 pension and benefit programs offered by PG&E, as well the Workers’  
 16 Compensation, Long-Term Disability and Leave Management programs.<sup>69</sup> In  
 17 addition, the department develops and leads the implementation of a comprehensive  
 18 wellness program.<sup>70</sup> The department’s specific activities include designing and  
 19 developing PG&E’s benefit programs, managing PG&E’s benefits vendors,  
 20 administering and delivering certain benefits services directly to participants,  
 21 administering the Workers’ Compensation program, and managing all leaves of  
 22 absence and employees’ return from leave.<sup>71</sup> PG&E says its Workforce Health and

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<sup>68</sup> Ex. PG&E-9, WP.4-1.

<sup>69</sup> Ex. PG&E-9, p.4-15.

<sup>70</sup> Ex. PG&E-9, p.4-15.

<sup>71</sup> Ex. PG&E-9, p.4-16.

1 Productivity Department is organized into 3 “functional sub teams”: Workers’  
 2 Compensation team which administers PG&E’s Workers’ Compensation and Leave  
 3 Management programs that focuses on returning employees to work as quickly as  
 4 possible; Retirement, Health and Welfare and Wellness team which designs,  
 5 administers and does contract management for PG&E’s various retirement, health  
 6 and welfare benefit plans; and the Employee Assistance Program.<sup>72</sup>

7 The Workforce Health and Productivity Department consisted of 97 people as  
 8 of December 31, 2011 and is to remain at 97 thru 2014.<sup>73</sup> PG&E developed its  
 9 forecast by utilizing 2011 staffing levels and then forecasting any needed increases  
 10 in department services for Labor and non-labor.<sup>74</sup> PG&E escalates these forecasts  
 11 through 2012, 2013, and 2014.<sup>75</sup>

12 DRA does not take issue with PG&E’s 2014 forecast at this time.

13 **Table 17-12**  
 14 **2007-2012 Recorded Data for Workforce Health & Productivity**  
 15 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
	\$9,491.9	\$11,397.9	\$11,293.7	\$10,875.5	\$10,989.2	\$12,188.3

16 Source: 2007-2011 data from Ex. PG&E-9,Wp.4-2. 2012 data from DR\_DRA\_108-Q04Atch05

<sup>72</sup> Ex. PG&E-9, p.4-16.

<sup>73</sup> Ex. PG&E-9, p.4-17.

<sup>74</sup> GRC2014-Ph-I DR DRA 021-Q01

<sup>75</sup> GRC2014-Ph-I DR DRA 021-Q01

1           **E. HR Technology Projects**

2           For HR Technology Projects, PG&E forecasts \$3.8 million for expense in  
3 2014. For capital expenditures for these projects, PG&E forecasts \$8.9 million for in  
4 2012, \$2.7 million in 2013, and \$6.7 million for capital in 2014.<sup>76</sup> PG&E says it  
5 developed its cost forecast for each project using the Company’s “application  
6 development concept estimating tool, which is described in detail in PG&E’s  
7 Information Technology Cost testimony, PG&E-7, Chapter 8, Information  
8 Technology costs, or based on historical costs.”<sup>77</sup> The IT expense costs are  
9 forecasted in Major Work Category (MWC) JV (Maintain Applications and  
10 Infrastructure) that includes costs for ongoing maintenance, operations and repair for  
11 PG&E’s applications, systems and infrastructure.

12                           **1. General HR and Compliance Technology Projects**

13           PG&E forecasts \$1.1 million in expense, and \$600,000 in capital expenditures  
14 for 2014 for technology projects that PG&E did not assign a specific HR function.<sup>78</sup>

15                           **a. HR Legal and Regulatory**

16           PG&E is forecasting \$200,000 per year, beginning in 2014, to update its HR  
17 systems due to legal and regulatory changes.<sup>79</sup> According to PG&E, each year laws  
18 and regulations change, requiring PG&E to update its HR systems to ensure that  
19 processes and outcomes stay compliant.<sup>80</sup> PG&E gives as an example, that it  
20 “...expects the OFCCP<sup>81</sup> to issue new regulations in late 2012 or early 2013 that will

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<sup>76</sup> Ex. PG&E-9, p.4-33.

<sup>77</sup> Ex. PG&E-9, p.4-33.

<sup>78</sup> Ex. PG&E-9, p.4-33.

<sup>79</sup> Ex. PG&E-9, p.4-33.

<sup>80</sup> Ex. PG&E-9, p.4-33.

<sup>81</sup> U.S. Department of Labor’s Office of Federal Contract Compliance Programs (Ex. PG&E-9, p. 4-6).

1 require system changes.”<sup>82</sup> In 2010 to 2011, the average cost for HR and Payroll  
2 was \$445,000.

3 The information discussed above was the only information that PG&E  
4 provided about this project. PG&E provided no breakdown of costs nor costs  
5 associated with this project anywhere in its testimony and workpapers aside from  
6 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
7 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
8 conduct any cost benefit analysis studies. Due to the vagueness and lack of support  
9 for this project, DRA recommends no ratepayer funding for this expense.

### 10 **b. HR Technology Enhancements**

11 PG&E is forecasting \$250,000 in expense and \$100,000 in capital  
12 expenditures in 2014 for minor enhancements.<sup>83</sup> According to PG&E, each year  
13 minor enhancements are required to support process changes or requirements.<sup>84</sup>  
14 Examples of minor enhancements implemented in 2011 included an upgrade to the  
15 Organization Charting tool that is integrated with SAP, updated workflow to improve  
16 the process at the HR Service Center by allowing them to cancel, at the request of  
17 the department or HR Delivery, requests that have not yet been approved and are  
18 no longer needed, and encryption of the Remedy case management system  
19 database to protect Health Insurance Portability and Accountability Act covered data  
20 entered to document employee requests.<sup>85</sup>

21 PG&E says that, over the past seven years, PG&E implemented a series of  
22 major HR technology projects to replace legacy systems.<sup>86</sup> Most necessary minor

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<sup>82</sup> Ex. P&E-9, p. 4-34.

<sup>83</sup> Ex. PG&E-9, p.4-34.

<sup>84</sup> Ex. PG&E-9, p.4-34.

<sup>85</sup> Ex. PG&E-9, p.4-34.

<sup>86</sup> Ex. PG&E-9, p.4-34.

1 enhancements were included within the scope of major projects.<sup>87</sup> Based on  
2 historical costs for individual enhancements and 10 SAP Human Capital  
3 Management modules currently implemented at PG&E, non-SAP applications and  
4 interfaces to other third-party systems, the forecasted \$250,000 per year will allow  
5 up to two or three small enhancements to each system or interface.<sup>88</sup>

6 The information discussed above was the only information that PG&E  
7 provided about this project. PG&E provided no breakdown of costs nor costs  
8 associated with this project anywhere in its testimony and workpapers aside from  
9 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
10 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
11 conduct any cost benefit analysis studies. Due to the vagueness and lack of support  
12 for this project, DRA recommends no ratepayer funding for this project.

13 **c. HR Mobile**

14 PG&E is forecasting \$500,000 in capital expenditures in 2014, and \$120,000  
15 in expense in 2014 for Mobile Applications.<sup>89</sup> PG&E says that, as it increases its  
16 deployment of mobile technology to all employees, there is a growing demand for  
17 HR applications to be available to employees and supervisors working in the field.<sup>90</sup>  
18 The forecast for this category encompasses the deployment of HR information and  
19 processes to mobile devices.<sup>91</sup> PG&E says that the priority for mobile deployment  
20 "...will be those applications that can improve supervisors' and employees' ability to  
21 safely perform work, followed by those applications where efficiencies can be

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<sup>87</sup> Ex. PG&E-9, p.4-34.

<sup>88</sup> Ex. PG&E-9, p.4-34.

<sup>89</sup> Ex. PG&E-9, p.4-35.

<sup>90</sup> Ex. PG&E-9, p.4-34.

<sup>91</sup> Ex. PG&E-9, p.4-34.



1 obtained.”<sup>92</sup> One early mobile deployment will be the Qualification Tracker, which  
2 will allow a supervisor or other employees to determine if an employee is qualified to  
3 perform specific work.<sup>93</sup> PG&E is also planning to provide tablet computers to PG&E  
4 Academy employees who complete field assessments of employees.<sup>94</sup> With tablet  
5 computers, the employees performing field assessments will be able to remotely  
6 update employee assessments, which will also update the employees’ training  
7 history and qualifications tied to the specific assessment.<sup>95</sup>

8 At this time, DRA does not take issue with this proposed project, but reduces  
9 PG&E’s 2014 forecast by 14% as recommended by DRA in Ex. DRA-18 (Shared  
10 Services and Information Technology Costs).

#### 11 **d. HR Data Management and Archiving**

12 PG&E forecasts \$495,000 expense in 2014 for a project with the objective of  
13 moving historical employee data into a structured system where it can be accessed  
14 and maintained in accordance with all data governance requests.<sup>96</sup> PG&E  
15 continues to house historical employee data in systems that have otherwise been  
16 retired.<sup>97</sup> No new information or transactions are recorded in these systems. PG&E  
17 says that, with the deployment of new systems, data volumes have grown large  
18 enough that an archiving strategy is necessary.<sup>98</sup> The objective of this project will be  
19 to move data into a structured system where it can be accessed and maintained in

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<sup>92</sup> Ex. PG&E-9, p.4-34.

<sup>93</sup> Ex. PG&E-9, p.4-34.

<sup>94</sup> Ex. PG&E-9, p.4-34.

<sup>95</sup> Ex. PG&E-9, p.4-34.

<sup>96</sup> Ex. PG&E-9, p.4-35.

<sup>97</sup> Ex. PG&E-9, p.4-35

<sup>98</sup> Ex. PG&E-9, p.4-35

1 accordance with all data governance requirements.<sup>99</sup> After the archiving work  
2 process is complete, PG&E intends to retire specific hardware and applications  
3 within the appropriate IT budget.<sup>100</sup>

4 The information discussed above was the only information that PG&E  
5 provided about this project. PG&E provided no breakdown of costs nor costs  
6 associated with this project anywhere in its testimony and workpapers aside from  
7 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
8 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
9 conduct any cost benefit analysis studies. Due to the vagueness and lack of support  
10 for this project, DRA recommends no ratepayer funding for this project.

11 **e. Enterprise Integrated Help and Usage**  
12 **Tracking**

13 PG&E forecasts \$400,000 in capital expenditures and \$80,000 expense in  
14 2015 for funding to develop of application and transaction-specific help information  
15 for users and provide context sensitive help in PG&E's SAP environment.<sup>101</sup> PG&E  
16 holds licenses for Oracle User Productivity Kit (UPK) software which will be used to  
17 track the SAP transactions where employees request "help."<sup>102</sup> The integrated help  
18 solution will provide employees with useful information to correctly complete  
19 transactions with in PG&E's SAP environment, which will ultimately improve the  
20 quality of data and reduce time spent to complete transactions.<sup>103</sup> The data  
21 collected from the help tracking software will allow PG&E Academy to work with  
22 each organization that uses SAP to identify processes where employees need  
23 additional guidance and training, more robust online help, or updated procedure

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<sup>99</sup> Ex. PG&E-9, p.4-35

<sup>100</sup> Ex. PG&E-9, p.4-35

<sup>101</sup> Ex. PG&E-9, p.4-35.

<sup>102</sup> Ex. PG&E-9, p.4-36

<sup>103</sup> Ex. PG&E-9, p.4-35.

1 documentation.<sup>104</sup> PG&E developed the forecast costs for this project using the  
2 Company's application development concept estimating tool.<sup>105</sup>

3 PG&E's request does not impact the 2014 test year forecast.

#### 4 **f. Integrated Competencies**

5 PG&E is forecasting \$300,000 in capital expenditures and \$65,000 in  
6 expense in 2016 for a project which seeks to implement a technology to allow  
7 managers and employees to have an integrated picture of an employee's  
8 competencies.<sup>106</sup> Specifically, PG&E says employees will be able to identify the  
9 competencies needed to successfully complete specific work or to hold a particular  
10 position and determine what classes, experience or certifications they need to be  
11 qualified for that position. Supervisors and managers will be able to assess  
12 employee readiness for specific positions or work based on their competencies and  
13 make recommendations on actions employees might take to become more qualified.  
14 PG&E developed the forecast for this project using the company's application  
15 development concept estimating tool.

16 PG&E's request does not impact the 2014 test year forecast.

#### 17 **g. Discipline Tracking System**

18 PG&E forecasts \$100,000 in capital expenditures and \$23,000 in expense in  
19 2016 for a plan which seeks to implement a discipline tracking system to improve  
20 consistency and provide visibility and reporting disciplinary issues.<sup>107</sup> Currently,  
21 actions that supervisors take to discipline an employee are documented in individual  
22 employee files.<sup>108</sup> PG&E developed its forecast costs for this project by using the

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<sup>104</sup> Ex. PG&E-9, p.4-36

<sup>105</sup> Ex. PG&E-9, p.4-36.

<sup>106</sup> Ex. PG&E-9, p.4-36.

<sup>107</sup> Ex. PG&E-9, p.4-36.

<sup>108</sup> Ex. PG&E-9, p.4-36.

1 Company's application development concept estimating tool.<sup>109</sup> PG&E plans to  
2 implement a discipline tracking system to improve consistency and provide visibility  
3 and reporting of disciplinary issues. PG&E developed the forecast costs for this  
4 project using the Company's application development concept estimating tool.

5 PG&E's request does not impact the 2014 test year forecast.

## 6 **2. HR Document and Information Management**

### 7 **a. HR Document Management**

8 PG&E forecasts \$500,000 in capital expenditures and \$275,000 in expense in  
9 2014 for an updated HR Document management system.<sup>110</sup> PG&E currently has  
10 one online repository for electronic personnel records, however, the system  
11 allegedly has limited capabilities and does not house all employee records.<sup>111</sup>  
12 PG&E asserts that an updated HR Document management system will allow PG&E  
13 to improve employee-related record keeping, provide quicker access to needed  
14 records and foster the integration with SAP (PG&E's primary HR system).<sup>112</sup> PG&E  
15 currently has one online repository for electronic personnel records, however, the  
16 system has limited capabilities and does not house all employee records.<sup>113</sup> PG&E  
17 developed the forecast costs for this project using the Company's application  
18 development concept estimating tool.<sup>114</sup>

19 The information discussed above was the only information that PG&E  
20 provided about this project. PG&E provided no breakdown of costs nor costs  
21 associated with this project anywhere in its testimony and workpapers aside from

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<sup>109</sup> Ex. PG&E-9, p.4-36.

<sup>110</sup> Ex. PG&E-9, p.4-37.

<sup>111</sup> Ex. PG&E-9, p.4-37

<sup>112</sup> Ex. PG&E-9, p.4-37

<sup>113</sup> Ex. PG&E-9, p.4-37.

<sup>114</sup> Ex. PG&E-9, p.4-37.

1 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
2 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
3 conduct any cost benefit analysis studies. Due to the vagueness and lack of support  
4 for this project, DRA recommends no ratepayer funding for this project.

5 **b. Knowledge Management**

6 PG&E forecasts \$800,000 in capital expenditures for 2015 and 2016, and  
7 \$400,000 in expense over two years beginning in 2015 for its plans to develop an  
8 improved knowledge management system which will store and track non-employee  
9 specific documents, such as paper training rosters, labor agreements and HR policy  
10 documents in a secure, easy to use, web based system.<sup>115</sup> Employee specific  
11 materials are covered under the HR Document Management Project.<sup>116</sup> A key  
12 requirement of this project will be system access on standard mobile platforms.<sup>117</sup>  
13 PG&E developed the forecast costs for this project using the Company's application  
14 development concept tool.

15 PG&E's request does not impact the 2014 test year forecast.

16 **3. HR Reporting and Analytics**

17 **a. HR Business Intelligence Projects**

18 PG&E forecasts \$150,000 in expense and \$750,000 in capital expenditures in  
19 2014 for a project which focuses on development of new or enhanced reports, as  
20 well as updates to data models or specific reports required as a result of the upgrade  
21 of the business Intelligence (BI) platform.<sup>118</sup> This project will also increase the  
22 reports and employee specific information made available to leaders. The costs  
23 associated with the upgrade of the BI hardware and software, other than HR specific  
24 report updates, are not part of this request. PG&E developed the forecast costs for

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<sup>115</sup> Ex. PG&E-9, p.4-37.

<sup>116</sup> Ex. PG&E-9, p.4-38

<sup>117</sup> Ex. PG&E-9, p.4-38

<sup>118</sup> Ex. PG&E-9, p.4-37.

1 this project using the Company’s application development concept estimating  
2 tool.<sup>**119**</sup>

3 The information discussed above was the only information that PG&E  
4 provided about this project. PG&E provided no breakdown of costs nor costs  
5 associated with this project anywhere in its testimony and workpapers aside from  
6 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
7 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
8 conduct any cost benefit analysis studies. Due to the vagueness and lack of support  
9 for this project, DRA recommends no ratepayer funding for this project.

#### 10 **4. Talent Management Technology Projects**

##### 11 **a. E-Recruit Phase 2**

12 PG&E forecasts \$240,000 in expense and \$1.2 million in capital  
13 expenditures in 2014 for it replacing the applicant tracking system in 2012 with SAP  
14 E-Recruit software.<sup>**120**</sup> The first phase of the E-Recruit project is forecast to cost  
15 \$3.2 million in capital and \$557,000 expense in 2011 and 2012.<sup>**121**</sup> The E-Recruit  
16 Phase 2 project includes specific additional functions that were not part of the initial  
17 Phase 1 E-Recruit project.<sup>**122**</sup> The enhancements include automating offer letters,  
18 with approvals based on the Company’s delegation authority; automated tracking of  
19 Affirmative Action Plans and Aspirational Hiring Goals; and the implementation of an  
20 employee referral program. PG&E developed the forecast costs for this project using  
21 the Company’s application development concept estimating tool.<sup>**123**</sup>

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<sup>**119**</sup> Ex. PG&E-9, p.4-37.

<sup>**120**</sup> Ex. PG&E-9, p.4-38.

<sup>**121**</sup> Ex. PG&E-9, p.4-38.

<sup>**122**</sup> Ex. PG&E-9, p.4-38.

<sup>**123**</sup> Ex. PG&E-9, p.4-38.

1 PG&E asserts “In order to fully realize the benefits of this project, additional  
2 functionality must be completed in the Phase 2 E-Recruit project.”<sup>124</sup>

3 The information discussed above was the only information that PG&E  
4 provided about this project. PG&E provided no breakdown of costs nor costs  
5 associated with this project anywhere in its testimony and workpapers aside from  
6 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
7 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
8 conduct any cost benefit analysis studies. PG&E is already receiving the benefits of  
9 the E-recruit project implemented in 2012, making another round of enhancements  
10 excessive and burdensome to ratepayers. PG&E did not provide enough  
11 information about this E-Recruit Phase 2 program to justify a need for it.

12 Due to the vagueness and lack of support for this project, DRA recommends  
13 no ratepayer funding for this project.

#### 14 **b. Talent Integration**

15 PG&E forecasts \$150,000 in expense and \$750,000 in capital expenditures in  
16 2015 for a project that will integrate succession planning, employee development  
17 plans and learning, skills, and qualifications with recruitment and performance  
18 management.<sup>125</sup> The integration of these SAP components is required to provide  
19 up-to-date learning and qualification profiles and to track the progress of employees  
20 identified as potential successors for critical positions.<sup>126</sup> The integration will also  
21 allegedly enable employees and supervisors to track and manage employees PG&E  
22 developed the forecast costs for this project using the Company’s application  
23 development concept estimating tool.<sup>127</sup>

24 PG&E’s request does not impact the 2014 test year forecast.

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<sup>124</sup> Ex. PG&E-9, Wp.4-134

<sup>125</sup> Ex. PG&E-9, p.4-38.

<sup>126</sup> Ex. PG&E-9, p.4-39.

<sup>127</sup> Ex. PG&E-9, p.4-39.

1 **c. Onboarding**

2 PG&E forecasts \$155,000 in expense and \$750,000 in capital expenditures in  
3 2015 for the Onboarding project which will provide an online process for new and  
4 prospective employees to complete benefits and other employee specific  
5 transactions online.<sup>128</sup> PG&E says that, in its TY 2011 GRC, PG&E discussed the  
6 need to implement the tools that would automate the onboarding process and the  
7 project was subsequently deferred in order to address compliance concerns with  
8 PG&E's tracking system.<sup>129</sup> The company claims that there is still a need to  
9 automate the onboarding process to improve efficiency.<sup>130</sup> Specifically, the project  
10 will enable future employees to securely log onto the PG&E employee portal to  
11 complete required forms and receive electronic information regarding their future  
12 employment at PG&E.<sup>131</sup> PG&E developed the forecast costs for this project using  
13 the Company's application development concept estimating tool.<sup>132</sup>

14 .  
15 The information discussed above was the only information that PG&E  
16 provided about this project. PG&E provided no breakdown of costs nor costs  
17 associated with this project anywhere in its testimony and workpapers aside from  
18 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
19 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
20 conduct any cost benefit analysis studies. If the employees are already given  
21 company's emails, DRA sees no reason for a specific employee portal. Job bulletins  
22 and required forms can easily be sent thru email. Since PG&E deferred this project

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<sup>128</sup> Ex. PG&E-9, p.4-39.

<sup>129</sup> Ex. PG&E-9, p.4-39.

<sup>130</sup> Ex. PG&E-9, p.4-39.

<sup>131</sup> Ex. PG&E-9, p.4-39.

<sup>132</sup> Ex. PG&E-9, p.4-39.



1 for this rate case, it clearly is not a priority. Due to the vagueness and lack of  
2 support for this project, DRA recommends no ratepayer funding for this project.

3 PG&E's request does not impact the 2014 Test Year GRC.

4 **d. Workforce Planning**

5 PG&E is forecasting \$800,000 in capital expenditures in 2014, and \$50,000 in  
6 expense in 2014 for Workforce Planning, which will enhance the current workforce  
7 planning tool to become a more robust workforce modeling tool.<sup>133</sup> This includes  
8 enhancements to predict workforce needs and identify areas where there are  
9 insufficient employees in junior or entry level classifications to meet future  
10 requirements.<sup>134</sup> Also, the workforce modeling tool will be able to forecast future  
11 technical training requirements to ensure that PG&E has sufficient resources to train  
12 employees on the skills and qualifications necessary to properly complete work  
13 assignments.<sup>135</sup> PG&E developed the forecast costs for this project using the  
14 Company's application development concept estimating tool.<sup>136</sup>

15 At this time, DRA does not take issue with this proposed project, but reduces  
16 PG&E's 2014 forecast by 14% as recommended by DRA in Ex. DRA-18.

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<sup>133</sup> Ex. PG&E-9, p.4-40.

<sup>134</sup> Ex. PG&E-9, p.4-39

<sup>135</sup> Ex. PG&E-9, p.4-39.

<sup>136</sup> Ex. PG&E-9, p.4-40.

1                   **5. Workforce Health and Productivity Technology**  
2                   **Projects**

3                   **a. Annual Open Enrollment**

4                   PG&E forecasts \$575,000 in 2014 expenses for updating its systems to  
5 reflect benefit plan changes, rate changes, new or revised federal, state and local  
6 regulations regarding benefit plan administration.<sup>137</sup> According to PG&E, each year,  
7 PG&E must update its systems to reflect benefit plan, rate changes.<sup>138</sup>

8                   The information discussed above was the only information that PG&E  
9 provided about this project. PG&E provided no breakdown of costs nor costs  
10 associated with this project anywhere in its testimony and workpapers aside from  
11 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
12 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
13 conduct any cost benefit analysis studies. In addition, PG&E already has embedded  
14 costs associated with updating its systems to reflect benefit plan changes, rate  
15 changes, new or revised federal, state and local regulations regarding benefit plan  
16 administration. DRA recommends no ratepayer funding for this project.

17                   **b. Paperless Benefits Processing**

18                   PG&E forecasts \$100,000 in expense and \$500,000 in capital  
19 expenditures in 2015 for Paperless Benefits Processing, which will enhance PG&E's  
20 existing self-service and web-based systems to provide complaint Summary Plan  
21 documents to all employees and allow employees and retirees to choose electronic  
22 delivery of these documents.<sup>139</sup> In addition to providing employees and retirees  
23 with on- demand access to these important documents, this project is estimated to  
24 save \$240,000 in printing and mailing costs every three years.<sup>140</sup> PG&E developed

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<sup>137</sup> Ex. PG&E-9, p.4-40.

<sup>138</sup> Ex. PG&E-9, p.4-40.

<sup>139</sup> Ex. PG&E-9, p.4-40.

<sup>140</sup> Ex. PG&E-9, p.4-40.

1 the forecast costs for this project using the Company’s application development  
2 concept estimating tool.

3 PG&E’s request does not impact the 2014 test year forecast.

4 **c. Workforce Health and Productivity Service**  
5 **Delivery**

6 PG&E forecasts \$140,000 in expense and \$700,000 in capital expenditures in  
7 2014, for a SAP update and other ancillary systems to support the anticipated  
8 changes and to build, test and deploy the new interfaces that would be required as  
9 part of a new benefits service delivery model.<sup>141</sup> PG&E is evaluating alternative  
10 methods of administering its retirement plans, including retiree medical open  
11 enrollment.<sup>142</sup> For example, PG&E expects that employees choosing the new cash  
12 balance retirement plan will have more options and need to access to resources with  
13 more expertise than is currently available in the HR Service Center.<sup>143</sup> PG&E is  
14 also exploring the option of including its retirees in a medical plan exchange that  
15 could significantly reduce the medical premium costs paid by retirees.<sup>144</sup> PG&E  
16 states that it is “evaluating alternate methods of administering its retirement plans,  
17 including retiree medical open enrollment.”<sup>145</sup> PG&E developed the forecast costs  
18 for this project using the Company’s application development concept estimating  
19 tool.

20  
21 The information discussed above was the only information that PG&E  
22 provided about this project. PG&E provided no breakdown of costs nor costs  
23 associated with this project anywhere in its testimony and workpapers aside from

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<sup>141</sup> Ex. PG&E-9, p.4-41.

<sup>142</sup> Ex. PG&E-9, p.4-41.

<sup>143</sup> Ex. PG&E-9, p.4-41.

<sup>144</sup> Ex. PG&E-9, p.4-41.

<sup>145</sup> Ex. PG&E-9, p.4-41.

1 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
2 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
3 conduct any cost benefit analysis studies. In addition, PG&E already has embedded  
4 costs associated with building, testing and deploying new SAP interfaces. To  
5 request nearly \$2.4 million in capital just to “evaluate” alternate methods of  
6 administering retirement plans is an unjustified and excessive burden to ratepayers.  
7 DRA recommends no ratepayer funding for this project.

## 8 **6. Labor Relations Technology Projects**

### 9 **a. Annual Support for Negotiated Changes**

10 PG&E forecasts \$550,000 in expense in 2014 for Annual Support for  
11 Negotiated Changes.<sup>146</sup> Each year PG&E negotiates agreements with the three  
12 unions that represent over 13,500 employees.<sup>147</sup> As PG&E has implemented  
13 technology to replace manual processes, these agreements sometimes require  
14 PG&E to make updates to its systems to reflect new wages, working conditions or  
15 other terms.<sup>148</sup> The forecasted funding for this project does not include the annual  
16 changes for the benefit plans which are included under the technology projects in  
17 the Workforce Health and Productivity section.<sup>149</sup>

18 The information discussed above was the only information that PG&E  
19 provided about this project. PG&E provided no breakdown of costs nor costs  
20 associated with this project anywhere in its testimony and workpapers aside from  
21 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
22 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
23 conduct any cost benefit analysis studies. In addition, PG&E already has embedded

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<sup>146</sup> Ex. PG&E-9, p.4-42.

<sup>147</sup> Ex. PG&E-9, p.4-42.

<sup>148</sup> Ex. PG&E-9, p.4-42.

<sup>149</sup> Ex. PG&E-9, p.4-42.

1 costs associated with updates to its systems to reflect new wages, working  
2 conditions or other terms. DRA recommends no ratepayer funding for this project.

### 3 **7. HR Delivery Technology Costs**

#### 4 **a. Enhance Case Management Tool**

5 PG&E forecasts \$60,000 in expense and \$300,000 in capital expenditures in  
6 2014 for PG&E's Enhance Case Management Tool.<sup>150</sup> PG&E's HR Service Center  
7 and other HR employees utilize a case management system to track all employee  
8 and retirees calls and requests.<sup>151</sup> This system provides a record of calls made to  
9 the HR Service Center, particularly who made the request and the nature of the  
10 request.<sup>152</sup> PG&E says that its current HR case management system is a  
11 standalone system and is not integrated with PG&E's voice, email, or electronic  
12 employee records systems.<sup>153</sup> This project will integrate the case management  
13 system with other functionality and allow PG&E to have a single, secure, and  
14 complete source for employee requests and to easily track specific transactions or  
15 employee events. PG&E developed the forecast costs for this project using the  
16 Company's application development concept estimating tool described in PG&E.<sup>154</sup>

17 At this time, DRA does not take issue with this proposed project, but reduces  
18 PG&E's 2014 forecast by 14% as recommended by DRA in Ex. DRA-18.

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<sup>150</sup> Ex. PG&E-9, Wp.4-42.

<sup>151</sup> Ex. PG&E-9, p.4-42.

<sup>152</sup> Ex. PG&E-9, p.4-42.

<sup>153</sup> Ex. PG&E-9, p.4-42.

<sup>154</sup> Ex. PG&E-9, p.4-42.

1 **b. Employee and Manager Self-Service**  
2 **Enhancement**

3 PG&E forecasts \$350,000 in expense and \$1.8 million in capital expenditures  
4 in 2014 for Employee and Manager Self-Service Enhancements.<sup>155</sup> This project  
5 seeks to implement additional employee and manager self-service tools and re-  
6 launch its employee portal.<sup>156</sup> As part of this project, PG&E will improve the  
7 usability of its employee and retiree self service functions, which is expected to  
8 reduce the number of transactions and transactional questions handled by HR  
9 Delivery representatives.<sup>157</sup> PG&E says that this project was requested initially in  
10 the 2011 GRC, and then was deferred in order “.to address compliance concerns  
11 with PG&E’s applicant tracking system.”<sup>158</sup>

12 The information discussed above was the only information that PG&E  
13 provided about this project. PG&E provided no breakdown of costs nor costs  
14 associated with this project anywhere in its testimony and workpapers aside from  
15 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
16 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
17 conduct any cost benefit analysis studies. DRA recommends no ratepayer funding  
18 for this project.

19 **8. Compensation Technology Costs**

20 **a. Rewards and Recognition Tool**

21 PG&E forecasts \$250,000 in expense in 2016 for its Rewards and  
22 Recognition Tool.<sup>159</sup> PG&E’s compensation programs provide opportunities for  
23 “...leaders to provide, relatively small cash and non-cash compensation to

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<sup>155</sup> Ex. PG&E-9, p.4-42.

<sup>156</sup> Ex. PG&E-9, p.4-42.

<sup>157</sup> Ex. PG&E-9, p.4-42.

<sup>158</sup> Ex. PG&E-9, p.4-42.

<sup>159</sup> Ex. PG&E-9, p.4-43.

1 employees.”<sup>160</sup> PG&E says that this project will improve the tracking and monitoring  
2 of these payments, assure compliance with state and federal tax requirements and  
3 provide standardized reports on the small cash and non-cash compensation  
4 provided to employees.<sup>161</sup> PG&E developed the forecast costs for this project using  
5 the company’s application development concept estimating tool.<sup>162</sup>

6 PG&E’s request does not impact the 2014 test year forecast.

7 **b. Compensation Data Management Upgrade**

8 PG&E forecasts \$50,000 in expense and \$750,000 in capital expenditures in  
9 2015 for Compensation Data Management Upgrade.<sup>163</sup> This project will introduce  
10 system enhancements for managing job descriptions, job qualifications and pay  
11 ranges.<sup>164</sup> In particular, the project will support the Succession Planning and Career  
12 development efforts by providing a centralized system to store and maintain this  
13 data and by integrating SAP Human Capital Management functions with employee  
14 qualification profiles and training requirements.<sup>165</sup>

15 PG&E’s request does not impact the 2014 test year forecast.

16 **c. Total Compensation Statement**

17 PG&E forecasts \$100,000 in expense in 2015 for Total Compensation  
18 Statement.<sup>166</sup> PG&E provides Total Compensation Statements to educate all

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<sup>160</sup> Ex. PG&E-9, p.4-43.

<sup>161</sup> Ex. PG&E-9, p.4-43.

<sup>162</sup> Ex. PG&E-9, p.4-43.

<sup>163</sup> Ex. PG&E-9, p.4-43.

<sup>164</sup> Ex. PG&E-9, p.4-43

<sup>165</sup> Ex. PG&E-9, p.4-43.

<sup>166</sup> Ex. PG&E-9, p.4-44.

1 employees on the value and components of their total compensation package.<sup>167</sup>  
2 This project will integrate the Total Compensation Statement with other employee  
3 information so that employees can see a summary of their total compensation and  
4 plan details, and be able to update their specific plan choices (based on specific plan  
5 designs) from one location.<sup>168</sup> PG&E developed the forecast costs for this project  
6 using the Company's application development concept estimating tool.<sup>169</sup>

7 PG&E's request does not impact the 2014 test year forecast.

#### 8 **d. Career Tracks Phase 2**

9 PG&E forecasts \$325,000 in expense and \$500,000 in capital expenditures in  
10 2016 for Career Tracks Phase 2.<sup>170</sup> PG&E is recording assessments for job  
11 classifications to confirm that all legal and reporting requirements are being met.<sup>171</sup>  
12 Once all the reviews are complete PG&E will retire the previous job banding  
13 processes and automate the maintenance of job attributes to ensure ongoing  
14 compliance.<sup>172</sup>

15 PG&E's request does not impact the 2014 test year forecast.

### 16 **9. PG&E Academy Technology Costs**

#### 17 **a. Qualifications Tracking Enhancements**

18 PG&E forecasted \$300,000 in expense beginning in 2014 for Qualifications  
19 Tracking Enhancements.<sup>173</sup> PG&E says this project will provide real-time  
20 evaluation of an employee's specific qualifications and qualification gaps for new or

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<sup>167</sup> Ex. PG&E-9, p.4-44.

<sup>168</sup> Ex. PG&E-9, p.4-44.

<sup>169</sup> Ex. PG&E-9, p.4-44.

<sup>170</sup> Ex. PG&E-9, p.4-44.

<sup>171</sup> Ex. PG&E-9, p.4-44.

<sup>172</sup> Ex. PG&E-9, p.4-44.

<sup>173</sup> Ex. PG&E-9, p.4-45.



1 forecasted work as well as additional enhancements to the gas and electric  
2 qualifications programs.<sup>174</sup> This project will include additional reporting and  
3 integration with other systems or SAP modules (such as Work Management).<sup>175</sup>  
4 PG&E developed the forecast costs for this project using the Company's application  
5 development concept estimating tool.<sup>176</sup>

6 The information discussed above was the only information that PG&E  
7 provided about this project. PG&E provided no breakdown of costs nor costs  
8 associated with this project anywhere in its testimony and workpapers aside from  
9 WP 4-187 which only shows capital and expense forecast summaries. PG&E did  
10 not quantify any ratepayer cost savings associated with this project, nor did PG&E  
11 conduct any cost benefit analysis studies. DRA recommends no ratepayer funding  
12 for this project.

13 **b. Integrate Learning and Qualifications with**  
14 **Payroll**

15 PG&E is forecasting \$60,000 in expense and \$300,000 in capital  
16 expenditures in 2016 for Integrate Learning and Qualifications with Payroll.  
17 Currently, PG&E does not have an integrated system to tie an employee's specific  
18 pay to the employee's achievement of a qualification or specific training. This will  
19 ensure that employees are paid accurately.<sup>177</sup>

20 PG&E's request does not impact the 2014 test year forecast.

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<sup>174</sup> Ex. PG&E-9, p.4-45.

<sup>175</sup> Ex. PG&E-9, p.4-45.

<sup>176</sup> Ex. PG&E-9, p.4-45.

<sup>177</sup> Ex. PG&E-9, p.4-45.

1 **V. DISCUSSION / ANALYSIS OF REGULATORY RELATIONS**  
 2 **DEPARTMENT**

3 PG&E’s Regulatory Relations Department forecasts \$22.6 million in its Test  
 4 Year 2014 GRC. According to PG&E, the Regulatory Relations Department  
 5 supports the PG&E’s operating Lines of Business (LOBs) by providing regulatory  
 6 expertise, assisting in overall strategy development, and managing regulatory  
 7 cases.<sup>178</sup> The department furthers those objectives by advocating its business and  
 8 customer needs and working with PG&E’s state and federal regulators and other  
 9 external stakeholders.<sup>179</sup> Regulatory Relations manages the development,  
 10 approval, and implementation of regulatory filings, rates, and tariffs and ensures  
 11 timely compliance with regulatory initiatives.<sup>180</sup>

12 The following table summarizes PG&E’s request and DRA’s recommendation  
 13 regarding test year expenses for the Regulatory Relations Department.

14 **Table 17-13**  
 15 **Administrative & General Expenses for TY2014**  
 16 **Regulatory Relations Department**  
 17 **(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>181</sup> (c)
Acct 920	\$18,529	\$19,883
Acct 921	\$1,290	\$1,290
Acct 923 utility	\$1,284	\$1,404
Acct 923 corporate	\$0	\$0
IT Expense	\$0	\$1,600
Total	\$21,103	\$24,177

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<sup>178</sup> Ex. PG&E-9, p. 5-1.

<sup>179</sup> Ex. PG&E-9, p. 5-1.

<sup>180</sup> Ex. PG&E-9, p. 5-1.

<sup>181</sup> Ex. PG&E-9, p. 5-19.

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**Table 17-14**  
**Administrative & General Capital Expenditures for 2012-2014**  
**Regulatory Relations Department**  
**(In Thousands of Dollars)**

Description	DRA Recommended			PG&E Proposed <sup>182</sup>		
	2012	2013	2014	2012	2013	2014
MWC 2F	\$0	\$0	\$600	\$0	\$0	\$2,200
Total	\$0	\$0	\$600	\$0	\$0	\$2,200

5

6 **A. Senior Vice President’s Immediate Office (PCC12913)**

7 PG&E is forecasting \$1.4 million in its Test Year 2014 GRC for Senior Vice  
8 President’s Immediate Office (SVP).<sup>183</sup> The SVP of Regulatory Relations is  
9 responsible for the overall development, execution, oversight and management of  
10 PG&E’s regulatory relations activities.<sup>184</sup> The SVP works with the Company’s  
11 senior leaders on a broad range of important issues, including long-term electric and  
12 natural gas supply and resource planning, renewable resource procurement and  
13 development, customer service and safety and reliability initiatives, infrastructure  
14 development and expansion, Demand-Side Management (DSM) programs,  
15 conservation and green programs and initiatives.<sup>185</sup> The SVP manages four  
16 regulatory departments: Regulation and Rates, FERC and ISO relations, Regulatory  
17 Relations, and State Agency Relations.<sup>186</sup> In 2011, the SVP’s immediate office  
18 consisted of the SVP, an executive assistant and a chief of staff.<sup>187</sup> Staffing levels

<sup>182</sup> Ex. PG&E-9, p. 5-20.

<sup>183</sup> Ex. PG&E-9, Wp 5-1.

<sup>184</sup> Ex. PG&E-9, p. 5-3

<sup>185</sup> Ex. PG&E-9, p. 5-3

<sup>186</sup> Ex. PG&E-9, p. 5-3

<sup>187</sup> Ex. PG&E-9, p. 5-3

1 are not expected to change in 2014.<sup>188</sup> In addition, \$565,000 of the entire  
 2 Regulatory Relations Department's Costs will be billed below the line.<sup>189</sup>  
 3 DRA does not take issue with PG&E's 2014 forecast at this time.

4 **Table 17-15**  
 5 **2007-2012 Recorded Data for SVP Regulation Rates**  
 6 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
SVP Regulation	\$1,025.5	\$1,007.3	\$1,213.8	\$1,461.1	\$1,170.0	\$1,586.6

7 Source: 2007-2011 data from Ex. PG&E-9, Wp. 5-1.

8 **B. Regulation and Rates Department (PCCs 10421, 10408,**  
 9 **10611, 13844, 13846, 13845, 13847, 13848, 13849, 14689)**

10 PG&E is forecasting \$16.5 million in its Test Year 2014 GRC for its  
 11 Regulation and Rates Department.<sup>190</sup> The Regulation and Rates Department  
 12 manages PG&E's regulatory cases before the CPUC. This includes working with  
 13 regulators and other stakeholders, conducting rate design and revenue data  
 14 analyses, and ensuring compliance and reporting requirements are met. The  
 15 Regulations and Rates Department consists of the following organizations: Vice  
 16 President of Regulations and Rate's Immediate Office, which supervises the  
 17 management of PG&E's regulatory cases and provides regulatory expertise to  
 18 PG&E's LOBs; the Analysis and Rates Department, which provides regulatory  
 19 analysis and revenue forecasts, calculates revenue requirements, and develops  
 20 rates, rules and tariffs; Energy Proceedings Department, which manages regulatory  
 21 proceedings and provides guidance for the development, approval, and  
 22 implementation of regulatory filings for Energy Procurement (EP) and Customer  
 23 Care LOBs; and the Operations Proceedings Department, which manages  
 24 regulatory proceedings and provides guidance for the development, approval, and

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<sup>188</sup> Ex. PG&E-9, p. 5-3

<sup>189</sup> Ex. PG&E-9, p. 5-3

<sup>190</sup> Ex. PG&E-9, Wp. 5-1

1 implementation of operations-related regulatory filings. DRA is forecasting \$15.1  
 2 million for the Regulations and Rates Department which is \$1.4 million less than  
 3 PG&E request.

4 At the end of 2012, the Regulation and Rates Department consisted of 130.4  
 5 FTEs.<sup>191</sup> PG&E plans to hire a total of nine incremental staff in 2014 in the  
 6 Regulation and Rates Department. In the Analysis and Rates department, PG&E  
 7 plans to hire 5 new employees consisting of three Senior Regulatory Analysts to  
 8 design gas and electric rates and provide policy support, and two employees (one  
 9 Specialist and one Senior Regulatory Analyst) to develop revenue requirements and  
 10 perform cost analyses.<sup>192</sup> In the Operations Proceedings Department, PG&E plans  
 11 to hire three new Senior Case Managers and one new Case Coordinator to support  
 12 an overall increase in the number of regulatory filings.<sup>193</sup>

13 PG&E has not shown there is an immediate need and/ or urgency to hire 9  
 14 new employees in 2014, especially when this department already added 9 FTE's in  
 15 2012. This is an unjustified burden on ratepayers. PG&E has been operating  
 16 sufficiently with the current number of FTES; therefore, DRA recommends that the  
 17 Commission reject PG&E's request for the incremental \$1.4 million for 9 new  
 18 employees.

19 **Table 17-16**  
 20 **2007-2012 Recorded Data for Regulation and Rates Department**  
 21 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Reg and Rates	\$2,168.7	\$2,236.5	\$2,162.9	\$1,998.6	\$2,043.2	\$2,220.6

22 Source: 2007-2011 data from Ex. PG&E-9, Wp. 5-1.

<sup>191</sup> DRA\_Oral010-02Partial02

<sup>192</sup> DRA\_Oral011-07

<sup>193</sup> DRA\_Oral011-07

1 **C. FERC and ISO Relations Department (PCCs 12864, 12916)**

2 PG&E forecasts \$829,831 for FERC and ISO Relations Department in its Test  
3 Year 2014 GRC.<sup>194</sup> The FERC and ISO Relations Department supports PG&E's  
4 Electric Transmission, Energy Procurement, Power Generation, and Gas  
5 Transmission LOB.<sup>195</sup> Specifically, the department develops and manages PG&E's  
6 Transmission Owner (TO) rate case before the FERC, as well as the development,  
7 approval, and implementation of federal regulatory filings, strategy, and advocacy  
8 involving the California Independent System Operator (CAISO).<sup>196</sup>

9 The FERC and ISO Relations Department consists of the following  
10 organizations: Vice President of FERC and ISO Relations' Immediate Office which  
11 advocates PG&E's business needs to the FERC and the CAISO, and oversees the  
12 management of CAISO and FERC regulatory cases; ISO Relations and FERC  
13 Policy Department which manages the development, approval, implementation, and  
14 compliance of federal regulatory filings involving the CAISO and other policy matters  
15 before the FERC.<sup>197</sup>

16 DRA does not take issue with PG&E's 2014 forecast at this time.

17 **Table 17-17**  
18 **2007-2012 Recorded Data for FERC and ISO Relations Department**  
19 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
ISO Relations	\$641.3	\$662.5	\$646.4	\$710.7	\$839.2	\$740.6

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<sup>194</sup> Ex. PG&E-9, Wp. 5-2

<sup>195</sup> Ex. PG&E-9, p. 5-11

<sup>196</sup> Ex. PG&E-9, p. 5-11

<sup>197</sup> Ex. PG&E-9, p. 5-11

1 **D. Regulatory Relations Department (PCC10407)**

2 PG&E is forecasting \$2.3 million in its Test Year 2014 GRC for its Regulatory  
3 Relations Department.<sup>198</sup> According to PG&E, the Regulatory Relations  
4 Department’s mission is to advocate PG&E’s business needs and serve as the  
5 primary point of contact with the CPUC leadership and staff.<sup>199</sup> The primary  
6 responsibilities of the Regulatory Relations are acting as a liaison with CPUC  
7 leadership and staff, pursuing timely approval of advice letters and favorable  
8 outcomes of draft resolutions or decisions with CPUC leadership and staff, providing  
9 timely communication to PG&E on Commission actions, developing PG&E’s  
10 regulatory approach for supporting its business priorities and objectives, and  
11 ensuring Companywide consistency with respect to policy and regulatory issues.<sup>200</sup>  
12 The Regulatory Relations Department consisted of 12 employees at the end of  
13 2012, and staffing levels are not expected to change in 2014.

14 DRA does not take issue with PG&E’s 2014 forecast at this time.-  
15

16 **Table 17-18**  
17 **2007-2012 Recorded Data for Regulatory Relations Department**  
18 **(in Thousands of Dollars)**

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Description	2007	2008	2009	2010	2011	2012
Reg Relations	\$2,168.7	\$2,236.5	\$2,162.9	\$1,998.6	\$2,043.6	\$2,220.6

20 **E. State Agency Relations Department (PCCs 12706 and 13725)**

21 PG&E is requesting \$1.6 million in State Agency Relations Department for its  
22 Test Year 2014 GRC.<sup>201</sup> According to PG&E, the State Agency Relations  
23 Department represents the interests of PG&E and its customers before all state

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<sup>198</sup> Ex. PG&E-9, Wp. 5-1

<sup>199</sup> Ex. PG&E-9, p. 5-14

<sup>200</sup> Ex. PG&E-9, p. 5-14

<sup>201</sup> Ex. PG&E-9, WP. 5-2

1 agencies other than the CPUC.<sup>202</sup> This department is responsible for regular  
 2 interaction with 10 elected statewide officials and 24 departments, boards, and  
 3 commissions in the areas of energy, natural resources, tax collection, and the  
 4 environment.<sup>203</sup> State Agency Relations Department primary responsibilities  
 5 include: Ensuring state regulatory compliance, reviewing and analyzing  
 6 administrative and regulatory proposals, coordinating and developing PG&E’s policy  
 7 positions on administrative and regulatory proposals, coordinating responses to  
 8 inquiries and directives from agencies and representing customer and business  
 9 interests before state agencies.

10 State Agency Relations currently consists of six employees and one vacant  
 11 position in 2011.<sup>204</sup> State Agency Relations will fill the vacancy, and the total  
 12 staffing level is not expected to change in 2014.<sup>205</sup>

13 In its Workpapers Schedule D9, PG&E explains that \$120,000 was  
 14 “inadvertently missed during prior years’ budgeting cycle.”<sup>206</sup> PG&E provided no  
 15 factual evidence or support for the \$120,000. This amount should not be collected  
 16 at ratepayers’ expense. Thus DRA forecasts \$1.5 million which is \$120,000 less  
 17 than PG&E’s request.

18 **Table 17-19**  
 19 **2007-2012 Recorded Data for State Agency Relations Department**  
 20 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
State Agency	\$1,230.3	\$982.5	\$1,362.0	\$1,535.9	\$1,218.0	\$1,420.3

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<sup>202</sup> Ex. PG&E-9, p. 5-15

<sup>203</sup> Ex. PG&E-9, p. 5-15

<sup>204</sup> Ex. PG&E-9, p. 5-15

<sup>205</sup> Ex. PG&E-9, p. 5-15

<sup>206</sup> Ex. PG&E-9, WP. 5-69



1           **F. Information Technology Projects**

2           The Regulatory Relations Department is planning three technology projects:

3           (1) Results of Operations Infrastructure; (2) Rate Design and Analysis; and (3)

4           Enhancing Regulatory Relations Operations Tools.<sup>207</sup> PG&E asserts the projects

5           are important to meeting the expanded business and stakeholder needs of the

6           department by consolidating data models and files, ensuring changes are tracked,

7           increasing security of data, and providing more effective and enhanced management

8           of large volumes of information. PG&E is requesting \$1.6 million in IT expense and

9           \$2.2 million in capital expenditures in 2014 for the Capital for Information

10          Technology Projects in this GRC.<sup>208</sup> The Regulatory Relations Department is

11          planning three technology projects: 1) Results of Operations Infrastructure; 2) Rate

12          Design and Analysis Infrastructure; and 3) Enhancing Regulatory Relations

13          Operations Tools.<sup>209</sup> PG&E says that the projects are important to meeting the

14          expanded business and stakeholder needs of the department by consolidating data

15          models and files, ensuring changes are tracked, increasing security of data, and

16          providing more effective and enhanced management of large volumes of

17          information.<sup>210</sup>

18                           **1. Results of Operations Infrastructure Project**

19          PG&E forecasts \$150,000 in expense in 2014 and \$600,000 in capital in 2014

20          and \$600,000 in 2015 for its Results of Operations Infrastructure Project.<sup>211</sup> The RO

21          Infrastructure Project is the next phase following the Results of Operations Data

22          management Project, which established a data management system that replaced

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<sup>207</sup> Ex. PG&E-9, p. 5-16.

<sup>208</sup> Ex. PG&E-9, p. 5-16

<sup>209</sup> Ex. PG&E-9, p. 5-16

<sup>210</sup> Ex. PG&E-9, p. 5-16

<sup>211</sup> Ex. PG&E-9, p. 5-17

1 individual and independent source files.<sup>212</sup> In the RO Infrastructure Project, PG&E  
2 will enhance the expense and capital RO model integrated with the data  
3 management system and PG&E's financial SAP system.<sup>213</sup> These RO models will  
4 allegedly have expanded capabilities to process large volumes of data, conduct  
5 increasingly complex analyses, streamline capital data flow from the internal SAP  
6 planning system, and introduce advanced tools to analyze stakeholder positions,  
7 spending trade-offs, and additional scenarios. PG&E developed the forecast costs  
8 for this project using the Company's application development concept estimating  
9 tool.<sup>214</sup>

10 At this time, DRA does not take issue with this proposed project, but reduces  
11 PG&E's 2014 forecast by 14% as recommended by DRA in Ex. DRA-18.

## 12 2. Rate Design and Analysis Infrastructure Project

13 PG&E forecasts \$400,000 in expense in 2014, and \$1.6 million in capital  
14 expenditures in 2014 for its Rate Design and Analysis Project.<sup>215</sup> The Rate Design  
15 and Analysis Project is a continuation of the Electric Rate Design Model  
16 Replacement Project which begun in 2012.<sup>216</sup> This next phase supposedly  
17 enhances electric and gas rate design models to ensure accuracy, effectiveness,  
18 and ease of understanding.<sup>217</sup> In particular, the project is supposed to add further  
19 capabilities in the rate design and analysis process, including the automation of data  
20 flow in rate models, automation of interval data analysis and reporting, upgrade of  
21 key electric rate models to use interval data, expansion of bill analyses capabilities

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<sup>212</sup> Ex. PG&E-9, p. 5-16

<sup>213</sup> Ex. PG&E-9, p. 5-16

<sup>214</sup> Ex. PG&E-9, WP. 5-85

<sup>215</sup> Ex. PG&E-9, p. 5-17

<sup>216</sup> Ex. PG&E-9, p. 5-17

<sup>217</sup> Ex. PG&E-9, p. 5-17

1 to handle future rate options, ability to perform what-if analyses, and more easily  
2 generate CPUC-approved information release for community choice aggregators  
3 and local governments.<sup>218</sup>

4 PG&E has always had a budget for rate design and analysis projects. PG&E  
5 has not shown that its embedded funding is inadequate to continue to provide  
6 accurate and effective rate design models. If this is a new type of cost, then  
7 Ordering Paragraph 37 in the Commission’s decision on PG&E’s last GRC requires  
8 PG&E to estimate and include in the revenue requirement the cost savings to be  
9 achieved by the new type of cost or an explanation of the reasons there will be no  
10 cost savings. PG&E has not shown that this project cannot be paid for with  
11 embedded funding or that it will save more than it costs. In fact, even PG&E admits  
12 that “No cost savings or cost avoidance is expected.”<sup>219</sup> DRA therefore  
13 recommends no ratepayer funding for this project.

### 14 3. Enhancing Regulatory Relations Operations Tools

15 PG&E forecasts \$1,050,000 in expense for Enhancing Regulatory Relations  
16 Operations Tools project in its Test Year 2014 GRC.<sup>220</sup> The Enhancing Regulatory  
17 Relations Operations Tools initiative consists of two components: 1) enhancements  
18 to the netTools suite WebDocs; and replacement of Tariff Management (TM2).<sup>221</sup>  
19 Previous improvements to netTools suite, WebDocs, and TM2 have enabled  
20 Regulatory Relations’ employees to perform their work more effectively by  
21 automating the oversight of approximately 300 active projects, 1,000 compliance  
22 items, and thousands of discovery requests annually.<sup>222</sup> PG&E says that the

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<sup>218</sup> Ex. PG&E-9, p. 5-17

<sup>219</sup> Ex. PG&E-9, WP. 5-91

<sup>220</sup> Ex. PG&E-9, p. 5-18

<sup>221</sup> Ex. PG&E-9, p. 5-17

<sup>222</sup> Ex. PG&E-9, p. 5-17

1 following projects are expected to expand on those previous improvements: Updates  
2 and maintenance of the netTools Suite and WebDoc, which require maintenance,  
3 upgrades, and enhancements to continue to meet evolving regulatory needs and  
4 Replacement of Tariff Manager 2, which will replace the desktop based software  
5 system and “potentially” integrate with some features of the Company’s Enterprise  
6 Records management System.<sup>223</sup>

7 The information discussed above was the only information that PG&E  
8 provided about this project. PG&E provided no breakdown of costs nor costs  
9 associated with this project anywhere in its testimony and workpapers aside from  
10 WP 5-93 to 5-96 which only shows forecast summaries. PG&E did not quantify any  
11 ratepayer cost savings associated with this project, nor did PG&E conduct any cost  
12 benefit analysis studies. DRA recommends no ratepayer funding for this project.

13 **VI. DISCUSSION / ANALYSIS OF CORPORATE AFFAIRS –**  
14 **COMMUNICATIONS DEPARTMENT**

15 PG&E is forecasting \$19.0 million in Test Year 2014 for its Corporate Affairs -  
16 Relations Department.<sup>224</sup> PG&E’s Corporate Affairs – Relations Department is  
17 responsible for informing and educating customers on multiple aspects of their  
18 service; supplies critical information to the public and employees during service  
19 operations and other valuable customer offerings; responds to media inquiries; and  
20 keeps stakeholders apprised of key changes to PG&E’s operations in their local  
21 communities – especially as they relate to public safety.<sup>225</sup>

22 The following table summarizes PG&E’s request and DRA’s recommendation  
23 regarding 2014 expenses for the Corporate Affairs – Communications Department.  
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<sup>223</sup> Ex. PG&E-9, p. 5-17

<sup>224</sup> Ex. PG&E-9, p. 8-2.

<sup>225</sup> Ex. PG&E-9, p.8-1.

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**Table 17-20  
Administrative & General Expenses for TY2014  
Corporate Affairs – Communications Department  
(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>226</sup> (c)
Acct 920	\$9,927	\$9,927
Acct 921	\$803	\$803
Acct 923 utility	\$8,226	\$8,226
Acct 923 corporate	\$ -	\$ -
IT Projects	\$ 0	\$250
Total	\$18,956	\$19,206

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**Table 17-21  
Administrative & General Capital Expenditures for 2012-2014  
Corporate Affairs – Communications Department  
(In Thousands of Dollars)**

Description	DRA Recommended			PG&E Proposed <sup>227</sup>		
	2012	2013	2014	2012	2013	2014
MWC 2F	\$ 3,000	\$ -	\$ 0	\$3,000	\$ -	\$750
Total	\$ 3,000	\$ -	\$ 0	\$3,000	\$ -	\$750

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**A. Corporate Relations Department**

**1. Vice President’s Office (PCC 14777)**

PG&E is forecasting \$549,803 in its Test Year 2014 for Vice President’s Office (PCC14777).<sup>228</sup> Vice President’s Office is responsible for setting overall priorities and direction for all of the Corporate Affairs-Communications Departments activity, providing strategic counsel to senior leaders and other business partners with in the Company, and ensuring the necessary staffing and resources are in place

<sup>226</sup> Ex. PG&E-9, p. 8-13.

<sup>227</sup> Ex. PG&E-9, p. 8-14.

<sup>228</sup> Ex. PG&E-9, WP. 8-14

1 to fulfill the corporate Affairs-Communications department.<sup>229</sup> At the end of 2011,  
 2 the VP Office consisted of three employees and staffing levels are not expected to  
 3 change in 2014.<sup>230</sup> DRA does not take issue with the 2014 forecast at this time.

4 **2. Communications Group**

5 PG&E is forecasting \$18.4 million in its Test Year 2014 for Communications  
 6 Group.<sup>231</sup> The Communications Group is comprised of four sections. External  
 7 Communications which provides written and verbal information to external  
 8 audiences on safety and PG&E’s energy services and programs, Internal and  
 9 Executive Communications which manages employee, executive, and retiree  
 10 communications, Strategic Communications which manages investor  
 11 communications and PG&E’s new focused website, Currents, which provides  
 12 customers and external stakeholders with into Company issues and activities, and  
 13 Online Communications which manages PG&E’s public website, mobile phone  
 14 applications for customers, and external social media channels.<sup>232</sup> DRA does not  
 15 take issue with the 2014 forecast at this time.

16 **Table 17-22**  
 17 **2007-2012 Recorded Data for Corporate Relations Department**  
 18 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Corp Relations	\$11,689	\$17,251	\$17,367	\$16,627	\$18,120	\$18,731

19 Source: 2007-2011 data from Ex. PG&E-9, p.8-13.

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<sup>229</sup> Ex. PG&E-9, p.8-.4

<sup>230</sup> Ex. PG&E-9, p.8-4

<sup>231</sup> Ex. PG&E-9, p. 8-33

<sup>232</sup> Ex. PG&E-9, p. 8-.3



1 applications, systems and infrastructure.<sup>239</sup> The IT capital costs are forecasted in  
2 MWC 2F (Build IT Applications and Infrastructure) that includes the costs to design,  
3 develop and enhance applications, systems and infrastructure technology  
4 solutions.<sup>240</sup>

5 The information discussed above was the only information that PG&E  
6 provided about this project. PG&E provided no breakdown of costs nor costs  
7 associated with this project anywhere in its testimony and workpapers aside from  
8 WP 8-51 to 8-54 which only shows forecast summaries. PG&E did not quantify any  
9 ratepayer cost savings associated with this project, nor did PG&E conduct any cost  
10 benefit analysis studies. DRA recommends no ratepayer funding for this project.

## 11 **VII. DISCUSSION / ANALYSIS OF CORPORATE AFFAIRS – EXTERNAL** 12 **AFFAIRS DEPARTMENT**

13 PG&E forecasts \$10.4 million for Corporate Affairs in its Test Year 2014  
14 GRC.<sup>241</sup> Corporate Affairs is responsible for engaging community leaders and  
15 public officials at all levels of government and serves as PG&E’s main source of  
16 communications to customers, employees, the media and the general public.<sup>242</sup>  
17 The department reports to the Senior Vice President – Corporate Affairs, and is  
18 responsible for building and maintaining successful working relationships with  
19 community stakeholders and government officials.<sup>243</sup> The 2014 forecast is \$135,000  
20 (1 percent) higher than the 2011 recorded adjusted amount of \$10.2 million.<sup>244</sup> The

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<sup>239</sup> Ex. PG&E-9, p.8-13

<sup>240</sup> Ex. PG&E-9, p.8-13

<sup>241</sup> Ex. PG&E-9, p. 9-1.

<sup>242</sup> Ex. PG&E-9, p. 9-1.

<sup>243</sup> Ex. PG&E-9, p. 9-1.

<sup>244</sup> Ex. PG&E-9, p. 9-1.



1 increase is attributed to wage escalation.<sup>245</sup> Seventy-one percent (\$25.3 million) of  
 2 Corporate Affairs 2014 total forecast costs are booked Below the Line (BTL).<sup>246</sup>

3 The following table summarizes PG&E’s request and DRA’s recommendation  
 4 regarding test year expenses for Corporate Affairs – External Affairs Department.

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**Table 17-24**  
**Administrative & General Expenses for TY2014**  
**Corporate Affairs – External Affairs Department**  
**(In Thousands of Dollars)**

Description (a)	DRA Recommended (b)	PG&E Proposed <sup>247</sup> (c)
Acct 920	\$6,562	\$6,562
Acct 921	\$670	\$670
Acct 923 utility	\$1,221	\$1,221
Acct 923 corporate	\$1,918	\$1,918
Total	\$10,373	\$10,373

9 **A. Senior Vice President’s Immediate Office (PCCs 14922 and**  
 10 **20065)**

11 PG&E is forecasting \$1.6 million in its Test Year 2014 GRC for Senior Vice  
 12 President (SVP) Immediate Office.<sup>248</sup> The SVP of Corporate Affairs is responsible  
 13 for developing, executing, overseeing, and managing PG&E’s external affairs  
 14 activities including a broad spectrum of internal and external communications  
 15 activities to provide information on PG&E’s products and services to PG&E’s  
 16 customers, employees and general public.<sup>249</sup> The SVP of Corporate Affairs’  
 17 immediate office consisted of three employees in 2011: the Senior Vice President, a  
 18 chief of staff, and an executive assistant. Staffing levels will increase by one

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<sup>245</sup> Ex. PG&E-9, p. 9-1.

<sup>246</sup> Ex. PG&E-9, p. 9-1.

<sup>247</sup> Ex. PG&E-9, p. 9-1.

<sup>248</sup> Ex. PG&E-9, p.9-1

<sup>249</sup> Ex. PG&E-9, p.9-2

1 employee by 2014.<sup>250</sup> This employee is included in December 2012 headcount,<sup>251</sup>  
 2 thus DRA does not take issue with the 2014 forecast at this time.

3 **Table 17-25**  
 4 **2007-2012 Recorded Data for SVP Immediate Office**  
 5 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
SVP	\$1,424.7	\$954.3	\$1,641.0	\$1,456.2	\$1,229.6	\$1,757.9

6 Source: 2007-2011 data from Ex. PG&E-9, Wp. 9-1.

7 **B. State and Local Government Relations Departments (PCCs**  
 8 **10305, 10306, 10308, 12243, 12244, 12246, 12247, 12248,**  
 9 **12514, 14651, 14782, 14925)**

10 PG&E is forecasting \$4.8 million for State and Government Relations  
 11 Departments in its Test Year 2014 GRC.<sup>252</sup> The Vice President (VP) of  
 12 Government Relations immediate office is responsible for managing the State and  
 13 Local Government Relations programs; establishing performance standards;  
 14 monitoring and providing quality control other the department's programs; and  
 15 providing strategic input and advice to other departments in the Company regarding  
 16 state and local government affairs.<sup>253</sup> The immediate office of the VP consisted of  
 17 two employees in 2011. Staffing funding levels are not expected to change in 2014.  
 18 DRA does not take issue with the 2014 forecast at this time.

19 **Table 17-26**  
 20 **2007-2012 Recorded Data for State and Local Government Relations**  
 21 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Govt Relations	\$5,068.6	\$3,828.2	\$3,785.2	\$3,981.5	\$4,634.8	\$4,663.2

22 Source: 2007-2011 data from Ex. PG&E-9, Wp. 9-1.

<sup>250</sup> Ex. PG&E-9, p.9-2

<sup>251</sup> DRA\_Oral010-02Partial02, Answer 2

<sup>252</sup> Ex. PG&E-9, WP. 9-38.

<sup>253</sup> Ex. PG&E-9, p.9-2

1 **C. Political Resources**

2 PG&E forecasts \$69,876 for Political Resources in its Test Year 2014.<sup>254</sup>  
3 Political Resources helps PG&E comply with local, state and federal rules for  
4 campaign reporting, gift limits, and disclosure of advocacy activity.<sup>255</sup> Political  
5 Resources conducts annual compliance training for PG&E employees.<sup>256</sup> PG&E  
6 requires Political Resources to document their activities on a weekly basis and has  
7 determined that consistent with prior allocations, 91 percent of their activity is below  
8 the line.<sup>257</sup> Political Resources consisted of three employees in 2011.<sup>258</sup> The  
9 department forecasts adding one employee by 2014 by filling a vacancy in the  
10 leadership of the department.<sup>259</sup> DRA does not take issue with the 2014 forecast at  
11 this time.

12 **Table 17-27**  
13 **2007-2012 Recorded Data for Political Resources**  
14 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Political Res	\$179.9	\$240.5	\$1,272.3	\$604.9	\$61.1	\$65.9

15 Source: 2007-2011 data from Ex. PG&E-9, Wp. 9-61.

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<sup>254</sup> Ex. PG&E-9, Wp.9-61

<sup>255</sup> Ex. PG&E-9, p.9-5

<sup>256</sup> Ex. PG&E-9, p.9-5

<sup>257</sup> Ex. PG&E-9, p.9-5

<sup>258</sup> Ex. PG&E-9, p.9-5

<sup>259</sup> Ex. PG&E-9, p.9-5

**D. Corporate Federal Affairs Department (PCCs 10392, 14086, and 22050)**

PG&E forecasts \$2.4 million in Corporate Federal Affairs for Test Year 2014 GRC.<sup>260</sup> The Corporate Federal Affairs Department represents the Company before Congress and federal agencies, and develops and enhances relationships with various stakeholders at the national level to support PG&E’s safety practices, operational goals, customer service, and the environment.<sup>261</sup> The Department consisted of 10 employees in 2011.<sup>262</sup> Staffing and funding levels are not expected to change in 2014.<sup>263</sup> In 2011, 55 percent of the department’s costs were recorded above-the-line, with the remaining 45 percent recorded BTL.<sup>264</sup> Given that the scope of Corporate Federal Affairs work is not expected to change, PG&E plans no change to this allocation in 2014.<sup>265</sup> DRA does not take issue with the 2014 forecast at this time.

**Table 17-28  
2007-2012 Recorded Data for Federal Affairs  
(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Federal Affairs	\$2,442.5	\$2,389.2	\$1,873.9	\$2,228.1	\$2,212.3	\$2,415.7

Source: 2007-2011 data from Ex. PG&E-9, p. 9-50.

<sup>260</sup> Ex. PG&E-9, Wp.9-50

<sup>261</sup> Ex. PG&E-9, p.9-5

<sup>262</sup> Ex. PG&E-9, p.9-7

<sup>263</sup> Ex. PG&E-9, p.9-7

<sup>264</sup> Ex. PG&E-9, p.9-7

<sup>265</sup> Ex. PG&E-9, p.9-7

1 **E. Community Relations Department (PCC 12853, 10309, 10892,**  
2 **13747, 13853, 14064, and 14891)**

3 PG&E is forecasting \$1.4 million for Community Relations Department in its  
4 2014 GRC.<sup>266</sup> The Community Relations Department supports PG&E customers in  
5 diverse and underserved communities through its community investments,  
6 volunteerism, economic vitality and corporate sustainability programs, and employee  
7 and community engagement programs; these reflect PG&E's commitment to being a  
8 leading corporate citizen in northern and central California.<sup>267</sup> The Community  
9 Relations Department consists of the Vice President – Community Relations  
10 immediate office and four community – centered programs: community investments,  
11 community and employee engagement, corporate sustainability, and economic  
12 vitality.<sup>268</sup> All costs associated with PG&E's community investment program, which  
13 directs PG&E's charitable and corporate philanthropy investments, are recorded  
14 BTL.<sup>269</sup> DRA does not take issue with the 2014 forecast at this time.

15 **Table 17-29**  
16 **2007-2012 Recorded Data for Community Relations Department**  
17 **(in Thousands of Dollars)**

Description	2007	2008	2009	2010	2011	2012
Comm Relations	\$2,670.7	\$2,533.3	\$2,501.6	\$2,660.9	\$2,099.9	\$1,122.1

18 Source: 2007-2011 data from Ex. PG&E-9, Wp. 9-27.

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<sup>266</sup> Ex. PG&E-9, W p.9-27

<sup>267</sup> Ex. PG&E-9, p.9-7

<sup>268</sup> Ex. PG&E-9, p.9-7

<sup>269</sup> Ex. PG&E-9, p.9-7