

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Authority, Among Other
Things, to Increase Rates and Charges for
Electric and Gas Service Effective on
January 1, 2014 (U39M).

Application 12-11-009
(Filed November 15, 2012)

And Related Matter.

Investigation 13-03-007

**RESPONSE OF THE
OFFICE OF RATEPAYER ADVOCATES**

LAURA TUDISCO

Attorney for the Office of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2164
email: ljt@cpuc.ca.gov

March 21, 2014

Pursuant to Rule 11.1 of the Commission’s Rules of Practice and Procedure, and the schedule set by Administrative Law Judge (ALJ) Pulsifer, the Office of Ratepayer Advocates (ORA) submits this Response to the Motion of Pacific Gas & Electric Company (PG&E) to Set Aside Submission and Reopen the Record (Motion) in PG&E’s 2014 General Rate Case Proceeding.

As ORA understands the Motion, PG&E seeks to reopen the record, in part, to correct PG&E’s 2014 GRC forecasted revenue requirement for its Employee Benefit Trust Plan payments to conform to the accounting and funding rules applicable to certain employee medical claims.¹ This correction results in a reduction of \$7.0 million to PG&E’s forecasted 2014 GRC revenue requirement.² In asking the Commission to reopen the record for this correction, PG&E includes Attachment A, which contains corrected pages to the Joint Comparison Exhibit. ORA supports this proposed correction, and submits this Response only to note that the “DRA Position” portion of the pages of Attachment A should be corrected as well.

ORA did not dispute the forecast of either plan in the GRC.³ If there was a misalignment between the way the forecasts for employee benefit trust plans were made, and the way the plans are being administered, then ORA agrees that misalignment should be corrected. ORA only asks that the correction be carried through to the summary of “DRA’s Position,” since it changes ORA’s ultimate recommendation as well.

Attached to this Response is a copy of PG&E’s Attachment A with ORA’s additional recommended changes handwritten in the “DRA Position” summaries.

¹ Motion, p. 2.

² Motion, p. 2.

³ Ex. 82 (DRA-14), pp. 19-20.

Respectfully submitted,

/s/ LAURA TUDISCO

Attorney for the Office of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2164
ljt@cpuc.ca.gov

March 21, 2014

ORA PROPOSED CORRECTIONS TO

ATTACHMENT A

**Summary of Differences by Issue by Human
Resources (HR) Policy: Retirement, Disability & Other Benefit
Programs**

PACIFIC GAS AND ELECTRIC COMPANY
2014 GENERAL RATE CASE APPLICATION 12-11-009

Summary of Differences by Issue by Human Resources (HR) Policy: Retirement, Disability & Other Benefit Programs

Chapter: Retirement, Disability and Other Benefits, Including Trust Contributions

Witness: Lewis, Huntley (PG&E-8) / Hunter (DRA-14)

Issue:

Retirement, Disability & Other Benefit Programs

\$197.5

PG&E Position:

The 2014 forecast of ~~\$211.2~~ million for the retirement and disability benefit programs represents an essential component of PG&E's overall compensation package. Program costs are either paid directly by PG&E to, or on behalf of, employees and their beneficiaries ("pay-as-you-go" costs) or are prefunded through dedicated benefit trusts. The 2014 forecast reflects trust contributions to pre-fund post-retirement medical, post-retirement life insurance, and long-term disability (LTD) benefits, plus pay-as-you-go costs for these plans. The forecast also reflects pay-as-you-go costs for the pension, retirement savings (401(k)), tuition refund, and employee relocation programs.

\$197.5

Of the total ~~\$211.2~~ million forecast, \$8.7 million is attributable to forecast headcount growth of 1,169 employees in 2012, 346 employees in 2013 and 731 employees in 2014.

Exhibit: Hearing Room Exhibit 35 (PG&E-8), Chapter 7 and Hearing Room Exhibit 37 (PG&E-8 Workpapers, Chapter 7

DRA Position:

DRA recommends a lower 2014 forecast of ~~\$197.7~~ million based on rejection of the Retirement (Pension) pay-as-you-go costs, and reductions in the retirement savings, tuition refund, and the employee relocation programs. DRA rejects the Retirement (Pension) PAYG (p. 25, line 11) and states that ratepayers should not be required to bear the costs of exclusive executive benefits. DRA reduces the Tuition Refund (p. 28, line 4) and Relocation (p. 28, line 17) program using a 3-year average (2009-2011) and disagrees with the increase for expected headcount growth in the retirement savings plan forecast.

\$183.9

Exhibit: Hearing Room Exhibit 82 (DRA-14), p. 19, line 8 to p. 29, line 5

2014 GRC Dollar Impact to HR Account (Nominal \$000s):

2014 Forecast:

Item #	Item Name	PG&E	DRA	Difference
1	Retirement (Pension) PAYG	\$3,485	\$0	(\$3,485)
2	Retirement Savings Plan	\$77,981	\$77,981	\$0
3	Retirement Savings Plan Headcount Growth	\$7,798	\$0	(\$7,798)
4	Tuition Refund	\$3,510	\$2,880	(\$630)
5	Tuition Refund Headcount Growth	\$351	\$0	(\$351)
6	Relocation	\$5,747	\$5,060	(\$687)
7	Relocation Headcount Growth	\$575	\$0	(\$575)
8	Postretirement Medical PAYG	\$1,214	\$1,214	\$0
9	Postretirement Medical Trust Contributions	\$59,229	\$59,229	\$0
10	Postretirement Life Insurance PAYG	\$3,007	\$3,007	\$0
11	Postretirement Life Insurance Trust Contributions	\$11,794	\$11,794	\$0
12	Disability Benefits PAYG	\$1,310	\$1,310	\$0
13	LTD Trust Contributions	\$35,228	\$35,228	\$0
14	Total	\$211,228	\$197,702	(\$13,526)

PG&E - DRA
\$ 49,392

PG&E - DRA
\$ 31,307

\$ 197,471



183,945