

**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

**REPLY COMMENTS OF
THE COALITION OF CALIFORNIA UTILITY EMPLOYEES ON THE
PROPOSED DECISION AUTHORIZING PACIFIC GAS & ELECTRIC
COMPANY'S GENERAL RATE CASE REVENUE REQUIREMENT FOR
2014-2016**

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The Coalition of California Utility Employees (“CUE”) respectfully submits these Reply Comments on the Proposed Decision (“PD”) pursuant to Rule 14.3 of the Rules of Practice and Procedure.

I. HUMAN RESOURCES (PD Section 8)

A. The Commission should Reject DRA’s Proposed Modifications to the PD Regarding the Total Compensation Study

DRA proposes to modify the PD to reflect the results of the original, outdated and entirely discredited Total Compensation Study (“TCS”).¹ The original TCS found PG&E’s overall total compensation at 9.9% over market median. The updated TCS used PG&E’s current rather than superseded employee benefit plans

¹ DRA Opening Comments on PD, pp. 10-11.

that were not included in the initial study and found PG&E's compensation 5.2% over market median. The updated TCS also used different benefits valuation assumptions than those used in prior studies, which overstated PG&E's benefits valuations and total compensation relative to market.²

DRA argues that merely because PG&E asked Mercer to re-run the TCS with current, accurate information rather than stale, inaccurate information that the updated TCS was not "jointly administered by DRA and PG&E."³ Consequently, according to DRA, the Commission should use stale, incorrect, and outdated information to base policy, even though that will take money out of PG&E employees' pockets and affect safety and reliability.⁴

But this is not the worst of DRA's indefensible request. DRA completely ignored uncontested testimony as to why the TCS is an analytically useless document entitled to little evidentiary weight. CUE's witness on the topic was Tom Dalzell, Business Manager of IBEW 1245, representing approximately 12,000 PG&E employees and another approximately 8,000 employees at dozens of other utilities in Northern and Central California.⁵ Mr. Dalzell has participated in every set of general negotiations between PG&E and Local 1245 since 1981 and led negotiations on behalf of Local 1245 in 2002, 2003, 2005, 2008, 2009, 2010, 2011, and 2012.⁶

² PD, at p. 506.

³ DRA Opening Comments, p. 11.

⁴ Exh. 147, CUE/Dalzell, pp. 10-11.

⁵ *Id.*, at p. 1.

⁶ *Id.*

In his testimony, Mr. Dalzell explained why the comparison utilities were not valid benchmarks, which invalidates the TCS's conclusions.⁷ Mr. Dalzell also described how PG&E's beneficial low employee turn-over rate skews its average wage higher, how comparing the union workforce to a non-union workforce skews survey results downward, how the TCS data was outdated, and how any snapshot of wages can be affected dramatically by hiring and wage progression cycles.⁸ Moreover, he explained, the TCS isolated wages while ignoring the different working conditions that affect wage rates.⁹

In sum, Mr. Dalzell's testimony explains why is it not analytically valid to compare wages of people who appear to have the same job classification at different utilities, why PG&E's wages are actually at the low end of reasonable when compared to the actual relevant labor market, and many other reasons why compensation studies are too imprecise to support radical recommendations such as the recommendation by DRA.¹⁰ DRA ignored all of this. It never sought any discovery nor conducted any cross examination of Mr. Dalzell. Instead, it left his testimony totally uncontested. Most embarrassingly, DRA's witness on the issue of employee compensation admitted *she did not even read his testimony until the day before taking the stand*.¹¹

Additionally, the credibility and qualifications of DRA's own witness were severely impeached on cross examination.

⁷ Exh. 147, CUE/Dalzell, pp. 3-7.

⁸ *Id.*

⁹ *Id.*, at pp. 1-2.

¹⁰ *Id.*, at pp. 7-8.

¹¹ RT Vol. 29: DRA/Hunter, 3924: ll. 1-2.

- Q: Mrs. Hunter, in your position at DRA, have you ever participated in collective bargaining between a utility and its employees?
- A: No.
- Q: Did you ever participate in collective bargaining in any of your other positions that you held before joining DRA that you just discussed?
- A: No.
- Q: Have you ever led a collective bargaining between a utility and its employees?
- A: No.
- Q: Have you ever negotiated wage rates on behalf of an electric or gas utility?
- A: No.
- Q: Have you ever negotiated wage rates on behalf of the employees of an electric or gas utility?
- A: No.
- Q: Have you ever led any collective bargaining at any time in your life?
- A: No.¹²

In short, DRA's witness was wholly unqualified to testify on matters regarding employee compensation at PG&E.¹³ Yet, DRA shamelessly continues to advocate for punitive provisions in the PD based on the outdated and analytically invalid TCS, and the testimony of a witness who was professionally unqualified. Most importantly, like its recommendations on infrastructure investments, DRA again ignores the safety impacts of what it proposes.¹⁴ The record plainly does not support DRA's proposed modification.

II. CONCLUSION

The Commission should reject DRA's proposal to use the older Total Compensation Study data which finds that PG&E's total compensation is 9.9% over

¹² *Id.*, at 3923: ll. 2-25.

¹³ *Id.*, at 3922: l. 9- 3923: l. 25.

¹⁴ Exh. 147, CUE/Dalzell, pp. 10-11.

market median. The record does not support this modification. Additionally, since there is uncontested evidence from a highly qualified witness that the TCS is analytically unreliable, the Commission should refrain from drawing any conclusions based on the Total Compensation Study.

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Respectfully submitted,

 /s/

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