BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company (U 39 M) to Increase Gas and Electric Revenue Requirements, Rates, and Charges for a Pension Contribution, Effective January 1, 2006.	Application 05-12-021 (Filed March 2, 2006)

PACIFIC GAS AND ELECTRIC COMPANY
2011 ANNUAL REPORT OF PENSION CONTRIBUTIONS

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Dated: February 15, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39 M) to Increase Gas and Electric Revenue Requirements, Rates, and Charges for a Pension Contribution, Effective January 1, 2006. U 39 G	Application 05-12-021 (Filed March 2, 2006)

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In accordance with Decision 09-09-020, Decision Approving All-Party Settlement Agreement on Pension Cost Recovery Mechanism,[1/] PG&E provides herein the amount of pension contributions and dates on which the contributions were made for 2011 (Table 1), as well as the pension asset valuation as of December 31, 2011 (Table 2).

Table 1 – Summary of Pension Contributions for Calendar Year 2011[2/]

Date of Contribution	Utility	Corporation	Total
April 15, 2011	61,074,470.00	225,530.00	61,300,000.00
July 15, 2011	61,074,470.00	225,530.00	61,300,000.00
October 14, 2011	61,074,470.00	225,530.00	61,300,000.00
December 29, 2011	3,910,940.00	-	3,910,940.00
January 13, 2012	57,163,530.00	225,530.00	57,389,060.00
Total	**244,297,880.00**	**902,120.00**	**245,200,000.00**

1/ *See also* Ordering Paragraph (OP) 8 of California Public Utilities Commission Decision 06-06-014, Opinion Authorizing Pacific Gas and Electric Company (PG&E) to Recover Contributions to its Employee Pension Plan: "PG&E shall file an annual report with the Commission, with service to DRA and CCUE, that states (i) the amount of pension contributions for the prior calendar year, (ii) the dates the contributions were made, and (iii) the calendar year-end value of pension assets. PG&E shall file the report no later than February 15th of 2007 through 2010," and Decision 07-03-044, Opinion Authorizing Pacific Gas and Electric Company's General Rate Case Revenue Requirement for 2007-2010, dated March 15, 2007, settlement paragraph 39 (D), which reads as follows: "The annual report required by Ordering Paragraph 8 of D.06-06-014 shall continue through the year 2011."

2/ Contributions to the retirement plan trust necessary to fund the Voluntary Retirement Incentive (VRI) program were completed in 2009. Allocation of the pension contribution between the Utility and the Corporation reflect the current employee populations as described in PG&E's 2011 GRC Opening Testimony (Exhibit 6, Chapter 3).

In addition, on May 13, 2011, PG&E Corporation made a one-time contribution of $767,301 representing the present value of future payments to Peter Darbee from the pension trust. (See **Attachment A**.) This payment ensures future recovery requests to fund the PG&E Retirement Plan will be net of the obligation to Mr. Darbee.

Table 2 – Year-End Value of Pension Assets

Calendar Year Ended	Value of Pension Assets
December 31, 2011	$10,993,264,760

Respectfully Submitted,

ANN H. KIM
PETER VAN MIEGHEM

By: /s/
PETER VAN MIEGHEM

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ATTACHMENT A

Pacific Gas and Electric Company®

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May 12, 2011

Ms. Julie Fitch
Director Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Ms. Fitch:

I am writing in response to your April 26, 2011 letter regarding the funding of Peter Darbee's pension. As you are aware, on April 25, 2011 PG&E announced that Mr. Darbee's retirement benefits would be funded by PG&E's shareholders.

Under accrual accounting, during the time Mr. Darbee was a participant in the retirement plans, PG&E has accrued liabilities representing the present value of future retirement benefit payments to Mr. Darbee. As reported on page 64 of the March 30, 2011, proxy statement, as of December 31, 2010, the total of these liabilities was $9.599 million, composed of $767 thousand for the pension plan and $8.832 million for the Supplemental Executive Retirement Plan (SERP).

The funding and ratemaking for the pension plan and the SERP are different. For the pension plan, PG&E has established a retirement plan trust which makes payments to retirees. PG&E forecasts the future net liability of the plan and seeks recovery of contributions to the trust sufficient to reduce the future net liability to zero (i.e. the amount necessary to fully fund the plan) at a future time.

For the SERP, although PG&E has recorded a liability, no amounts have been collected from customers to offset the recorded liability for the SERP. Instead, PG&E's ratemaking requests are based on the annual payments as they are made to individual retirees, referred to as the "pay-as-you-go" amounts. Mr. Darbee was not previously included in the population of SERP-eligible retirees, and thus no moneys have been requested from or recovered from customers for Mr. Darbee's SERP.

To assure that the costs of Mr. Darbee's retirement benefits are not included in PG&E's ratemaking requests and not recovered from customers, PG&E has taken and will take the following actions:

For the pension plan, PG&E has made a one-time $767 thousand contribution to the pension plan trust. This contribution increases the pension plan trust assets and reduces the net liability of the plan by the amount associated with the future payments to Mr. Darbee, and will thus eliminate his pension payments from consideration in future requests to fund the PG&E retirement plan. A copy of the wire transfer authorization and the instructions to Bank of New York Mellon are provided as Attachment A.

For the SERP, it is not possible to offset the future liability to Mr. Darbee with a cash payment now. However, PG&E has recorded the liability for Mr. Darbee's SERP payments in a separate account. A copy of the journal entry for this transaction is provided in Attachment B. PG&E will not seek to recover from customers the SERP payments to Mr. Darbee.

As described above, PG&E shareholders' one time contribution to the pension plan trust fund of $767 thousand and moving Mr. Darbee's $8.832 million SERP benefit liability to a separate non-ratepayer-funded account will ensure that PG&E will not recover any costs related to Mr. Darbee's retirement benefits from ratepayers. Upon request, PG&E will provide Commission staff under P.U. Code 583 confidentiality provisions the amounts paid to each retired officer by name so that the staff can verify that payments to Mr. Darbee are not included in the cost of SERP benefits used as the basis for forecasts in rate filings.

Please call me if you have any further questions on these transactions.

Sincerely,

Brian K. Cherry
VP Regulatory Relations

cc: Michael R. Peevey, CPUC President
Paul Clanon, CPUC Executive Director
Gurbux Kahlon, Manager, CPUC Energy Division