

**PACIFIC GAS AND ELECTRIC COMPANY
General Rate Case 2011 Phase I
Application 09-12-020
Data Response**

PG&E Data Request No.:	DRA_199-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_199-Q01		
Request Date:	March 11, 2010	Requester DR No.:	DRA-199-DAO
Date Sent:	March 24, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Dao Phan

EXHIBIT REFERENCE: PG&E-3, CHAPTERS 17 AND 18

SUBJECT: GAS O&M EXPENDITURES AND DIMP

QUESTION 1

PG&E uses the phrase “1.3 percent annual system growth rate” in Chapters 17 and 18 of Exhibit PG&E-3. Please provide the definition of “system growth rate” as used in this phrase and in Chapters 17 and 18, and explain how the 1.3 percent was derived. Please include a copy of all calculations and any documents used to support PG&E’s forecast.

ANSWER 1

The 1.3 percent annual system growth rate is the assumed unit escalation rate for various activities in Chapters 17 and 18, and is based on the 10-year average system growth rate in total estimated miles of gas distribution facilities from 1998-2008. Please refer to attachment GRC2011-Ph-I_DR_DRA_199-Q01Atch01 for PG&E’s response to GRC2011-Ph-I_DR_TURN_008-Q03, which includes the data and calculation.

Although this growth rate is based on gas distribution miles (main and services), PG&E uses 1.3 percent to represent system growth of other gas distribution facilities and work activities where specific escalation data are unavailable.