

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

PG&E Data Request No.:	DRA_172-02d		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_172-Q02d		
Request Date:	March 2, 2010	Requester DR No.:	DRA-172-GAW
Date Sent:	March 19, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Gregory Wilson

**SUBJECT: DETAILS ON VARIOUS CAPITAL LOADERS/OVERHEADS**

**QUESTION 2D**

It is DRA's understanding that the capital expenditure forecasts shown in Exhibit PG&E-3 (and also in the RO computer model) are presented in nominal dollars and include estimates for AFUDC. The amount of AFUDC included in a particular capital project would presumably be a function of the AFUDC rate that PG&E is using, as well as an estimate for the amount of time necessary to complete the project. With that assumption in mind, please provide the following:

- a. Please confirm that the capital forecasts contained in Exhibit PG&E-3 include an estimate for AFUDC.
- b. Describe how PG&E calculates the amount of AFUDC that is included in a typical capital forecast.
- c. Provide detailed calculations showing how the included AFUDC amount was calculated for the following typical capital project: Stockdale – Replace Bank #3 (line #28 in the “Project Detail” tab of the “CapEx” workbook in the RO computer model).
- d. PG&E's RO computer model provides a mechanism for adjusting the AFUDC rate. However, DRA is not aware of a similar mechanism for adjusting other aspects of the AFUDC calculation, such as construction durations. In the event that DRA elects to change these other AFUDC components, how would DRA best recalculate the included AFUDC amounts and reflect those changes in the capital forecasts (and the RO model)?
- e. It is certainly possible that PG&E does not derive the included AFUDC amounts using the mechanism described previously (i.e. using an AFUDC rate and construction durations), but instead uses historical averages, historical percentages, or some other type of similar calculation. If PG&E uses some type of “historical-based” mechanism to derive the amount of AFUDC that is added to each

capital forecast, please provide a list (by MWC and sub-MWC) of the dollars and/or percentages that are used.

**ANSWER 2D**

The other AFUDC aspects are part of computations and assumptions that are upstream of the input to the PG&E RO model. To input the effect of such changes to the RO model, PG&E suggests that DRA compute the effects as a capital expenditure change specific to the project of interest. The change can then be entered into the RO model as any other capital expenditure change would be.