

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

PG&E Data Request No.:	DRA_179-02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_179-Q02		
Request Date:	March 5, 2010	Requester DR No.:	DRA-179-GAW
Date Sent:	March 19, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Gregory Wilson

SUBJECT: MWC 49 – CAPITAL EXPENDITURES FOR THE TARGETED CIRCUIT INITIATIVE

QUESTION 2

On line 6 of Table 10-4 (page 10-10), PG&E shows the forecasted capital expenditures for the Targeted Circuit Initiative through 2013.

- a. Please explain how the forecasted expenditures were derived.
- b. Please explain why the forecast for 2010 is so much higher than all of the other forecasted years. Provide calculations showing how that forecast was developed.
- c. Is there any reason why the forecasted expenditures, totaling \$70 million over the period 2010 through 2013, could not be “spread” uniformly over those years (i.e. \$17.5 million per year for 4 years)?

ANSWER 2

- a. An average cost of \$500,000 per distribution circuit was used to develop the 2011 GRC expenditure forecast for the Targeted Circuit Initiative. Note that the 2009 forecast expenditure of \$11.838 million and the 2010 forecast expenditure of \$40.0 million total \$51.8 million. This is consistent with the 100 circuits noted in the testimony and an average cost of \$500,000 per circuit which yields a total value of \$50.0 million. For 2011 through 2013, PG&E anticipates working on approximately 20 circuits per year.
- b. The forecast for 2010 is higher than all the other forecasted years because PG&E is accelerating the targeted circuit work due to available resources. Because of the decline in New Business and Work at the Request of Others (WRO), resources are available and can be immediately deployed to work on targeted circuits.
- c. Spreading the 2010 expenditures to future years is possible but resources may not be available if the level of activity increases in other areas such as New Business/WRO and Emergency Response.

