

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

PG&E Data Request No.:	DRA_186-02n		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_186-Q02n		
Request Date:	March 9, 2010	Requester DR No.:	DRA-186-TLG
Date Sent:	March 23, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Tamera Godfrey

SUBJECT: ELECTRIC DISTRIBUTION OPERATIONS AND MAINTENANCE EXPENSES FOR MWC BF, BG, AND BK

QUESTION 2N

PG&E forecasted \$40.712 million for MWC BF. This is an increase of \$7.487 million or 22.53% over 2008 recorded adjusted expenses of \$33.225 million. PG&E's MWC BF includes individual forecasts for ten subaccounts/line items. The questions below relate to the following five subaccounts/line items and forecast: \$4.984 million for Poles Patrolled, \$11.122 million for Poles Inspected, \$2.398 million for Enclosures Patrolled, \$10.464 million for Enclosures Inspected, and \$0.857 million for Poles Infrared Inspected.

- n) PG&E's expenses for enclosures inspected are forecasted to increase from \$8.586 million in 2008 to \$10.464 million in 2011 which is a 21.87% increase. The five year average for PG&E's enclosures inspected is \$7.349 million and 2008 recorded expenses of \$8.586 million were the highest for the period. Provide the documentation that explains in detail and demonstrates why PG&E's recorded adjusted 2008 expenses of \$8.586 million is insufficient to address its maintenance program needs in the test year.

ANSWER 2N

PG&E's recorded 2008 expenses of \$8.586 million is insufficient to address its maintenance program needs in the test year because the Company's forecast of the unit cost for 2011 is increasing as compared to prior years.

- The forecasted 2011 unit cost is based on a 3.75% escalation over the forecasted 2010 unit cost plus \$12.50 per enclosure to handle special requests. The 3.75% escalation rate is the labor escalation rate used in PG&E's 2011 rate case. The \$12.50 represents estimated cost to perform new work of handling special field request such as obtaining asset manufacturer information or facility information. Based on an estimated standard rate this represents the equivalent to five minutes per enclosure.

- The forecasted 2010 unit cost is based on EDM Program Management review of historical recorded unit costs (see Table 2-16, in Exhibit (PG&E-3) Workpapers, page WP 2-21, line 4).

2004	2005	2006	2007	2008
\$57.43	\$58.12	\$60.45	\$66.38	\$71.27

These unit costs are comprised of PG&E labor and material to perform the work required to meet General Order 165 inspections. Note, PG&E did not utilize contract labor to perform this work. Based on the applicable standard rate for the specific year, these unit cost translate to approximately two units per hour to perform the enclosure inspection.

In reviewing the historical unit costs, EDM Program Management forecasted the 2010 unit cost primarily on the 2007 historical cost since it was assumed this data more accurately represented the unit cost (versus the year 2008 unit cost data). If the 2008 historical unit cost was used, then the forecasted unit cost for 2010 and 2011 would be higher than the forecasted unit costs used in the GRC application.

Description	Unit Cost
2007 Recorded Unit Cost	\$66.38
2008 Estimated Unit Cost (2007 plus 4%)	\$69.04
2009 Estimated Unit Cost (2008 plus 4%)	\$71.80
2010 Estimated Unit Cost (2009 plus 4%)	\$74.67
2011 Estimated Unit Cost (2010 plus 3.75%)	\$77.47
Plus \$12.50	\$12.50
Forecasted 2011 Unit Cost	\$89.97