

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

PG&E Data Request No.:	DRA_186-02t		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_186-Q02t		
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 2T

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.

- t) PG&E states "due to a change in PG&E's overhead infrared program" its unit cost will increase by \$4.09. Provide all source documentation PG&E's management relied upon to determine each specific expense included in the increase (i.e. breakdown of contract costs and source/basis for estimates, copies of vendor contracts for studies, annual salary breakdown for new positions and basis/source for estimated salary, etc.) in order to fully justify the request. Also provide copies of PG&E's cost benefit analysis performed and all documentation that PG&E's management relied upon to determine that this change in overhead infrared program work was required in the test year and other documentation that shows PG&E's step by step management approval process for each project (i.e. person(s) requesting project, project preparation, scope, research performed for need/requirements, design, test, implementation, review and communication of needs and expectations, defined deliverables, etc.

ANSWER 2T

The forecasted 2011 unit cost is \$9.74 where as the 2008 recorded unit cost is \$5.65. The forecasted 2011 unit cost is primarily based on taking into account PG&E's change in its overhead infrared program as opposed to a review of historical unit cost since the scope of work is changed from 2008.

Prior to 2009, PG&E's infrared program inspected contiguous sections of circuits. Starting in 2009 PG&E changed the infrared program in a manner that will result in performing infrared inspections on specific circuit locations rather than contiguous sections. PG&E is making this change to account for: 1) risk factors such as urban wildfires; and 2) business needs such as circuit re-rates (i.e., checking the condition of an overhead conductor prior to increasing its rating). By performing infrared inspections on specific locations versus contiguous circuit sections, the unit cost increases due to travel time between selected locations on a circuit. Forecasted unit costs for 2009 and 2010 were based on EDM Program Management discussion with the specific divisions in support of the overhead infrared program change. Forecasted unit cost 2011 is based on an escalation of the forecasted 2010 unit cost.

A cost benefit analysis was not performed to determine that this work was needed for the test year because the Company is simply modifying its existing program in order to address high-risk areas and business needs.

See Attachment GRC2011-Ph-I_DR_DRA_186-Q02tAtch01 for PG&E's current urban wildfire bulletin.