

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

PG&E Data Request No.:	DRA_197-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_197-Q01		
Request Date:	March 10, 2010	Requester DR No.:	DRA-197-DAO
Date Sent:	March 24, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Dao Phan

EXHIBIT REFERENCE: PG&E-3, CHAPTER 18

SUBJECT: GAS O&M EXPENDITURES

QUESTION 1

On page 18-13, PG&E states “Compared to 2008, the Company forecasts a reduced number of USA tags through 2010 but an increase in 2011 that aligns with the 2.6 percent long-term annual growth.” Please provide a copy of all calculations and documents used to support an increase in the number of USA tags in 2011 and at a 2.6 percent annual growth.

ANSWER 1

PG&E forecasts 553,720 USA Tags in 2011 as identified on line 6 of Table 18-4, page 18-14, of the Application testimony. The 2011 unit forecast (553,720 USA Tags) is based on escalating the 2008 recorded units (512,682 USA Tags) by 2.6% each year. This calculation is also identified on line 11, page WP 18-20, of the Application workpapers.

Refer to Table 18-3 on page 18-12 of the Application testimony for recorded USA Tags and each year’s percentage increase. The 2.6% escalation was the average increase in USA Tags for each year from 1998 to 2008, and represents an appropriate escalation rate to determine the 2011 unit forecast. The following is the calculation of the annual average escalation:

$$\text{Annual average escalation 1998-2008} = ((512,682/394,969)^{(1/10)}) - 1 = 2.6\%$$