

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

PG&E Data Request No.:	DRA_186-02o		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_186-Q02o		
Request Date:	March 9, 2010	Requester DR No.:	DRA-186-TLG
Date Sent:	March 25, 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 20

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.

- o) PG&E states "similar to poles inspected, the unit cost for enclosures inspected is forecasted to increase by \$18.68 from 2008 to 2011". 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 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 20

The forecasted 2011 unit costs for enclosures inspected are based on historical costs to complete General Order 165 inspection requirements plus escalation. In addition, the forecast includes Electric Distribution Maintenance Program Management judgment to perform new work of handling special requests during inspections and capture efficiencies.

Forecasted 2011 unit costs are based on escalating the 2007 recorded unit cost plus adding estimated costs to perform new work (see below for the forecasted 2011 unit cost breakdown). Based on best professional judgment, EDM utilized the 2007 recorded unit costs as the starting point to determine the 2011 unit cost forecast because the 2008 recorded unit cost (\$71.27) is higher than what is expected for 2011.

Description	Unit Cost
2007 Recorded Unit Cost	\$66.38
2008 Calculation (Escalate 2007 Recorded by 4%)	\$69.04
2009 Calculation (Escalate 2008 Estimate by 4%)	\$71.80
2010 Calculation (Escalate 2009 Estimate by 4%)	\$74.67
2011 Calculation (Escalate 2010 Estimate by 3.75%)	\$77.47
Plus for Special Handling of New Field Requests	\$12.50
Forecasted 2011 Unit Cost	\$89.97

Included in the 2011 forecast is new projected work for handling special field requests (for a description of the projected new work and the projected costs, see the response to questions 2p and 2q of this Data Request).

PG&E did not perform a cost benefit analysis ; rather, PG&E relied on the judgment of its Electric Distribution Maintenance (EDM) program managers to determine that the work was needed and the most cost effective and efficient way to perform the proposed new work.