

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

PG&E Data Request No.:	DRA_198-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_198-Q01		
Request Date:	March 10, 2010	Requester DR No.:	DRA-198-DAO
Date Sent:	March 24, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Dao Phan

EXHIBIT REFERENCE: PG&E-3, CHAPTER 18 AND PG&E'S RESPONSE TO DRA-122

SUBJECT: GAS O&M EXPENDITURES

QUESTION 1

In PG&E's response to DRA-122, Q.1, PG&E provided the recorded 2009 expenses for gas and electric distribution work. For MWCs DE and FI, PG&E spent \$18 million and \$29.5 million above the 2009 forecast. Please provide a detailed explanation describing what happened. Please identify the specific changes that occurred and reasons for the increases.

ANSWER 1

PG&E objects to this question on the grounds that portions of the question ask for actual 2009 data, which is not the basis of PG&E's 2011 GRC request. Notwithstanding the foregoing, and without waiving PG&E's right to object to the admissibility of the requested information into evidence, PG&E responds as follows.

Attachment GRC2011-Ph-I_DR_DRA_198-Q01Atch01 shows by subcategory where the variances between 2009 forecast and 2009 recorded expense occurred for MWCs DE and FI.

In MWC DE, the primary driver of the variance between the forecasted and recorded 2009 expenses was more work completed under the GEEM leak survey than forecasted. In early 2009, PG&E made the decision to complete more GEEM leak survey work in 2009 than was forecasted resulting in substantially increased cost. GEEM leak survey work is described on page 17-26 of Exhibit (PG&E-3), Chapter 17 of PG&E's Application testimony. Additionally, the unit cost of routine and special leak survey work was higher than planned as leak surveyors continued to adjust to the new leak survey work procedures described on page 17-26 of Exhibit (PG&E-3), Chapter 17 of PG&E's Application testimony.

In MWC FI, more leak repairs completed drove the variance between forecasted and recorded 2009 expenses. More than three times as many service leaks and almost 50% more main leaks were repaired than forecasted. Even though the unit cost for these leak repairs was lower than forecasted, these higher than forecasted volumes drove \$18 million of the \$29.5M variance in MWC FI. Additionally more leak repairs associated with the GEEM Leak Survey than forecasted drove the \$11 M variance in "GEEM Corrective Maintenance".