

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

PG&E Data Request No.:	DRA_202-02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_202-Q02		
Request Date:	March 18, 2010	Requester DR No.:	DRA-202-MRK
Date Sent:	March 25, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Marek Kanter

EXHIBIT REFERENCE: PG&E-6, CHAPTER 2

SUBJECT: CAPITALIZATION FACTORS

QUESTION 2

In the above spreadsheet to be provided to DRA, the capitalization factors for some PCC Groups may be computed using different capitalization factors for the PCCs comprising that group, as was the case for the PCC Group corresponding to the CFO Finance Department. For those PCC Groups, please justify why the PCCs comprising that group have different capitalization factors using any historical data, economic arguments, and any other information that PG&E may have.

ANSWER 2

Three departments contain different capitalization factors for PCCs comprising the group, as show in GRC2011-Ph-I_DR_DRA_103-Q01Atch01.xls, and repeated here for DRA's convenience:

Chapter	Department	Rates	Workpaper Reference
5	1) Law	3.8% (PCC 10448) 9.3% (PCC 10451)	WP 5-12
8	2) Finance Department	7% (PCC 10396) 16% (PCC 12574) 0% (all others)	WP 8-25
9	4) Payment Services	38.39% (PCC 10399) 12.1% (PCCs 10398, 13538) 0% (all others)	WP 9-35

Each witness was asked to determine the capitalization for their department. For the three departments listed above, the witnesses determined that different rates were

appropriate for different groups of employees in each department. The explanations for each rate are in the workpapers.