

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

PG&E Data Request No.:	DRA_214-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_214-Q01		
Request Date:	March 17, 2010	Requester DR No.:	DRA-214-MRK
Date Sent:	March 25, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Marek Kanter

SUBJECT: CAPITALIZATION FACTORS

QUESTION 1

In response to DRA_173-02 PG&E provided a working Excel spread sheet (GRC2011-Ph-I_DR_DRA_173-Q02Atch01.xls) deriving the capitalization factors for Third Party Claims. In that spread sheet, the tab "Summary by PCC-% Lookup" listed capitalization percentages (and expense percentages) by PCC numbers and computed the yearly average of these percentages for 2006-2008. These percentages were used in the tab "Third Party Claims Cap" to produce capitalization rates for the RO model. Please explain why in the tab "Summary by PCC-% Lookup", the yearly average of the capitalization percentages by PCC numbers were taken without giving more weight to percentages representing more dollars.

ANSWER 1

Third Party claims are assigned to provider cost centers (PCCs) based on a variety of factors:

1. PG&E employee involved in incident – assigned to employee's PCC
2. Incident takes place on PG&E property – assigned to PCC based on the property
3. Non-PG&E Employee/Non-PG&E property – based on geographic location of incident

The majority of Third Party claims fall into the 3rd category above. The assignment of these claims to PCCs is a function of the geographic location of the incident, not how much each assigned PCC spends on capital or expense, or the amount of the claim itself. Therefore each PCC was given an equal weight.