

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

PG&E Data Request No.:	DRA_211-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_211-Q01		
Request Date:	March 16, 2010	Requester DR No.:	DRA-211-DAO
Date Sent:	March 30, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Dao Phan

SUBJECT: GAS O&M EXPENDITURES, MWC FH

QUESTION 1

In PG&E's workpapers to support MWC FH, Regulator Station Maintenance, Page WP 18-28, PG&E states, "Increase unit cost by \$464.36 per reg station run or 50.2% which includes a 3.75% labor escalation and performing housekeeping and procedures, clarified through retraining and updated Company work procedures made in 2008 and planned for 2009. 2010 unit cost is set to 11 man hours per location maintained based on an estimate made by the engineering organization for new work procedures."

- a. Please provide a step-by-step showing of how the unit cost increased from \$925.79 to \$1,390.15 from 2009 to 2010.
- b. An explanation of why the 2010 unit cost is set to 11 man hours.
- c. The number of man hours per location maintained for each year from 2004-2008.

ANSWER 1

- a. As discussed in line 14 on page WP 18-28, the 2010 unit cost was based on the estimated productivity rate of 11 man hours per location. This was then multiplied by the forecasted hourly rate for construction of \$124.32 per hour (determined by escalating the 2009 forecasted labor cost of \$119.83 per hour by the standard labor cost escalation rate of 3.75 percent). The 2009 unit cost forecast was based on an improvement (5%) from the 2008 forecasted unit cost, but did not acknowledge the changes to the work procedures. Therefore the change in the unit cost from 2009 to 2010 reflects the revision to the work procedures.
- b. Based on revised work procedures PG&E engineering estimated the time needed to complete the inspection of one regulator station run at ~11 hours per. This estimation was made by reviewing historical

productivity levels and adding time for the additional work that is required by the revised work procedures.

- c. The number of man hours per location maintained is provided below for each year from 2004 to 2008.

200 4	200 5	200 6	200 7	200 8
6.9	7.1	6.3	6.1	8.8