

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

PG&E Data Request No.:	DRA_206-04f		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q04f		
Request Date:	March 12, 2010	Requester DR No.:	DRA-206-TLG
Date Sent:	April 2, 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 4F

PG&E forecasted \$2.704 million in 2011 for Distribution line equipment overhauls (Emeryville) which is an increase of 87% over 2008 recorded expenses of \$1.446 million. PG&E forecasted \$1.978 million in 2011 for Distribution line equipment overhauls (Division Up/Down Labor) which is an increase of 416.45% over 2008 recorded expenses of \$0.383 million.

- f) PG&E states regarding Distribution line equipment overhauls (Division Up/Down Labor), its forecast is "based on taking down more equipment for refurbishment/overhaul and putting up more refurbished equipment than in 2009". PG&E's expenses declined each year between 2004 and 2006 from \$1.281 million in 2004 to \$0.996 million in 2006. PG&E's expenses increased to \$1.209 million in 2007 and decreased in 2008 to \$0.383 million. The five year average for the period is \$1.012 million. Provide the documentation that explains in detail and demonstrates why a five year average for the period of \$1.012 million would be insufficient to address PG&E maintenance program needs in the test year in order to justify an increase of 416.45% over 2008 recorded expenses.

ANSWER 4F

The five year average for the period of 2004 through 2008 are insufficient to address PG&E's maintenance needs for the test year because:

- The 2011 forecasted units of 500 are higher than the 2008 recorded units (117). The 2011 forecasted units represent PG&E's efforts to better manage costs since repairs are less expensive than purchases and to make available in inventory additional protective equipment that improves service reliability. Also, the 2008 expenses reflect only the number of units completed as opposed to the planned number of units. As indicated in Exhibit (PG&E-3), Chapter 1, page 1-35, lines 8-17, due to higher priority T&D work, some electric maintenance work was rescheduled.

As a result, lower levels of division up/down labor for overhauls were completed in prior years.

- The 2011 forecasted unit cost is based on EDM Program Management judgment. It is a calculated unit cost starting with the 2010 forecasted unit cost plus escalation of 2.75%, which is a blended labor/non-labor rate. The 2010 forecasted unit cost was used as a starting basis since it reflects information available and discussed with the Emeryville Repair Facility at the time the forecast was prepared and is based on the activities performed by Emeryville. Shown below is the calculation.

Description	Unit Cost
2010 Forecasted Unit Cost	\$3,850
2011 Calculated Unit Cost (2010 plus 1.0275 escalation)	\$3,956