

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

PG&E Data Request No.:	DRA_206-07b		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q07b		
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 7B

PG&E forecasted \$1.701 million for Transformer Labor Reclassification in 2011 which is an increase of \$0.460 million or 37.07% over 2008 expenses of \$1.241 million.

- b) Provide the documentation that explains how PG&E determined the percent of labor that it removed from the capital project in its reclassification process and explain and show how the removal of the labor portion of the recorded capital project impacted rate base (i.e. when the project was in process/completed PG&E calculated the labor and non labor to be capitalized and those amounts went into rate base)

ANSWER 7B

PG&E performed an internal study in 2004 that determined an average labor cost of installing a transformer by transformer type. This study examined transformer replacement jobs by transformer type and developed an average labor cost per type of transformer replaced. The transformer labor journal entry and supporting detail provide information regarding the reclassification. See the response and attachments in Question 7a of this response for more information.