

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

PG&E Data Request No.:	DRA_206-08d		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q08d		
Request Date:	March 12, 2010	Requester DR No.:	DRA-206-TLG
Date Sent:	April 5, 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 8D

PG&E forecasted \$1.432 million for Miscellaneous Maintenance Items in 2011 which is an increase of \$0.954 million or 199.58% over 2008 expenses of \$0.478 million.

- d) PG&E states that it previously charged equipment failure analysis work to its Engineering and Standards Department's standard rate and claims that these charges "were not tracked". Provide the documentation that explains the reason why PG&E did not track these charges, and provide the documentation that demonstrates how PG&E calculated a forecast increase of 199.58% over 2008 expenses if it did not track historical expenses, in order to fully justify the request.

ANSWER 8D

There is no documentation that explains why PG&E did not track failure analysis costs that were charged to the Engineering and Standards Department.

PG&E does not have a standardized process for tracking costs and units where equipment failure analysis is performed. Based on information from Engineering and Standards Department personnel at the time PG&E prepared its 2011 forecast, failure analysis on equipment is performed on a limited basis and was performed to address design and manufacturing flaws. In addition, separate funding to perform failure analysis was not available. As a result, during the limited times when failure analysis was performed, personnel indicated that it was charged to the Department's Provider Cost Center.

PG&E's 2011 forecast for performing failure analysis on failed equipment (\$324,000) is calculated based on the following: 1,000 units at a cost of \$324 per unit (2 hours time multiplied by an \$162 standard rate). In 2007, PG&E launched a Material Problem Report Pilot to establish a more formalized failure analysis process that includes all age-related and outage-related failures (as opposed to only equipment problems due to design and manufacturing flaws). Attached is a copy of the Material Problem Report Pilot Bulletin (GRC2011-Ph-I_DR_DRA_206-Q08dAtch01) that was in place at the time the forecast was

prepared. Note the attached copy is marked "For Reference Only" because PG&E is in the process of creating a new document that is expected to be issued in 2010.