

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

PG&E Data Request No.:	DRA_206-01o		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q01o		
Request Date:	March 12, 2010	Requester DR No.:	DRA-206-TLG
Date Sent:	April 6, 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 10

PG&E forecasted \$127.579 million for its Electric Distribution Operations and Maintenance expenses for the test year 2011 which is an increase of 27.44% over 2008 expenses of \$100.111 million. The expenses are recorded in three Major Work Categories (MWC): BG with a forecast of \$84.810 million; BK with a forecast of \$2.057 million; and BF with a forecast of \$40.712 million. The questions below relate to MWC BG.

PG&E forecasted \$84.810 million for MWC BG. This is an increase of \$22.033 million or 35.10% over 2008 recorded adjusted expenses of \$62.777 million. PG&E's MWC BG includes individual forecasts for twenty subaccounts/line items.

- o) Provide the documentation that explains in detail and demonstrates why PG&E's recorded 2008 unit cost for underground notifications of \$2,011 is insufficient to address its maintenance program needs in the test year.

ANSWER 10

The recorded adjusted 2008 unit cost for underground notifications is insufficient to address the maintenance program needs in the test year because escalation will occur between 2008 and 2011.

The unit cost forecast for 2011 is \$2,250. This is an increase of \$239 (12%) over the 2008 unit cost of \$2,011. While the 2011 unit cost forecast is based on the judgment of Electric Distribution Maintenance program management personnel and a qualitative assessment of historical data and other factors, a simple calculation that applies a 3.75 percent escalation factor yields a value of \$2,246 which is rounded to the 2011 unit cost forecast.

2008 Recorded Unit Cost	\$2,011
Calculated 2009 (2008 Recorded plus 3.75%)	\$2,086
Calculated 2010 (2009 Calculated plus 3.75%)	\$2,165
Calculated 2011 (2010 Calculated plus 3.75%)	\$2,246
2011 Forecasted Unit Cost	\$2,250