

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

PG&E Data Request No.:	DRA_206-01e		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q01e		
Request Date:	March 12, 2010	Requester DR No.:	DRA-206-TLG
Date Sent:	April 7, 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 1E

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.

- e) PG&E's expenses recorded for overhead notifications have been declining each year between 2004 and 2006 from \$23.075 million to \$20.297 million. In 2007 the expenses increased to \$24.461 million and then decrease further to \$17.293 million. In 2011 the expenses are forecasted to increase to \$27.545 million or by 58.38%. It appears to DRA that the decreases and increase in expenses between 2004 and 2008 was partly related to decreases and an increase in recorded units for the same period. Provide the documentation that explains the decreases in recorded units/overhead notifications completed for 2004 through 2008 in detail and the specific impact on system safety and reliability due to PG&E's management choice to reduce the work performed.

ANSWER 1E

Below is a summary of the recorded overhead notification units completed for 2004 through 2008 per Exhibit (PG&E-3), Chapter 2, Workpapers 2-22, line 1 and Workpaper 2-45, line 1.

2004 Recorded	2005 Recorded	2006 Recorded	2007 Recorded	2008 Recorded
30,731	25,654	20,525	22,487	11,312

As explained in Exhibit (PG&E-3), Chapter 1 (page 1-35, lines 8-17), PG&E, in an effort to remain within the capital and expense expenditures levels imputed from the 2007 GRC settlement agree, adjusted work where possible by focusing on work in higher priority categories. PG&E reduced lower priority asset replacement work and maintenance work based on the judgment that such reductions would not affect safety or significantly impact reliability in the near-term. Consequently, fewer overhead notification units were completed.

PG&E's prioritizes overhead maintenance notification work to ensure the highest priority of work is addressed. Significant safety issues are addressed as a high priority tag and are completed immediately which may entail: 1) making the condition safe for both employees and the public by making a temporary repair and creating a new tag for a permanent repair; or 2) fully completing the work at that time. Following this process allows PG&E to adjust work while maintaining system safety and reliability.