

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

PG&E Data Request No.:	DRA_206-01n		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q01n		
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 1N**

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.

- n) Provide the documentation that explains in detail why the 2008 unit cost for underground notifications increased by \$505 over 2007 compared to the yearly increases between 2004 through 2006. Also provide the documentation that explains in detail why the 2009 unit cost for underground notifications is supposed to decrease in 2010 and then increase again in 2011.

**ANSWER 1N**

Below are the historical unit costs and changes from prior year for 2004 through 2008.

2004 Recorded	2005 Recorded	2006 Recorded	2007 Recorded	2008 Recorded	2009 Forecast	2010 Forecast	2011 Forecast	\$ Change Over Prior Year						
								2005	2006	2007	2008	2009	2010	2011
\$948	\$1,119	\$1,307	\$1,506	\$2,011	\$2,450	\$2,182	\$2,250	\$171	\$188	\$199	\$505	\$439	(\$268)	\$68

\$ Change Over 2008 Recorded (\$2,250 - \$2,011): \$239

PG&E attributes the difference between the 2007 and 2008 unit cost values to two factors: 1) Process changes were implemented in October 2007 which affected the execution of work and corresponding unit reporting. As a result, reliable unit data for

many activity types in the EDM Program for the period after October 2007 through 2008 is not available; and 2) data from SAP shows that more labor hours (an average of 12.46 hours) were charged per unit in 2008 as compared to 2004 through 2007 (which ranged from 9.02 hours to 9.91 hours). The table below summarizes the data from SAP.

		2004	2005	2006	2007	2008
MAT	Description	Actual Quantity	Actual Quantity	Actual Quantity	Actual Quantity	Actual Quantity
		111,124 HRS	97,877 HRS	86,479 HRS	91,566 HRS	68,429 HRS
BGD	PGE1ACTV-TYPE	111,124 HRS	97,877 HRS	86,479 HRS	91,566 HRS	68,409 HRS
	‡					
	Units	13,854	10,745	9,290	9,244	5,490
	Hours Per Unit	8.02	9.11	9.31	9.91	12.46

Because of the issues described above regarding the increase in unit cost between 2007 and 2008, the unit cost forecast for 2010 is not based on 2008 recorded data. Rather, the forecast relies on the judgment of Electric Distribution Maintenance (EDM) program management personnel based on discussions with EDM personnel who execute the program at a division level. Consequently, the 2010 unit cost (\$2,182) is anticipated to be lower than the forecasted 2009 unit cost (\$2,450). The 2011 unit cost forecast is based on a 3% escalation over the 2010 unit cost forecast.