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

PG&E Data Request No.:	DRA_200-07		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_200-Q07		
Request Date:	March 11, 2010	Requester DR No.:	DRA-200-PMC
Date Sent:	April 7, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Paul Chan

EXHIBIT REFERENCE: PG&E-2, WORKPAPERS SUPPORTING CHAPTER 11, DEPRECIATION STUDY, PAGE WP-11-529

SUBJECT: DEPRECIATION

QUESTION 7

The SmartMeter Program set up a balancing account that includes the labor costs to install the new meters and to remove the old meters. Based on the fact that the cost of removal is recovered in the SmartMeter Program, please recalculate the proposed net salvage rate for Account 370.

ANSWER 7

Cost of removal (COR) associated with removing legacy (old mechanical) meters is not being collected through balancing accounts, as COR has been accruing on these meters in Account 370. Accordingly, COR is debited to the Account 370 reserve and depreciation studies continue to use that data in projecting COR depreciation rates for legacy meters in the 2011 GRC.

The only COR that is accumulated in the balancing account is that associated with first generation smart meters, approved in 06-07-27, for which no COR had been accrued. These first generation meters were approved for replacement in D. 09-03-026, and the COR associated with these meters is being recorded in the balancing account. None of this data is being reflected in depreciation studies in this GRC.