

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

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|------------------------|------------------------------|-------------------|----------------|
| PG&E Data Request No.: | DRA_206-01m | | |
| PG&E File Name: | GRC2011-Ph-I_DR_DRA_206-Q01m | | |
| Request Date: | March 12, 2010 | Requester DR No.: | DRA-206-TLG |
| Date Sent: | April 9, 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 1M

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.

- m) PG&E's recorded units for underground notifications have declined each year from 13,854 in 2004 to 5,490 in 2008 and are forecasted to decline further in 2011 to 4,223 units. PG&E states that its overhead notifications were impacted by higher priority T&D work. DRA is confused by the decrease in units each year and in the test year and PG&E's statement that the work was impacted by high priority work when compared to other PG&E testimony where PG&E shows an increase in forecasted 2011 units/work due to high priority work that caused maintenance work to be deferred during historical years. Provide the documentation that explains in detail the decline in units each year and which shows how the high priority work impacted the declining units.

ANSWER 1M

Since the beginning of this question references underground notifications, PG&E believes DRA meant to indicate "underground notifications" instead of "overhead notifications" in the statement "PG&E states that its overhead notifications were impacted by higher priority T&D work". Consequently, PG&E is providing a response in regards to underground notifications.

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

| 2004 Recorded | 2005 Recorded | 2006 Recorded | 2007 Recorded | 2008 Recorded |
|------------------|------------------|------------------|------------------|------------------|
| 13,854 | 10,745 | 9,290 | 9,244 | 5,490 |

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, 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 underground notification units were completed.

PG&E's prioritizes underground 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.

PG&E's 2011 forecasted units is 4,223. This forecast is comprised of the following: estimated number of high priority units due for the year (2,307) and portion of the accumulated units (1,916). PG&E forecasts that a levelized approach to addressing this work is to address approximately 4,223 units on an on-going basis. As a result the 2011 forecasted units are lower than the 2008 recorded units (5,490).