

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

PG&E Data Request No.:	DRA_206-02a		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q02a		
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 2A**

PG&E forecasted \$7.313 million in 2011 for overhead equipment requiring repair which is an increase of 48.37% over 2008 recorded expenses of \$4.929 million. PG&E forecasted \$2.184 million in 2011 for underground equipment requiring repair which is an increase of 27.20% over 2008 recorded expenses of \$1.717 million. PG&E claims that this work “addresses inoperative equipment.

- a) PG&E’s unit cost for overhead equipment requiring repair increased by \$2,741 between 2007 and 2008 from \$2,886 to \$5,627 while the units decreased from 1,601 to 876. Provide the documentation that explains the increase in unit cost between 2006 and 2007 in more detail, as compared to the unit cost increases between 2005 and 2007, along with the detailed breakdown of the unit cost calculation and copies of contracts to substantiate the unit costs.

**ANSWER 2A**

Because the beginning of the question quotes the unit cost increase of \$2,741 between 2007 and 2008, PG&E believes that DRA intends for PG&E to explain the increase in unit cost between 2007 and 2008, as compared to the unit cost increases between 2005 to 2007.

The increase of the recorded unit cost from 2005 to 2007 is primarily due to the increased cost of labor and material. Labor increased from \$2.501 million in 2005 to \$3.543 million in 2007, an increase of \$1.043 million. Material costs increased from \$549 thousand in 2005 to \$1.027 million, an increase of \$478 thousand. Contract costs are not a driver of unit costs as they represent a very small amount of the total costs (ranging from \$17 thousand to \$61 thousand, which is only .4% to 1.2% of the total costs during the years of 2005 through 2008).

The table below summarizes costs for this work by cost element. It also shows the percent by cost element to the total cost. Note the total costs for 2005 through 2008 differ slightly from the amounts reflected in the GRC testimony due to rounding differences.

Cost Element	2005	2006	2007	2008	% of Total				Change from 2005 to 2007		Change from 2007 to 2008	
	Actual	Actual	Actual	Actual	2005	2006	2007	2008	Amount	%	Change	%
	\$ 3,068,966	\$ 3,819,278	\$ 4,629,781	\$ 4,956,852								
- - + PGE1ACTV-TOT	\$ 2,500,689	\$ 3,237,169	\$ 3,543,284	\$ 3,613,247	81.0%	85.0%	77.0%	73.0%	\$ 1,042,595	42%	\$ 69,962	2%
+ PGE1MATTOTAL	\$ 548,675	\$ 548,183	\$ 1,026,630	\$ 1,269,797	18.0%	14.0%	22.0%	26.0%	\$ 477,954	87%	\$ 243,167	24%
+ PGE1CONTRACT	\$ 18,395	\$ 17,105	\$ 34,114	\$ 61,484	0.6%	0.4%	0.7%	1.2%	\$ 15,719	85%	\$ 27,370	80%
+ PGE1ORD-OTHER	\$ 1,929	\$ 22,653	\$ 28,327	\$ 12,764	0.0%	1.0%	1.0%	0.0%	\$ 26,398	1369%	-\$ 15,563	-55%
- PGE1REIMBURSE	-\$ 722	-\$ 5,833	-\$ 2,573	-\$ 440	0.0%	0.0%	0.0%	0.0%	-\$ 1,852	256%	\$ 2,134	-83%

In researching the response for this data request for the increase from the recorded unit cost for 2007 (\$2,886) to 2008 (\$5,627), PG&E ran a new query of the completed overhead equipment requiring repair units which produced a higher number of units in 2008 (1,715) than included in PG&E's GRC testimony and workpapers (876). As a result, the adjusted 2008 unit cost is \$2,874 (\$12 less than the 2007 recorded unit cost) so there is no significant difference between the 2007 recorded unit cost and the 2008 recorded (adjusted) unit cost. See below for the calculations.

Description	Units	Unit Cost	Total \$ ('000s)	Reference
2007 Recorded	1,601	\$2,886	\$4,622	Exhibit (PG&E-3), Chapter 2, Workpaper 2-22, line 3
2008 Recorded	876	\$5,627	\$4,929	
2008 Recorded Adjusted	1,715	\$2,874	\$4,929	Adjusted Unit Count for 2008
+/- 2007 Recorded	114	(\$12)		
+/- 2008 Recorded	839	(\$2,753)		

As explained in the response to Question 1p of this data request an automated unit cost report was not available during the period of October 2007 through December 2008. Consequently, there were delays in entering completed units into PG&E's SAP database and Electric Distribution Maintenance program personnel had to manually query SAP for closed EC Notifications and calculate the unit cost. PG&E believes this is the primary reason for the difference between the number of units from the new query and what is currently in testimony and workpapers.

PG&E will submit an errata to show the results of the new query of completed overhead equipment requiring repair in 2008 (1,715 units yielding a \$2,874 unit cost) in the applicable Exhibit (PG&E-3), Chapter 2 testimony (Table 2-8 on 2-26 and Table 2-9 on page 2-27) and workpapers (WP 2-22, line 3 and WP 2-45, line 3). PG&E notes, however, that this change in 2008 units and 2008 unit cost does not effect the 2011 forecast, as PG&E developed its forecast using UC Method 1, as explained in Exhibit (PG&E-3), Chapter 2 testimony (see Table 2-2 on 2-17, Table 2-10 on page 2-28).

PG&E will run an updated query for 2008 for the other MAT codes that could also be impacted by the issue discussed above, will advise DRA of the results, and will submit an errata to the extent appropriate.