

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

PG&E Data Request No.:	DRA_206-04d		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_206-Q04d		
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 4D

PG&E forecasted \$2.704 million in 2011 for Distribution line equipment overhauls (Emeryville) which is an increase of 87% over 2008 recorded expenses of \$1.446 million. PG&E forecasted \$1.978 million in 2011 for Distribution line equipment overhauls (Division Up/Down Labor) which is an increase of 416.45% over 2008 recorded expenses of \$0.383 million.

- d) PG&E's unit cost for Distribution line equipment overhauls (Division Up/Down Labor) increased from \$2,673 in 2004 to \$3,274 in 2008 and was forecasted to increase to \$3,956 in 2011. Provide the documentation that explains the increase and decrease in detail along with the breakdown of the unit cost calculation and copies of contracts to substantiate the unit costs.

ANSWER 4D

The increase of the recorded unit cost from 2004 (\$2,673) to 2008 (\$3,274) is \$601 or a 22 percent increase over four years. PG&E attributes the bulk of this increase to escalation. For example, applying a 3.75% escalation rate to the 2004 unit cost for a four year period yields a calculated unit cost of \$3,097 which is \$424 different from the recorded 2008 unit cost.

Description	2004 Recorded	2005 Recorded	2006 Recorded	2007 Recorded	2008 Recorded
\$ ('000s)	\$1,281	\$1,193	\$996	\$1,209	\$383
Unit Costs	\$2,673	\$1,211	\$2,447	\$3,061	\$3,274
Units	479	995	407	395	117
Hours	11,036	9,441	5,634	5,957	1,812
Hours per Unit	23.04	9.49	13.84	15.08	15.49

PG&E's 2011 forecasted unit cost is \$3,850. This 2011 forecasted unit cost is \$682 or 21 percent higher than the 2008 recorded unit cost (\$3,274). This increase is attributable to both escalation and an anticipated increase in labor hours due to the increased sophistication of equipment that requires more time to put up / take down.

Costs by Cost Element for 2004 through 2008

Also provided below is the information for the 2004 through 2008 cost breakdown. The overall affect of costs by cost element from 2004 to 2008 did not significantly impact the increase in unit costs. While the material costs increased by \$36,673 or 47 percent, it did not significantly impact the increase in unit cost for 2008. Contract costs are a very small amount of the total costs (ranging from \$1,622 to \$18,572, which represents 1 percent to 2 percent of the total costs during the years of 2004 through 2008).

Below are the costs by cost element and the change from 2004 to 2008. Note the total costs differ slightly from the amounts reflected in the GRC Testimony due to rounding differences.

Cost Element	2004	2005	2006	2007	2008	Change from 2004 to 2008	
	Actual	Actual	Actual	Actual	Actual	\$	%
3))	\$ 1,275,131	\$ 1,192,653	\$ 988,485	\$ 1,194,518	\$ 366,030		
- - + PGE1ACTV-TOT	\$1,184,769	\$1,065,185	\$711,749	\$831,750	\$248,932	(\$935,837)	-79%
+ PGE1MATTTOTAL	\$78,234	\$106,001	\$272,780	\$355,651	\$114,907	\$36,673	47%
+ PGE1CONTRACT	\$12,128	\$18,572	\$4,227	\$5,741	\$1,622	(\$10,506)	-87%
+ PGE1ORD-OTHER		\$2,895		\$1,375	\$569	\$569	100%