

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

PG&E Data Request No.:	DRA_168-01-Supp02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_168-Q01-Supp02		
Request Date:	April 21, 2010	Requester DR No.:	DRA-168-MRK
Date Sent:	April 27, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Marek Kanter

**SUBJECT: CAPITALIZATION FACTORS**

**QUESTION 1**

In Exhibit PG&E-6 WP 9-35, the total company capitalization factor 38.39% based on 2008 data is applied to Payment Services. Please provide the total company capitalization factors for each year from 2004 through 2009, along with the underlying data used to derive the capitalization factors.

**SUPPLEMENTAL QUESTION 1**

Via email from Marek Kanter to Redacted on 4/21/2010:

Thank you for your explicit description of where the rates associated with each individual department for the 2007 GRC can be found. We need an equally explicit description of where we can find the "composite rates for the A&G Study", i. e. the percentage in the decision. Certainly they must be somewhere in PG&E's 2007 GRC testimony (or workpapers or other documents related to the GRC).

I would also like to remind you that DR 168 Q1 sent on February 26, 2010, asked for the "the capitalization factors for 2004 -2009 along with the underlying data used to derive these factors." Your response was a working spreadsheet which computed these capitalization factors based on what you now refer to as the "composite rates for the A&G study." As justification for using the 2008 "composite rate" as a hardwired number in your spreadsheet, you referred me to D-07-03-044. Clearly your response to DR 168 Q1 is still incomplete almost two months later, because we still do not have the underlying data for these "composite rates."

Please inform us when we may expect to finally get a full response to DR 168 (including a working spread sheet), as well as an explicit description of where we can find any and all of PG&E's arguments to the commission that persuaded the commission to adopt the "composite rates for the A&G Study" in the 2007 decision. In the spreadsheet, you need not recalculate the "composite rates" determined by the previous decision for the 2003 rate case.

## **ANSWER 1 – SUPPLEMENTAL02**

PG&E understands DRA's supplemental question regarding capitalization rates to seek details supporting the composite A&G Study rate that was adopted in the 2007 GRC. The composite A&G Study labor rate should have been used as a fixed input into the company's calculated capitalization rates subsequent to the 2007 GRC. The composite rate is calculated from the amounts in the 2007 GRC Comparison Exhibit with support from PG&E's response to ORA-020-002Supp01 from the 2007 GRC. Please see Attachment GRC2011-Ph-I\_DR\_DRA\_168-Q01\_Supp02Atch01.xls, which contains worksheets provided to DRA in GRC2011-Ph-I\_DR\_DRA\_168-Q01-Supp01Atch01.xls (renamed as "2011 GRC DRA-168 - Total" and "2011 GRC DRA-168 - A&G"), as well as a summary sheet showing the calculation of the Account 922 composite A&G Study Calculation rates (worksheet "2007 GRC Cap Calc") and the underlying estimates of capitalized costs for each A&G Study department as provided in PG&E's response to ORA-020-002Supp01 in the 2007 GRC (worksheets "2007 GRC ORA 20 Att5" and "2007 GRC ORA 20 Att5 Notes").

Historically, the CPUC Decisions adopt one composite rate for all of A&G Study departments; PG&E does not have a reference to 2007 testimony seeking to persuade the commission to adopt a composite rate.