

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

PG&E Data Request No.:	DRA_272-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_272-Q01		
Request Date:	June 10, 2010	Requester DR No.:	DRA-272-DAO
Date Sent:	June 21, 2010	Requesting Party:	DRA
PG&E Witness:	Robert Fassett	Requester:	Dao Phan

EXHIBIT REFERENCE: PG&E-18, VOLUME 3B

SUBJECT: DIMP, GAS DISTRIBUTION O&M EXPENSES

QUESTION 1

On page 27-6 of the Rebuttal, PG&E states, "While PG&E agrees with the use of the PHMSA analysis as a matter of a general principle, the PHMSA cost-benefit analysis was a high level review of the potential costs of the new rule. It did not evaluate the circumstances of individual utilities. It also expressly did not take into consideration the complexity of PG&E's proposed DIMP plan relative to the model used, or the significant differences in wages, unit costs and other factors between PG&E's DIMP plan and the assumptions PHMSA used in its analysis."

- a. Please identify the "model" used in this statement and provide a copy of this model.
- b. Please provide a copy of the comparison used in this statement to conclude that there are significant differences in wages, unit costs and other factors between PG&E's DIMP and PHMSA assumptions.

ANSWER 1

(Question a.): The PHMSA study (Regulatory Impact Analysis: Final Rule), referenced by DRA incorrectly as a FERC estimate (DRA-7, p. 8, fn. 14: 74 Fed. Reg. 63932), is attached to GRC2011-Ph-I_DR_DRA_272-Q03. The model used by PHMSA is described in sections 7-1, 7-2, and 7-3 of this document.

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(Question b.): Please see below:

Main Replacement Costs		PHMSA Study	PG&E (2009)		Pre-1940 unit cost comparison (ratio of PG&E costs to PHMSA cost)	Post-1940 unit cost comparison (ratio of PG&E costs to PHMSA cost)	PHMSA Study Unit Cost x PG&E 2011 Units	PG&E Unit Cost x PG&E 2011 Units
Costs to replace cast iron (high density underground)	per foot	90			5	3	\$90/foot x 189,544 feet = \$17.1 million (capital)	
Costs to replace steel w/coated steel	per foot	77			5	3		
Cost to replace w/plastic	per foot	25			16	10		
Costs to replace steel w/plastic (high density underground)	per foot	45			9	6		
PG&E Cost to replace cast iron and pre-1940 steel with plastic	per foot		407					GPRP: \$407/foot x 189,544 feet = \$77.1 million (capital)
PG&E Cost to replace post-1940 steel and plastic with plastic	per foot		260					

Service Replacement		PHMSA Study	PG&E (2009)		Copper Service Replacement - PG&E cost/PHMSA cost	Other Service Replacement - PG&E cost/PHMSA cost	PHMSA Study Unit Cost x PG&E 2011 Units	PG&E Unit Cost x PG&E 2011 Units
Cost to replace service – high density underground	per service	2200			3	3	\$1,500 per service x 7240 services = \$10.9 million (Capital)	
Cost to replace service – medium density underground	per service	1500			5	5		
Cost to replace service – low density underground	per service	1000			7	7		
PG&E Copper Service Replacement	per service		6,870					\$7000 per service x 7240 services = \$50.7 million (Capital)
PG&E Other Service Replacement	per service		7,231					
PSE&G Benchmarking - Range, Average	per service							

Excess Flow Valve (EFV) Installation		PHMSA Study	PG&E (2009)		EFV Installation PG&E cost/PHMSA Cost		PHMSA Study Unit Cost x PG&E 2011 Units	PG&E Unit Cost x PG&E 2011 Units
Cost of EFV installation on new or replacement services for large operators	per service	20			Not applicable		No unit/unit cost comparison available for this category of work	
Cost of EFV installation on new or replacement services for large operators	per service	30						

Labor Costs		PHMSA Study	PG&E (2009)		PG&E Labor Costs as a percentage of PHMSA labor costs			
Fully loaded cost of pipeline employees – Large and small operators	per hour	70	116		166%		No unit/unit cost comparison available for this category of work	

Leak Survey Costs		PHMSA Study	PG&E (2009)		PG&E Leak Survey costs as a percentage of PHMSA		PHMSA Study Unit Cost x PG&E 2011 Units	PG&E Unit Cost x PG&E 2009 Units

					leak Survey Costs			
Cost of leak survey on a main	per mile	175	481		275%		\$175 per mile x 28,992 miles = \$5,073,600 (expense)	\$481 per mile x 28,992 miles = \$13,945,152 (expense)
Cost of leak survey on a service	per service	2.25	11		489%			