

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

PG&E Data Request No.:	DRA_272-02		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_272-Q02		
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 2

On page 27-6, PG&E asks, "How did DRA derive its forecast for DIMP," and answers, "It was based on the PHMSA regulatory impact analysis."

- a. Please provide the specific language referenced for the source of your statement that DRA's DIMP forecast "was based on PHMSA regulatory impact analysis."
- b. Is it PG&E's testimony that DRA's DIMP forecast was solely "based on PHMSA regulatory analysis"?
- c. Is it PG&E's testimony that DRA's DIMP forecast was primarily "based on PHMSA regulatory analysis"?

ANSWER 2

(Question a.): DRA references the PHMSA study (Regulatory Impact Analysis: Final Rule), to support and form a basis for its recommendation. Please note that DRA incorrectly referred to this study as a FERC estimate (DRA-7, p. 8, fn. 14: 74 Fed. Reg. 63932), DRA-7, p. 8 lines 1-12 states:

"Additionally, PG&E's DIMP forecast is significantly higher than what FERC estimates would cost the entire nation to implement DIMP. According to FERC, the final regulation promulgating DIMP estimates that the national costs of implementing DIMP would be \$130 million in the first year, and \$101 million each year for subsequent years.

PG&E forecasts \$36.5 million in DIMP costs for 2011, but as the Company serves 1 in 20 of the U.S. population, based on FERC estimates, DIMP should only cost PG&E \$6.5 million a year.

PG&E has not provided any reasons as to why its DIMP estimates cost more than 5 times the national estimate. DRA recommends that the Commission adopt a forecast of \$10.8 million to implement DIMP in the first year, which is still well above the FERC estimate.”

(Question b.): No. PG&E’s testimony is that the PHMSA study strongly influenced the DRA DIMP forecast. However, it is not PG&E’s testimony that DRA’s DIMP forecast was solely based on the PHMSA study.

(Question c.): No. Please refer to Question b.