

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

PG&E Data Request No.:	DRA_272-05		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_272-Q05		
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 5**

On page 27-10, PG&E states, "DRA's assumption would require that surveyors skip critical steps in the survey process in order to increase survey speed to 16 services per hour. This would compromise survey integrity and place customers at greater risk."

- a. Please define "DRA's assumption."
- b. Please provide the citation to the DRA Report where DRA stated that surveyors would have to skip critical steps in the survey process.
- c. Please explain in detail the difference between PG&E's forecast of unit cost for leak survey for 2010 and for 2011.
- d. Please identify the source or sources of the above information describing the difference between PG&E's forecasts for 2010 and for 2011.

**ANSWER 5**

- a. PG&E defines "DRA's Assumption" as DRA's recommended 2011 routine leak survey unit cost of \$497.26 per mile of survey, which is found on line 9 of page 15 of DRA's Gas Distribution Operation and Maintenance Expense Testimony.
- b. While DRA's Report does not explicitly state that surveyors would have to skip critical steps in the survey process, DRA's recommended unit cost is unrealistic and does not reflect completion of all the critical steps in the process. As stated in Exhibit (PG&E-18), Chapter 27, page 27-10 "PG&E has found that, using the new leak surveyor

qualification and leak grading criteria, surveyors will average about 10 gas services per hour.”<sup>1</sup> A significant improvement in that rate, as recommended by DRA, by implication, would require skipping steps in the leak survey process.

- c. As stated in the workpapers accompanying Chapter 18 of PG&E’s opening testimony, the 2011 “unit cost is recalculated based on productivity target in 2011 of 10 services per hour. Refer to Testimony 18-8 and 18-9 for background.” Therefore, it is important to note that the 2011 unit cost forecast is not based on an escalation or growth of the 2010 unit cost forecast. Nonetheless, besides labor wage escalation (3.75%), the main difference between the 2010 and 2011 unit cost forecasts is that, per a change in work procedures from 2010 to 2011, Leak Surveyors will begin completing Atmospheric Corrosion inspections of all gas meters in 2011. As discussed in Exhibit (PG&E-18), Chapter 28 (page 28-13 line 10 through page 28-14 line 4) these inspections will not be in effect for 2010, but in 2011 leak surveyors will be required to complete an inspection of all meters during their routine leak survey work which will add time and paperwork. (This issue was also presented on pages 18-7 and 18-8 of Exhibit (PG&E-3), Chapter 18 of PG&E’s testimony.)
- d. The inclusion of atmospheric corrosion inspections into the routine leak survey unit cost was described both in Exhibit (PG&E-18), Chapter 28 (page 28-13 line 10 through page 28-14 line 4) and on pages 18-7 and 18-8 of Exhibit (PG&E-3), Chapter 18 of PG&E’s original testimony. The escalation of labor costs was included in the workpapers accompanying Exhibit (PG&E-3), Chapter 18 (page 18-22).

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<sup>1</sup> See also page 17-18 of Exhibit (PG&E-3), Chapter 17 and Workpaper 18-22 accompanying Exhibit (PG&E-3), Chapter 18 of PG&E’s opening testimony.