

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

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|------------------------|-----------------------------|-------------------|--------------|
| PG&E Data Request No.: | DRA_279-01 | | |
| PG&E File Name: | GRC2011-Ph-I_DR_DRA_279-Q01 | | |
| Request Date: | June 22, 2010 | Requester DR No.: | DRA-279-MRK |
| Date Sent: | June 24, 2010 | Requesting Party: | DRA |
| PG&E Witness: | Redacted | Requester: | Marek Kanter |

EXHIBIT REFERENCE: EXHIBIT PG&E-2, CHAPTER 12

SUBJECT: CAPITALIZED SOFTWARE ADJUSTMENT

QUESTION 1

Is PG&E going to pursue the change to normalized accounting for software deductible under Section 174 as described in Exhibit PG&E-2, Chapter 12, p.12-7?

ANSWER 1

No. Although there is a ratepayer benefit in switching to the normalized method for software on a total company basis, there is no current ratepayer benefit on a GRC basis.