

*Southern California Edison*

*WSD-011 – Resolution implementing the requirements of Public Utilities Code Sections 8389(d)(1), (2) and (4) related to catastrophic wildfire caused by electrical corporations subject to the Commission’s regulatory authority*

**DATA REQUEST SET W S D - S C E - 0 0 3**

**To: WSD**

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**Job Title: Senior Advisor**

**Received Date: 3/4/2021**

**Response Date: 3/9/2021**

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**Question 003:**

Regarding your response in a data request received from SCE on 2/23/21: “Veg Mgmt: Line Clearing: Increase in forecast driven by: Inclusion of SB 247 and related rate increases (\$135M annually) unknown at the time of filing of the 2020 WMP.” (Data Request WSD-SCE-001, Q. 003)

- a. Provide where in the 2021 SCE WMP the \$135M annual costs can be found?
- b. Identify which initiatives, with section and page number references, that these annual costs apply to.
- c. Break down the costs within the above identified initiatives which total \$135M annually.
- d. Clarify which years (2020, 2021, or 2022) are included in the "\$135M annually."
- e. Identify where in its 2021 WMP SCE explains its rationale and justification for the vegetation management cost increases associated with SB 247.

**Response to Question 003:**

The estimated SB 247 \$135M annual impact figure that SCE provided in response to WSD-SCE-001, Question 1 and in oral explanations to the WSD during our weekly meetings was based on a previous estimated figure regarding the annual impact of the vegetation management cost increases due to SB 247 in total (systemwide). SB 247 went into effect beginning January 1, 2020. As a result, SCE was required to adjust the contract rates for its vegetation management contracts which didn’t occur until January / February 2020 and had to pro-rate these increases back to January 1, 2020. Because these analyses and adjustments were ongoing at the time SCE finalized its 2020 WMP, the SB 247 contract rate cost increase was not accounted for in its 2020 WMP. These adjustments resulted in various contract rate increases across various types of work, e.g., pre- and post-SB 247 contract rate increases were different for different types of work and vendors. The SB 247 \$135M annual increase was based on a previous simplified analysis of the total, systemwide SB 247 cost impact. SCE has since re-assessed the vegetation management cost forecasts included in its 2020 WMP and 2021 WMP Update and was able to estimate the SB 247 contract rate cost increase for its Vegetation Clearance (7.3.5.20) initiative for HFRA. In the attached file, SCE explains the variances for each Vegetation Management initiative in the 2020 and 2021 WMPs. This analysis includes some remapping of Vegetation Management costs in order to explain the variances. Additionally, SCE has identified a few errors that are described and for which SCE will revise through a subsequent 2021 WMP Update revision submission. The analysis is attached (See “WSD-SCE-003\_Q3\_VM Cost Reconciliation.xlsx”) and is the basis of our responses below.

- a) Table 12 of the Q4 2020 Quarterly Data Report (QDR) includes recorded costs for 2020 and forecast costs for 2021 and 2022 for SCE’s wildfire and non-wildfire initiatives. Vegetation

Management recorded and forecast costs are included in Table 12. SB 247 contract cost increases impacted three Vegetation Management initiatives: Vegetation Clearances (7.3.5.20), Hazard Tree Mitigation Program (7.3.5.16.1), and Dead and Dying Tree Removal (formerly DRI) (7.3.5.16.2). The attached file includes an estimated SB 247 contract rate cost increase for Vegetation Clearances in HFRA of \$83M for 2020, \$66M for 2021, and \$68M for 2022. The impact of the SB 247 contract rate increase for HTMP and Dead and Dying Tree Removal was not estimated.

b) As noted above, the SB 247 contract rate cost increase impacts the following initiatives:

- Vegetation Clearances (7.3.5.20)
- HTMP (7.3.5.16.1)
- Dead and Dying Tree Removal (7.3.5.16.1)

c) Please see the attached Vegetation Management Reconciliation Excel file that includes the SB 247 contractor rate cost impact for Vegetation Clearances in HFRA.

d) Please see the attached Vegetation Management Reconciliation Excel file that includes the 2020, 2021, and 2022 breakout for the SB 247 contractor rate cost increase for Vegetation Clearances in HFRA.

e) SCE's 2021 WMP Update, similar to its 2019 and 2020 WMP, does not describe cost details nor include cost justification for its wildfire initiatives consistent with the statutory, CPUC, and WSD requirements for WMPs. Cost recovery will occur in a utilities' General Rate Case or other application. Furthermore, WSD-011 does not include any requirement to justify cost increases of WMP initiatives. However, we are providing the cost details in the attached file with explanations of the changes.