

*Southern California Edison*  
*2023-WMPs – 2023-WMPs*

**DATA REQUEST SET T U R N - S C E - 0 0 4**

**To: TURN**  
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**Job Title: Wildfire Safety – Sr Advisor**  
**Received Date: 5/5/2023**

**Response Date: 5/10/2023**

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**Question 04:**

SCE's response to TURN-SCE-001, Question 1(c) states the CPUC, in its rate case decision, "set a cumulative and preliminary 2019-2023 capital expenditure authorized amount of \$2,404 million" for WCCP. The Table in the response to Question 1(b) shows SCE's recorded and forecast WCCP expenditures for 2019-2023 sum to about \$3,404 million or \$1 billion higher than the CPUC's authorized amount of \$2,404 million.

- a. Please explain why SCE forecasts WCCP expenditures of about \$1 billion more than the CPUC's figure of \$2,404 million.
- b. Please quantify the difference in unit costs (dollar per circuit mile) between SCE's GRC forecast for WCCP and its recorded costs for years 2021-2022 and its forecast costs for 2023, on an annual basis. If not available on an annual basis, please provide the comparison for the full three year period. Please provide supporting workpapers, calculations, and assumptions in Excel.
- c. Please quantify the difference in WCCP overhead circuit miles between SCE's GRC forecast and its recorded results for years 2021-2022 and its forecast for 2023 in Excel, on an annual basis. If not available on an annual basis please provide the comparison for the full three year period. Please provide supporting workpapers, calculations, and assumptions in Excel.

**Response to Question 04:**

*a. Please explain why SCE forecasts WCCP expenditures of about \$1 billion more than the CPUC's figure of \$2,404 million.*

As stated in SCE's response to TURN-SCE-001 Q.1(c), in D.21-08-036 the Commission set a cumulative and preliminary 2019-2023 capital expenditure authorized amount of \$2,404 million,<sup>1</sup> and provided SCE the opportunity to seek reasonableness review and cost recovery for expenditures over that amount.<sup>2</sup> Additionally, it stated, "...SCE will have the burden to affirmatively establish

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<sup>1</sup> The authorized tree attachment remediation amount is not included in this value.

<sup>2</sup> D.21-08-036, p. 200, "In consideration of this statutory obligation, as well as the significant threats that wildfires pose to the state of California, and to SCE customers in particular, we authorize funding sufficient to support the deployment of 4,500 circuit miles of covered conductor. In addition, SCE is provided the opportunity to deploy

further covered conductor deployment is justified based upon its most recent WMP and up-to-date circuit segment risk calculations.”<sup>3</sup>

Between 2019 and 2022, SCE has installed 3,856 miles of covered conductor, reducing a significant number of risks on its system. However, as detailed in its approved 2022 WMP Update, SCE’s Integrated Wildfire Mitigation Strategy (IWMS) demonstrated that over 7,200<sup>4</sup> miles of SCE’s HFRA fall within Severe Risk Areas and High Consequence Areas, as defined in SCE’s WMP, which SCE plans to completely harden. SCE is striving to install 1,200 circuit miles of covered conductor in 2023, where over 90% of the scope consists of miles in Severe Risk Areas and High Consequence Areas. This essentially brings the total estimated WCCP mile count to approximately 5,056 for the 2019-2023 period. The associated recorded/forecast WCCP capital expenditures for this period are approximately \$3,372 million.

*b. Please quantify the difference in unit costs (dollar per circuit mile) between SCE’s GRC forecast for WCCP and its recorded costs for years 2021-2022 and its forecast costs for 2023, on an annual basis. If not available on an annual basis, please provide the comparison for the full three year period. Please provide supporting workpapers, calculations, and assumptions in Excel.*

Based on SCE’s 2021 GRC Track 1 workpaper<sup>5</sup> for WCCP, which was filed in November 2019, the forecast average unit cost for 2021-2023 at that time is shown on the second row in the table below. The 2021 and 2022 recorded unit costs are shown on the third and fourth row.<sup>6</sup> The forecast average unit cost for 2023, using Q1-Q2 2022 completed work orders, is shown on the fifth row.<sup>7</sup> The difference between what is forecasted for 2023 and what was forecasted in Track 1 is primarily driven by the following:

- a. An increase in contractor rates and support activities costs, such as planning, engineering, field accounting, and construction support
- b. Increased material and labor costs from inflationary pressures and global supply chain

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additional covered conductor circuit miles above the level approved in this decision subject to after-the-fact reasonableness review.

<sup>3</sup> *Id.* p. 201.

<sup>4</sup> The 2022 WMP Update has 7,200 miles of Severe Risk Areas and High Consequence Areas. However, upon further refinement of its IWMS in its 2023-2025 WMP, SCE revised the number of miles in Severe Risk Areas and High Consequence Areas to be 7,350 miles.

<sup>5</sup> A.19-08-013, WPSCE04V05APt01, p. 256. The forecast average unit cost for 2021-2023 at that time is calculated using the total forecast cost (constant 2018\$) and dividing by the total forecast quantity (i.e.,  $\$2.3578 \div 4,900 = \$481K$ ). Escalating this average unit cost to constant 2022\$, using an escalation rate of 1.193, yields \$574K.

<sup>6</sup> The recorded unit costs are calculated by summing up the total costs, which may span multiple years, and dividing it by the completed miles in that year. For example, the 2021 recorded unit cost is derived by taking the total costs of approximately \$900 million and dividing it by the 1,426 completed miles in 2021. Similarly, the 2022 recorded unit cost is derived by taking the total costs of \$878 million and dividing it by the 1,356 completed miles in 2022.

<sup>7</sup> Using Q1-Q2 2022 ZRFS’d (or ready-for-service) work orders, the total cost was \$419 million. Dividing this by 657 completed miles during that period yields \$638K. Accounting for a full year’s worth of contract rate increase of \$26K per mile results in a unit cost of \$663K (2022\$). The forecast unit cost shown here does not include an environmental cost adder.

challenges.

c. Addition of secondary conductor work

CapEx (\$000s 2022\$)	Unit Cost
2021 GRC Track 1 Forecast	\$574
2021 Recorded	\$630
2022 Recorded	\$647
Current 2023 Forecast	\$663

*c. Please quantify the difference in WCCP overhead circuit miles between SCE's GRC forecast and its recorded results for years 2021-2022 and its forecast for 2023 in Excel, on an annual basis. If not available on an annual basis please provide the comparison for the full three year period. Please provide supporting workpapers, calculations, and assumptions in Excel.*

The table below shows SCE's 2021 GRC Track 1 forecast of WCCP circuit miles, where SCE requested for a total of approximately 6,200 miles for the 2019-2023 period. SCE received the decision for this track (D.21-08-036) which authorized a cumulative and preliminary 4,500 miles for the 2019-2023 period. Based upon its most recent WMP and up-to-date circuit segment risk calculations, SCE plans to harden approximately 5,056 miles within the 2019-2023 period.

Circuit Miles	2019	2020	2021	2022	2023	Total
2021 GRC Track 1 Forecast	291	1,000	1,400	1,600	1,900	6,191
Recorded/Forecast	277	797	1,426	1,356	1,200	5,056
Difference	(14)	(203)	26	(244)	(700)	(1,135)