

*Southern California Edison*  
**WSD-001 – Resolution WSD-001 to Establish Procedures for the Wildfire Safety Division's  
Review of 2020 Wildfire Mitigation Plans Pursuant to PUC Sections 8386 and 8386.3**

**DATA REQUEST SET T U R N - S C E - 0 0 3**

**To: TURN**  
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**Response Date: 3/10/2020**

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**Question 002:**

How does SCE's calculation of risk reduction and RSE in the WMP diverge from the methodology outlined in the SMAP Settlement?

**Response to Question 002:**

The table below lists the differences between the SMAP settlement and how SCE calculated risk reduction and RSE in its 2020-2022 WMP.

<b>Item Number</b>	<b>SMAP Settlement</b>	<b>SCE's WMP approach</b>
1	Attribute definition: "The attributes in an MAVF should cover the reasons that a utility would undertake risk mitigation activities."	In Section 5.3 of SCE's 2020-2022 WMP and also discussed in the WMP technical workshop on February 25, SCE discusses planning to revise and improve its MAVF in 2020 for use in its 2021 WMP update and in its 2022 RAMP. The attributes used in the WMP are consistent with what was used in the 2018 RAMP report, namely 1) Serious injuries, 2) Fatality, 3) Reliability, and 4) Financial.
2	Detailed pre-and post-mitigation analysis of mitigations will be performed for each risk selected for inclusion in the RAMP. The utility will endeavor to identify all asset groups or systems subject to the risk and each Risk Event associated with the risk. For example, if Steps 2A and 2B identify wildfires associated with utility facilities as a RAMP Risk Event, the utility will identify all drivers that could cause a wildfire and each group of assets or systems that could be associated with the wildfire risk, such as overhead wires and transformers.	SCE modelled the wildfire risk into the following tranches: 1) Distribution in HFRA and 2) Transmission in HFRA. SCE recognizes that more granular tranches are preferred if reasonably possible.

	<p>For each Risk Event, the utility will subdivide the group of assets or the system associated with the risk into Tranches. Risk reductions from mitigations and RSEs will be determined at the Tranche level, which gives a more granular view of how mitigations will reduce risk.</p> <p>The determination of Tranches will be based on how the risks and assets are managed by each utility, data availability and model maturity, and strive to achieve as deep a level of granularity as reasonably possible. The rationale for the determination of Tranches, or for a utility's judgment that no Tranches are appropriate for a given Risk Event, will be presented in the utility's RAMP submission.</p> <p>For the purposes of the risk analysis, each element (i.e., asset or system) contained in the identified Tranche would be considered to have homogeneous risk profiles (i.e., considered to have the same LoRE and CoRE).</p>	
3	<p>RSE should be calculated by dividing the mitigation risk reduction benefit by the mitigation cost estimate. The values in the numerator and denominator should be present values to ensure the use of comparable measurements of benefits and costs. The risk reduction benefits should reflect the full set of benefits that are the results of the incurred costs. For capital programs, the costs in the denominator should include incremental expenses made necessary by the capital investment.</p>	<p>SCE only included the costs for the specific year of deployment and not ongoing incremental expenses.</p>

As discussed in SCE's Response to Question 001, SCE will continue to work towards full implementation of the Settlement Agreement by the next RAMP filing.