

Southern California Edison
2022-WMPs – 2022 Wildfire Mitigation Plan Updates

DATA REQUEST SET Cal Advocates - SCE - 2022 WMP - 10

To: Cal Advocates
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Question 11:

On p. 27, Table 3-2, of SCE's WMP, SCE's provides planned and actual spending on WMP programs (in thousands of nominal dollars) by year. For asset management and inspections:

- In 2020, SCE planned to spend \$244.1 capex and \$268.1 opex.
- SCE's actual 2020 spending was \$149.9 capex and \$173.9 opex.
- Actual 2020 spending was less than projected by \$99.2 capex and \$94.2 opex.
- In 2021, SCE planned to spend \$216.1 capex and \$136.5 opex.
- SCE's actual 2021 spending was \$114.4 capex and \$117.0 opex.
- Actual 2021 spending was less than projected by \$101.7 capex and \$19.5 opex.
- For 2022, SCE projects spending \$99.5 capex and \$107.4 opex.

Regarding these figures:

- a) Please explain the trend of capital expenditures for asset management and inspections decreasing year-over-year, from 2020 to 2022.
- b) Please explain why your actual capex for asset management and inspections was below the forecast in 2020.
- c) Please explain why your actual capex for asset management and inspections was below the forecast in 2021.
- d) Please explain why your forecast 2022 capex for asset management and inspections is below the actual spending in 2021.
- e) Please explain the trend of operational expenses for asset management and inspections decreasing year-over-year, from 2020 to 2022.
- f) Please explain why your actual opex for asset management and inspections was below the forecast in 2020.
- g) Please explain why your actual opex for asset management and inspections was below the forecast in 2021.
- h) Please explain why your forecast 2022 capex for asset management and inspections is below the actual spending in 2021.
- i) Please explain why your forecast 2022 opex for asset management and inspections is below the actual spending in 2021.
- j) Identify and describe any asset management and inspections initiatives that were moved to a different classification (e.g. situational awareness) in 2020, 2021, or 2022.
- k) Identify and describe any other significant changes in initiative definitions or scope that contribute to the decrease in asset management and inspections spending in 2020, 2021, or 2022.

Response to Question 11:

Please see “CalAdvocates-SCE-2022WMP-10 - 11 - Response - Financial Supporting Documentation.xlsx” for a disaggregation of the asset management and inspection category into activity level financial details, which helps to illustrate the drivers of the variances discussed in this response.

- a) Please explain the trend of capital expenditures for asset management and inspections decreasing year-over-year, from 2020 to 2022.
 - a. The planned capital expenditures of \$244.1M in 2020 and \$216.1M in 2021 decreased to \$99.5M in 2022 due to the following reasons:
 - i. Changes to capital expenditures for the asset management and inspections category are typically attributable to changes in the number of remediations, unit costs of those remediations, impacts from work bundling efficiencies, and/or the costs of enabling technologies associated with this category.
 - ii. Certain activities within this category drove the identified decreases from 2020-2022:
 - Planned capital expenditures for IN-1.2 decreased from 2020 to 2021 and again to 2022
 - Planned capital expenditures for IN-1.1 decreased from 2021 to 2022
 - Planned capital expenditures for IN-8 decreased from 2020 to 2021 and again to 2022
- b) Please explain why your actual capex for asset management and inspections was below the forecast in 2020.
 - a. The actual capex underrun of \$94.3M consisted of \$34.1M from IN-8, \$31.2M from IN-1.1, and \$29.0M from IN-1.2.
 - i. **IN-8: Improvement of Inspections**
 1. Lower recorded capital expenditures resulted from reduced remediations from the Long Span Initiative (LSI) program as SCE refined the program strategy prior to broad deployment. Additionally, lower than anticipated capital expenditures related to vertical switches further drove the variance from planned to recorded expenditures. Finally, the 2020 WMP forecast included duplicative costs for the Aerial Remote Sensing work – this was identified and amended as part of SCE’s 2021 GRC application but not in time for updates to SCE’s 2020 WMP.
 - ii. **IN-1.1: Other discretionary inspection of distribution electric lines and equipment, beyond inspections mandated by rules and regulations**
 1. Lower than anticipated costs for distribution capital remediations associated with SCE’s Enhanced Overhead Inspection (EOI) program.
 - iii. **IN-1.2: Other discretionary inspection of transmission electric lines and**

equipment, beyond inspections mandated by rules and regulations

1. Underrun due primarily to a lower capital ground and aerial find rates compared to forecasted assumptions in the WMP filing. This was largely due to actual findings being more heavily weighted to O&M than was originally forecasted.

c) Please explain why your actual capex for asset management and inspections was below the forecast in 2021.

- a. The actual capex underrun of \$101.7M primarily consists of \$65.5M from IN-1.1 and \$37.4M from IN-1.2.
 - i. **IN-1:** Other discretionary inspection of distribution electric lines and equipment, beyond inspections mandated by rules and regulations
 1. Underrun is due to bundling of Distribution remediation work (remediations completed with other programs for operational efficiency such as covered conductor) and less units completed driven by lower find rates than planned
 - ii. **IN-1.2:** Other discretionary inspection of transmission electric lines and equipment, beyond inspections mandated by rules and regulations
 1. Underrun due to less units completed driven by lower find rates than planned, and reduction in some transmission HFRI remediations driven by GO 95 execution limitations and internal exceptions.

d) Please explain why your forecast 2022 capex for asset management and inspections is below the actual spending in 2021.

- a. The planned capital expenditures of \$99.5M in 2022 is below the actual spending of \$114.4M in 2021 due to the following reasons:
 - i. Certain activities within this category drove the decrease from 2021 actual spending to 2022 planned spending.
 - **IN-1.1:** SCE recorded \$82.5M in 2021 and is forecasting \$68.0M in 2022 due to forecast methodology changes, reduced inspections, lower find rates and unit cost assumptions
 - **IN-1.2:** SCE recorded \$13.4M in 2022 and is forecasting \$22.0M in 2022 due to due to forecast methodology changes, reduced inspections, lower find rates and unit cost assumptions

e) Please explain the trend of operational expenses for asset management and inspections decreasing year-over-year, from 2020 to 2022.

- a. The planned operational expenses of \$268.1M in 2020 and \$136.5M in 2021 decreased to \$107.4M in 2022 due to the following reasons:
 - i. Changes to operational expenses for the asset management and inspections

category are typically attributable to changes in the number of inspections, unit costs of those inspections, the number of O&M remediations, unit costs of those remediations, impacts from work bundling efficiencies, and/or the costs of enabling technologies associated with this category.

- ii. Certain activities within this category drove the identified decreases from 2020-2022:
 - Planned operational expenses for IN-1.1 decreased from 2020 to 2021 and again to 2022
 - Planned operational expenses for IN-8 decreased from 2020 to 2021 and again to 2022

f) Please explain why your actual opex for asset management and inspections was below the forecast in 2020.

- a. The actual opex underrun of \$94.1M primarily consists of \$42.2M from IN-8 \$81.6M from IN-1.1, which was partially offset by a \$32.4M overrun from IN-1.2.

- i. **IN-8:** Improvement of Inspections

- 1. Lower recorded operational expenses resulted from reduced inspections and remediations from the Long Span Initiative (LSI) program as SCE refined the program strategy prior to broad deployment. Additionally, the 2020 WMP forecast included duplicative costs for the Aerial Remote Sensing work – this was identified and amended as part of SCE’s 2021 GRC application but not in time for updates to SCE’s 2020 WMP.

- ii. **IN-1.1:** Other discretionary inspection of distribution electric lines and equipment, beyond inspections mandated by rules and regulations

- 1. Lower than anticipated costs for distribution inspections and remediations associated with SCE’s Enhanced Overhead Inspection (EOI) program.

- iii. **IN-1.2:** Other discretionary inspection of transmission electric lines and equipment, beyond inspections mandated by rules and regulations

- 1. Overrun largely due to actual findings being more heavily weighted to O&M than was originally forecasted.

g) Please explain why your actual opex for asset management and inspections was below the forecast in 2021.

- a. The actual opex underrun of \$22.3M primarily consists of \$18.3M from IN-1.1 and \$2.5M from IN-8.

- i. **IN-1.1:** Other discretionary inspection of distribution electric lines and equipment, beyond inspections mandated by rules and regulations

- 1. Lower than anticipated costs for distribution inspections and

remediations associated with SCE's Enhanced Overhead Inspection (EOI) program due in part to bundling of remediation work (remediation completed with other programs for operational efficiency such as covered conductor) and less units completed driven by lower find rates than planned

ii. **IN-8: Improvement of Inspections**

1. Underrun driven by vendor technical challenge and development delays for inspections & maintenance technology support tools.

- h) Please explain why your forecast 2022 capex for asset management and inspections is below the actual spending 2021.
 - a. Please refer to SCE's response for Question a above.
- i) Please explain why your forecast 2022 opex for asset management and inspections is below the actual spending 2021.
 - a. Please refer to SCE's response for Question e above.
- j) Identify and describe any asset management and inspections initiatives that were moved to a different classification (e.g., situational awareness) in 2020, 2021, or 2022.
 - a. Please reference the CalAdvocates-SCE-2022WMP-10 - 11 - Response - Asset Management & Inspections Program Reconciliation 2020-2022.xlsx
- k) Identify and describe any other significant changes in initiative definitions or scope that contribute to the decrease in asset management and inspections spending in 2020, 2021, or 2022.
 - a. The primary drivers of the reduced spending within the asset management and inspections category are described in SCE's responses to sub-parts (a) – (j), as well as in the two attachments provided as part of this response.