



**Southern California Edison 2021 GRC**

**A. 19-08-013**

**TURN CROSS EXAMINATION EXHIBIT**

**TURN-081**

SCE Response to TURN-SCE-118, Q.03a-c

(Public Version)

*Southern California Edison*  
*A.19-08-013 – SCE 2021 General Rate Case*

**DATA REQUEST SET T U R N - S C E - 1 1 8**

**To: TURN**  
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**Job Title: Senior Advisor**  
**Received Date: 7/23/2020**

**Response Date: 7/29/2020**

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**Question 03.a-c:**

On page 2, lines 13-17, of SCE-24, SCE states “Due to this new statutory requirement, SCE’s vegetation management vendors had to significantly increase their employees’ compensation and have passed those costs through to SCE. As a result, SCE’s vegetation management costs are projected to significantly increase beyond what was forecasted when it submitted its GRC application in August of 2019, with Unit Rates for trimming and removals increasing by approximately 103% and 34%.”

- a. Please provide all supporting documentation for this statement, including, but not limited to: (i) workpapers, calculations and sources for the 103% and 34% figures; (ii) any notices or explanations of cost increases that SCE received from any vendor; and (iii) any revised contracts with any vendor showing increased costs (please provide a comparison with the prior version of the contract that shows the revised costs) .
- b. Please explain how often SCE revises contracts with tree trimming vendors, and, if different, for tree removal vendors. If the frequency of contract revisions varies by vendor, please provide this information on a vendor-by-vendor basis.
- c. In Excel, please provide the following:
  - i. A list of tree trimming and removal vendors (separately by year and separately for trimming and removal) that SCE used in each of 2018, 2019 and in 2020 to date;
  - ii. The average hourly rate paid to the applicable vendors for trimming and removal work (separately) in 2018 (identify the vendors used in the calculation);
  - iii. The average hourly rate expected to be paid to those same vendors for trimming and removal work (separately) in 2021 (identify the vendors used) ;
  - iv. All supporting sources and workpapers for the above hourly rate calculations.

**Response to Question 03.a-c:**

- a.
  - i. Please refer to tab “SB247\_Rev” in attachment “TURN-SCE-118-Q8a-2021 GRC - SCE-24 - Vegetation Management - Workpapers - Financial – Confidential.xlsx” for the calculation of the 103% and 30% (SCE will file errata modifying the 34% to 30%). As a reference, SCE provides a screenshot of the spreadsheet showing the calculation as well as the calculation steps below.

A	B	C	D	E	F	G	H	I	J
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SCE-24 Supplemental Testimony for Vegetation Management Re: SB 247  
 SB 247 Impact on Veg Mgmt Trimming and Removal Rates

**Removal**

		SB 247				
	GRC Application	Contractor 1	Contractor 2	90/10 Split	Nominal \$2020	Constant \$2018 (3)
Conifer						
24-36						
36-48						
Non-Conifer						
24-36						
36-48						

Diff (Conifer Rate) [REDACTED]  
 Diff (Non-Conifer Rate) [REDACTED]  
 Diff (Conifer Rate) 32% 30% (weighted average 75%/25% Conifer: Non-Conifer)  
 Diff (Non-Conifer Rate) 24%

**Trimming**

In Nominal \$2020 90%

	GRC Application	SB 247 - Maint	SB 247 Deeper Trim	90/10 Split (1)	Contract Value \$M (2)
UTS					
Mowbray's					
Davey					
Arborworks					
Rolling Green					
					Trim Unit Rate (Nominal 2020\$)
Trim Unit Rate					In Constant \$2018

Diff [REDACTED]  
 Diff % 103.36%

**Notes:**

- (1) This pricing is weighted by 90% at the Maintenance rate and 10% at the Deeper Trim rate.
- (2) The final unit cost of [REDACTED] is weighted by contract value for each vendor.
- (3) Please refer to WF - Haz Tree Unit Cost\_New\_Rev for the constant 2018\$ removal unit rate with loader (column P).

The 103% is a result of the following calculations:

1. For each vendor, SCE calculated an average trim unit rate with a weighting of 90% for maintenance rates and 10% for deeper trim rates, by vendor. The results are displayed in column E.
2. SCE then calculated an overall average trim unit rate that was weighted by the contract value for each vendor. The contract value by vendor (in millions) is displayed in column F. This produced the blended trim unit rate of \$ [REDACTED] (in nominal 2020\$). For reference, SCE de-escalated this rate to constant 2018\$.
3. SCE then took the difference between the blended trim unit rate (\$ [REDACTED]) and the average of the unit rates used in the Amended Testimony workpapers (\$ [REDACTED]) to derive 103%.

The 30% is a result of the following calculations:

1. SCE used the rates provided by the two vendors who perform the vast majority of

DRI/HTMP tree removals.

2. For each conifer/non-conifer classification, SCE calculated an average removal rate across vendors for the 24-36 inch diameter-at-breast height (DBH) trees (see tab WF - Haz Tree Unit Cost\_New\_Rev, column I). SCE did not need to average the rate for removal of trees with DBH 36 inches and greater because only one vendor had a rate for this DBH (see tab WF - Haz Tree Unit Cost\_New\_Rev, column J. For reference, this resulted in an average vendor removal rate for 24-36 DBH conifers of \$ [REDACTED], and \$ [REDACTED] for non-conifers).
3. SCE then calculated weighted average removal rates across all conifers and across all non-conifers, using a weighting of 90% for removals of 24-36 DBH and a weighting of 10% for removals of 36-48DBH. This produced the blended removal rate for conifers of \$ [REDACTED] and for non-conifers of \$ [REDACTED] (in nominal 2020\$). SCE de-escalated these rates to constant 2018\$ (\$ [REDACTED] and \$ [REDACTED], respectively).
4. SCE then derived the difference between the blended removal rate and the rate used in the Amended Testimony for each of the conifer (\$ [REDACTED] difference) and non-conifer (\$ [REDACTED] difference) classifications and converted the differences to percentages of the Amended Testimony rate (32% and 24% respectively).
5. Finally, SCE calculated an overall weighted average removal rate difference percentage of 30%, using a weighting of 75% for the conifer rate difference percentage and 25% for the non-conifer rate difference percentage.

ii. Please refer to the following attachments:

1. TURN-SCE-118-Q3a<sub>ii</sub>\_Forecasted Cost Increase\_Mowbrays\_Redacted.xlsx
2. TURN-SCE-118-Q3a<sub>ii</sub>\_Mowbray's Tree Service Agreement Local 47 1-1-20 thru 5-31-22\_Confidential .pdf
3. TURN-SCE-118-Q3a<sub>ii</sub>\_RGI 19.09.26 Letter to SCE Re SB 247\_Confidential.pdf
4. TURN-SCE-118-Q3a<sub>ii</sub>\_UTS - SB 247 Cost Impact Local 47 SCE\_Confidential.xlsx

iii. Please refer to the following attachments. For the rate sheets (excel files), SCE put a red box around the relevant information. The revised contracts reflecting SB 247 are listed in items 1-18 below. The prior contracts comprise items 19-22 below.

For Davey Tree Service, SCE currently uses a lump sum rate, and therefore, the trim unit rate used in the workpapers are lower than those shown in the rate sheet for this vendor (TURN-SCE-118-3a<sub>iii</sub>\_DT CW2250560 061020\_Confidential).

1. TURN-SCE-118-3a<sub>iii</sub>\_AW CW2250339 112019 Signed\_Confidential.pdf
2. TURN-SCE-118-3a<sub>iii</sub>\_AW Signed\_Amendment 2\_Confidential.pdf
3. TURN-SCE-118-3a<sub>iii</sub>\_AW Signed\_Amendment Signature Documents\_Amend1\_Confidential.pdf
4. TURN-SCE-118-3a<sub>iii</sub>\_DTS CW2250560 Signed\_Confidential.pdf

5. TURN-SCE-118-3aiii\_DTS Signed\_Amendment 1\_Confidential.pdf
6. TURN-SCE-118-3aiii\_MTS CW2250555 Signed\_Confidential.pdf
7. TURN-SCE-118-3aiii\_MTS Signed\_Amendment 1\_Confidential.pdf
8. TURN-SCE-118-3aiii\_MTS Signed\_Amendment 2\_Confidential.pdf
9. TURN-SCE-118-3aiii\_RG CW2250337 Signed\_Confidential.pdf
10. TURN-SCE-118-3aiii\_RG Signed\_Amendment 1\_Confidential.pdf
11. TURN-SCE-118-3aiii\_UTS CW2251089 Signed\_Confidential.pdf
12. TURN-SCE-118-3aiii\_UTS\_Signed\_Amendment 1\_Confidential.pdf
13. TURN-SCE-118-3aiii\_AW CW2250339 PW 020320\_Confidential.xlsx
14. TURN-SCE-118-3aiii\_CW2250560 061020\_Confidential.xlsx
15. TURN-SCE-118-3aiii\_MTS CW2250555 - PW 05192020\_Confidential.xlsx
16. TURN-SCE-118-Q3aiii\_UTS CW2251089 - PW 042720\_Confidential.xlsx
17. TURN-SCE-118-Q3aiii\_RG CW2250337 - Pricing Workbookv2\_Confidential.xlsx
18. TURN-SCE-118-Q3aiii\_UTS CW2251089 - PW 042720\_Confidential.xlsx
19. TURN-SCE-118-Q3aiii\_Signed\_Trimming Fixed Unit SOW1 Mowbray\_Confidential.pdf
20. TURN-SCE-118-Q3aiii\_CW2227313 UTS SOW1 LC signed\_Confidential.pdf
21. TURN-SCE-118-Q3aiii\_CW2227345 Davey Tree SOW1 LC signed\_Confidential.pdf
22. TURN-SCE-118-Q3aiii\_CW2227345 Amendment 2 Davey Tree SOW1 LC 12-22-17 signed\_Confidential.pdf

b. Due to recently evolving operational and business requirements in Utility Vegetation Clearing, SCE's most recent contract was for a two-year period. This current contract covering 2020 and 2021 awarded both compliance and removals as a combined scope of work. SCE's prior contract with vegetation management contractors was a three-year contract plus an optional one-year extension.

c.

i. Below is a list of sourced (i.e. competitively awarded with long term contracts) and ad-hoc contractors who were provided awards under the Trimming and Removal scopes of work for the years 2018, 2019 and 2020. Note that Trimming contractors may have performed tree removals in these years but not under a dedicated HTMP/DRI contract.

	2018	2019	2020
<b>Trimming</b>	UTS Mowbrays Davey Tree	UTS Mowbrays Davey Tree Mario's Tree Service Core Tree Care	Mowbrays UTS Davey Tree ArborWorks Rolling Green

		ArborWorks Community Tree Service Rolling Green Inc.	
<b>Removal (HTMP/DRI)</b>	UTS Mowbrays MLU/Wilhelm Phillips & Jordan	Mowbrays MLU/Wilhelm Core Tree Care	Mowbrays UTS Davey Tree ArborWorks Rolling Green Mario's Tree Service

ii. and iii. SCE provides the hourly rate for Time and Expense (T&E) work in the attachment “TURN-SCE-118-Q3aiv\_Hourly Rate Support\_Confidential.xlsx”. These rates are not directly comparable with the unit rates that were used to develop the forecast in SCE-24. SCE does not typically deconstruct unit rates into hourly components for trim and removal unit proposals provided by each contractor. Each contractor is provided with the scope of work and provides the unit rate to complete a trim job, without necessarily disclosing headcount or crew size that would be used to support the composition of unit rates.

iv. Refer to “TURN-SCE-118-Q3civ\_Hourly Rate Support\_Confidential.xlsx”.