

Application No.: A.19-08-013
Exhibit No.: SCE-24E
Witnesses: M. Jocelyn



(U 338-E)

2021 General Rate Case

ERRATA

***Update Testimony on Vegetation Management
Costs Attributable To Requirements In Senate
Bill 247 (SB 247)***

Before the

Public Utilities Commission of the State of California

Rosemead, California
July 1, 2020

SCE-24: Update Testimony on Vegetation Management Costs Attributable To Requirements In Senate Bill 247 (SB 247)

Table Of Contents

Section		Page	Witness
I.	INTRODUCTION	1	M. Jocelyn
II.	BACKGROUND	2	
III.	COST INCREASES.....	3	
A.	Summary of Cost Increases	3	
B.	Cost Increases for Routine Vegetation Management.....	4	
C.	Cost Increases for Dead, Dying, and Diseased Tree Removal	5	
D.	Cost Increases for Wildfire Vegetation Management.....	5	

1
2
3
4
5
6
7
8
9
10
11
12
13
14

I.

INTRODUCTION

In this exhibit, Southern California Edison Company (SCE) respectfully presents this testimony that addresses the various impacts that new state legislation, Senate Bill (SB) 247, and resulting new contractor labor rates have on SCE’s Test Year 2021 General Rate Case (GRC) Vegetation Management forecast.¹ Among the Commission’s Rate Case Plan’s² criteria for update testimony are known changes in cost of labor based on contract negotiations completed and known changes due to governmental action.

Although the forecast increases reflected herein will ultimately impact SCE’s proposed 2021 Revenue Requirement, this testimony will not include a specific update to the revenue requirement. SCE will serve its full set of Update Testimony, which will include a comprehensive updated Revenue Requirement, on July 24, 2020 pursuant to the Assigned Commissioner’s November 25, 2019 Scoping Memo and Ruling. SCE is providing this portion of the Update Testimony ahead of time given its significance, consistent with statements SCE made at the June 25th Pre-Hearing Status Conference.

¹ This update testimony was mentioned in Exhibit SCE-13 Vol. 06 at p. 4.


² See, e.g., D.89-01-040.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

II.

BACKGROUND

As noted in SCE’s direct testimony,³ SCE relies upon contractor crews to perform its vegetation management activities. SCE’s contracts with its vegetation management vendors were due to expire at the end of 2019. Early in 2019, SCE queried its primary vendors about a compensatory Unit Rate for 2020. The responses to this query were the basis of the Vegetation Management forecast that SCE submitted with its Opening Testimony in August of 2019.

However, as negotiations for a new 2020-2021 contract proceeded, the Unit Rates increased significantly due to issues such as increased insurance premiums and *per diem* requirements. Then, on October 2, 2019, Governor Newsom signed SB 247 into law, which became effective on January 1, 2020.⁴ Among other things, SB 247 provides that, “All qualified line clearance tree trimmers shall be paid no less than the prevailing wage rate for a first period apprentice electrical utility lineman as determined by the Director of Industrial Relations.”⁵ 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%, respectively. These types of unavoidable and unforeseeable cost increases underscore the need for a two-way balancing account for Vegetation Management costs, as requested by SCE.

³ See, e.g., Exhibit SCE-02 Vol. 6A, p. 4.

⁴ Codified at Public Utilities Code Section 8386.6.

⁵ Public Utilities Code Section 8386.6(b).

1
2
3
4
5
6

III.

COST INCREASES

A. Summary of Cost Increases

As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast increase of approximately \$124.3 million for all Vegetation Management O&M Expenses for the 2021 Test Year.

***Table III-1
Vegetation Management O&M Expenses GRC Application Forecast and Forecast
Updated for SB 247
Constant 2018 (\$000)***

	GRC Application Forecast			Forecast (Updated for SB 247)		
	2021	2022	2023	2021	2022	2023
Distribution Routine Vegetation Management	107,012	101,484	99,765	192,037	187,546	187,111
Transmission Routine Vegetation Management	12,760	9,887	5,824	16,119	11,988	7,039
Dead, Dying, and Diseased Tree Removal	35,120	35,120	35,120	47,061	47,061	47,061
Wildfire Vegetation Management	56,188	67,264	78,340	80,139	94,381	108,622
Total	211,081	213,756	219,048	335,356	340,975	349,833

***Table III-2
Vegetation Management O&M Expenses
Variance Between GRC Application and Forecast Updated for SB 247
Constant 2018 (\$000)***

	Variance		
	2021	2022	2023
Distribution Routine Vegetation Management	85,025	86,061	87,346
Transmission Routine Vegetation Management	3,358	2,100	1,215
Dead, Dying, and Diseased Tree Removal	11,941	11,941	11,941
Wildfire Vegetation Management	23,951	27,117	30,282
Total	124,275	127,219	130,785

1
2
3
4
5
6

III.

COST INCREASES

A. Summary of Cost Increases

As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast increase of approximately ~~\$124.3~~ million for all Vegetation Management O&M Expenses for the 2021 Test Year. \$105.5

Table III-1
Vegetation Management O&M Expenses GRC Application Forecast and Forecast Updated for SB 247
Constant 2018 (\$000)

	GRC Application Forecast			Forecast (Updated for SB 247)		
	2021	2022	2023	2021	2022	2023
Distribution Routine Vegetation Management	107,012	101,484	99,765	178,203	173,588	172,949
Transmission Routine Vegetation Management	12,760	9,887	5,824	15,687	11,787	6,841
Dead, Dying, and Diseased Tree Removal	35,120	35,120	35,120	45,559	45,559	45,559
Wildfire Vegetation Management	56,188	67,264	78,340	77,125	90,967	104,810
Total	211,081	213,756	219,048	316,573	321,901	330,158

Table III-2
Vegetation Management O&M Expenses
Variance Between GRC Application and Forecast Updated for SB 247
Constant 2018 (\$000)

	Forecast (Updated for SB 247)		
	2021	2022	2023
Distribution Routine Vegetation Management	71,190	72,104	73,184
Transmission Routine Vegetation Management	2,926	1,900	1,017
Dead, Dying, and Diseased Tree Removal	10,438	10,438	10,438
Wildfire Vegetation Management	20,936	23,703	26,471
Total	105,491	108,145	111,110

1 **B. Cost Increases for Routine Vegetation Management**

2 As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast
3 increase of approximately \$88.4 million for Routine Vegetation Management O&M Expenses for the
4 2021 Test Year.⁶

Table III-3
Distribution Routine Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Distribution Trim and Remove Trees (1) (2)	94,653	179,678	85,025
Pre-Inspection	10,840	10,840	0
Quality Assurance	1,519	1,519	0
Total	107,012	192,037	85,025

Notes:

- 1) This activity includes vegetation clearance for substations and poles as well as weed abatement and other activities.
- 2) This activity decreased from \$97.8M to \$94.7M due to an errata filed on June 12, 2020 regarding pole clearance forecasts. There was a further minor reduction of \$0.062M due to errata.

Table III-4
Transmission Routine Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Transmission Trim and Remove Trees (1) (2)	10,098	13,457	3,358
Pre-Inspection	1,894	1,894	0
Quality Assurance	769	769	0
Total	12,760	16,119	3,358

Notes:

- 1) This activity includes vegetation clearance for substations.
- 2) The forecast includes an increase of \$0.056M due to errata.

⁶ See Workpapers for SCE-24.

B. Cost Increases for Routine Vegetation Management

As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast increase of approximately ~~\$88.4~~ million for Routine Vegetation Management O&M Expenses for the 2021 Test Year.⁶

← \$74.1

Table III-3
Distribution Routine Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Distribution Trim and Remove Trees (1) (2)	94,653	165,843	71,190
Pre-Inspection	10,840	10,840	0
Quality Assurance	1,519	1,519	0
Total	107,012	178,203	71,190

Notes:

- 1) This activity includes vegetation clearance for substations and poles as well as weed abatement and other activities.
- 2) This activity decreased from \$97.8M to \$94.7M due to an errata filed on June 12, 2020 regarding pole clearance forecasts. There was a further minor reduction of \$0.062M due to errata.

Table III-4
Transmission Routine Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Transmission Trim and Remove Trees (1) (2)	10,098	13,025	2,926
Pre-Inspection	1,894	1,894	0
Quality Assurance	769	769	0
Total	12,760	15,687	2,926

Notes:

- 1) This activity includes vegetation clearance for substations.
- 2) This forecast includes an increase of \$0.056M due to errata.

⁶ See Workpapers for SCE-24.

1 **C. Cost Increases for Dead, Dying, and Diseased Tree Removal**

2 As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast
3 increase of approximately \$11.9 million for Dead, Dying, and Diseased Tree Removal O&M Expenses
4 for the 2021 Test Year.⁷

Table III-5
Dead, Dying, and Diseased Tree Removal O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Dead, Dying, and Diseased Tree Removal	35,120	47,061	11,941

5 **D. Cost Increases for Wildfire Vegetation Management**

6 As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast
7 increase of approximately \$24.0 million for Wildfire Vegetation Management O&M Expenses for the
8 2021 Test Year.⁸

Table III-6
Wildfire Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Tree Inspections	2,476	2,476	0
Tree Removals	40,661	53,325	12,663
Tree Mitigation	7,283	18,571	11,288
Program Management	499	499	0
Property Owner Incentives	5,268	5,268	0
Total	56,188	80,139	23,951

⁷ *Ibid.*

⁸ *Ibid.*

1 **C. Cost Increases for Dead, Dying, and Diseased Tree Removal**

2 As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast
3 increase of approximately ~~\$11.9~~ million for Dead, Dying, and Diseased Tree Removal O&M Expenses
4 for the 2021 Test Year.⁷ \$10.4

Table III-5
Dead, Dying, and Diseased Tree Removal O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for SB 247)	Variance
Dead, Dying, and Diseased Tree Removal	35,120	45,559	10,438

5 **D. Cost Increases for Wildfire Vegetation Management**

6 As shown in the tables below, the impact of SB 247 and new contracts resulted in a forecast
7 increase of approximately ~~\$24.0~~ million for Wildfire Vegetation Management O&M Expenses for the
8 2021 Test Year.⁸ \$20.9

Table III-6
Wildfire Vegetation Management O&M Expenses
Constant 2018 (\$000)

Activity	Test Year 2021	Test Year 2021 (Updated for)	Variance
Tree Inspections	2,476	2,476	0
Tree Removals	40,661	51,731	11,069
Tree Mitigation	7,283	17,150	9,867
Program Management	499	499	0
Property Owner Incentives	5,268	5,268	0
Total	56,188	77,125	20,936

9

⁷ *Ibid.*

⁸ *Ibid.*