

Application No.: A.19-08-13

Exhibit No.: SCE-55

Witnesses: K. Landrith



SOUTHERN CALIFORNIA
EDISON[®]

An *EDISON INTERNATIONAL*[®] Company

(U 338-E)

***Data Request Response to TURN-SCE-118
Q.02.c-d Supplemental***

Before the

Public Utilities Commission of the State of California

Rosemead, California

Southern California Edison
A.19-08-013 – SCE 2021 GRC

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

To: TURN
Prepared by: Teresa Pham
Job Title: Senior Advisor
Received Date: 7/23/2020

Response Date: 8/6/2020

Question 02.c-d Supplemental:

At page 2, lines 11-13 of SCE-24, SCE states SB 247 instructs 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.”

c. Please provide, on annual basis from 2015-2019, the average wage rate previously paid to line clearance tree trimmers before SB 247 became effective. Please include all workpapers, calculations, and sources.

d. In addition to the drivers of the forecast cost increases quantified in response to “a” above, please identify any other drivers for the forecast cost increase, other than SB 247 and provide SCE’s best estimate of the quantitative impact of each driver on the 2021 forecast cost increase.

Response to Question 02.c-d Supplemental:

d. In response to email questions from TURN, SCE provides this supplemental response. To be clear, SB247 set a base wage rate, but it triggered other increases as detailed in the response in 2a. Collectively, the impacts from SB247 were a major driver of the forecast cost increases between SCE's direct testimony and this Update (Supplemental) testimony. However, other factors also increased vegetation management costs. One significant issue was the tight labor market for vegetation management crews in California. There is a limited pool of contractors that are able and willing to operate in California, due to barriers such as litigation risk, safety requirements, and higher costs. The other IOUs draw upon this same limited labor pool and create further competitive upward pressure on prices.

Another significant issue was increased insurance costs. Premium costs have steadily increased over the years, with stark jumps in 2018 and 2019.

Yet another issue was the contractors’ assessment of implementing the recommended clearance distances in Appendix E of General Order 95, Rule 35 in 2019.

In addition, new safety standards (e.g. all contractors have one dedicated safety specialist for every 50 employees performing "safety tier 1" work) were not previously priced into contractors' rates.

There may have been other factors as well. SCE cannot identify every single driver of cost increases or estimate the impact of each individual factor, but collectively they likely contributed to the delta in cost between the 2018 Unit Rates and the Post RFP Unit Rates. The collective impact of these drivers was not fully realized by SCE until the conclusion of its comprehensive competitive solicitation process in November 2019. Any estimate of the impact of individual drivers would likely be speculative and largely meaningless given that SCE's competitive solicitation process obtained the most competitive bids that the market had to offer based on best overall value. SCE's process involved 21 trimming contractors and narrowed it down to the 8 contractors with the most competitive bids of which 5 were ultimately selected. Each contractor has its own internal valuation and cost allocation methodology but ultimately SCE made awards based primarily on the final unit cost proposal.

In addition, TURN requests confirmation that the text in SCE's original response for TURN-SCE-118-Q.2.c-d is not confidential. The text in the response is not confidential. The attachments are confidential.