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October 8, 2020

**Advice Letter 3629-E  
(San Diego Gas & Electric Company ID U 902 E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: San Diego Gas & Electric Company Vegetation Management Revenue Requirements Pursuant to California Public Utilities Code § 8386.3(d)**

**PURPOSE**

San Diego Gas & Electric Company (SDG&E) hereby submits this Tier 1 Advice Letter (AL) to the California Public Utilities Commission (Commission) as notification that SDG&E has incurred costs exceeding its annual revenue requirement for vegetation management for fiscal year 2020, including costs incurred in implementing the SDG&E Enhanced Vegetation Management (EVM) Program described in its 2020 Wildfire Mitigation Plan (WMP).

**BACKGROUND**

In October 2019, the Legislature amended California Public Utilities Code Section 8386.3(d) through Senate Bill (SB) 247 to, among other things, require an electrical corporation to notify the Commission by advice letter 30 days before the date when it projects that it will spend, or incur obligations to spend, its entire annual revenue requirement for vegetation management in its WMP. This new statute also establishes qualifications for electrical line clearance tree trimmers and requires that qualified line tree trimmers be paid no less than a specified prevailing wage rate.

**DISCUSSION**

Although Section 8386.3(d) references an “annual revenue requirement for vegetation management in its wildfire mitigation plan,” SDG&E does not have such an approved annual revenue requirement for vegetation management in its WMP. Rather, SDG&E’s annual revenue requirement for all of SDG&E’s vegetation management activities, including pole brushing and tree trimming, was established in the decision approving SDG&E’s General Rate Case (GRC), D.19-09-051. D.19-09-051 also approved two-way balancing treatment for SDG&E’s Tree Trimming Balancing Account (TTBA), to “enable SDG&E to act more quickly in case further activities to mitigate wildfire risk become necessary and at the same time allow SDG&E to return excess funds not utilized to ratepayers.”<sup>1</sup> While approved in SDG&E’s GRC, SDG&E’s pole brushing costs are tracked in SDG&E’s Wildfire Mitigation Plan Memorandum Account (WMPMA) and not in the TTBA.

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<sup>1</sup> D.19-09-051 at 267.

The Legislature enacted SB 247 after SDG&E's GRC was approved by the Commission. Accordingly, the SDG&E vegetation management forecasts included in its GRC did not accurately reflect the prevailing wage rate increases for line clearance tree trimmers that occurred as a result of the mandates in SB 247. These requirements have substantially increased SDG&E's recorded vegetation management costs for 2020. To date, SDG&E's recorded expenses for vegetation management in its TTBA are \$40.9M.<sup>2</sup> Assuming current conditions, SDG&E projects a potential \$35 million overspend in the TTBA in 2020.

SDG&E's approved annual revenue requirement for tree trimming in 2020 is \$24.8M. SDG&E does not separately record vegetation management costs incurred for EVM and vegetation management activities unrelated to wildfire mitigation. Because SDG&E has already incurred costs for overall vegetation management exceeding its approved annual revenue requirement, out of an abundance of caution, and in the spirit of PUC § 8386.3, SDG&E is notifying the Commission that it has spent its entire revenue requirement for vegetation management in 2020.

As directed by D.19-09-051, SDG&E intends, if necessary, to file a subsequent application or Tier 3 advice letter for recovery of costs recorded in its TTBA for 2020.<sup>3</sup>

### **EFFECTIVE DATE**

SDG&E believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (Effective Pending Disposition) pursuant to GO 96-B. Therefore, SDG&E respectfully requests that this compliance submittal become effective on October 8, 2020, the date submitted.

### **PROTEST**

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than October 28, 2020, which is 20 days of the date this Advice Letter was submitted with the Commission. There is no restriction on who may submit a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

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<sup>2</sup> Currently, there are \$3.3 million of pole brushing costs in the WMPMA.

<sup>3</sup> Per D.19-09-051, an application is required for amounts above 35% of the revenue requirement, whereas, a Tier 3 Advice Letter is required for amounts up to 35% of the revenue requirement. SDG&E has already filed an application to recover the 2019 TTBA undercollection (see Application 20-07-003).

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via e-mail to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Greg Anderson  
Regulatory Tariff Manager  
E-mail: [GAnderson@sdge.com](mailto:GAnderson@sdge.com)  
[SDGETariffs@sdge.com](mailto:SDGETariffs@sdge.com)

### **NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.18-10-007 and A.20-07-003, by either providing them a copy electronically or by mailing them a copy hereof properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by e-mail at [SDGETariffs@sdge.com](mailto:SDGETariffs@sdge.com).

/s/ Clay Faber

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CLAY FABER  
Director – Regulatory Affairs



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes     No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

General Order No. 96-B  
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

Public Utilities Commission  
CA. Public Avocates (CalPA)

R. Pocta

Energy Division

M. Ghadessi  
M. Salinas  
L. Tan  
R. Ciupagea  
Tariff Unit

CA Energy Commission

B. Penning  
B. Helft

Advantage Energy

C. Farrell

Alcantar & Kahl LLP

M. Cade  
K. Harteloo

AT&T

Regulatory

Barkovich & Yap, Inc.

B. Barkovich

Biofuels Energy, LLC

K. Frisbie

Braun & Blaising, P.C.

S. Blaising  
D. Griffiths

Buchalter

K. Cameron  
M. Alcantar

CA Dept. of General Services

H. Nanjo

California Energy Markets

General

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Cameron-Daniel, P.C.

General

City of Poway

Poway City Hall

City of San Diego

L. Azar  
J. Cha  
D. Heard  
F. Ortlieb  
H. Werner  
M. Rahman

Clean Energy Renewable Fuels, LLC

P. DeVille

Clean Power Research

T. Schmid  
G. Novotny

Davis Wright Tremaine LLP

J. Pau

Douglass & Liddell

D. Douglass  
D. Liddell

Ellison Schneider Harris & Donlan LLP

E. Janssen  
C. Kappel

Energy Policy Initiatives Center (USD)

S. Anders

Energy Regulatory Solutions Consultants

L. Medina

Energy Strategies, Inc.

K. Campbell

EQ Research

General

Goodin, MacBride, Squeri, & Day LLP

B. Cragg  
J. Squeri

Green Charge

K. Lucas

Hanna and Morton LLP

N. Pedersen

JBS Energy

J. Nahigian

Keyes & Fox, LLP

B. Elder

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

McKenna, Long & Aldridge LLP

J. Leslie

Morrison & Foerster LLP

P. Hanschen

MRW & Associates LLC

General

NLine Energy

M. Swindle

NRG Energy

D. Fellman

Pacific Gas & Electric Co.

M. Lawson  
M. Huffman  
Tariff Unit

RTO Advisors

S. Mara

SCD Energy Solutions

P. Muller

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

C. Frank

SPURR

M. Rochman

Southern California Edison Co.

K. Gansecki

TerraVerde Renewable Partners LLC

F. Lee

TURN

M. Hawiger

UCAN

D. Kelly

US Dept. of the Navy

K. Davoodi

US General Services Administration

D. Bogni

Valley Center Municipal Water Distr

G. Broomell

Western Manufactured Housing  
Communities Association

S. Dey

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clower@earthlink.net  
hpayne3@gmail.com  
[puainc@yahoo.com](mailto:puainc@yahoo.com)

Interested Parties:

R.18-10-007  
A.20-07-003