

PACIFIC GAS AND ELECTRIC COMPANY
Wildfire Mitigation Plans Discovery 2023-2025
Data Response

PG&E Data Request No.:	CalAdvocates_042-Q008		
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Request Date:	April 9, 2024	Requester DR No.:	CalAdvocates-PGE-2025WMP-06
Date Sent:	April 12, 2024	Requesting Party:	Public Advocates Office
PG&E Witness:		Requester:	Holly Wehrman

QUESTION 008

Page 29 of PG&E's 2025 WMP Update states that PG&E's 2025 forecast capital expenditure associated with covered conductor installation will increase by a factor of 5.8, from \$41.4 million to \$241.6 million.

The updated Table PG&E-8.1.2-1 on page 402 of PG&E's 2023-2025 WMP R5 redline indicates that, in 2025, the mileage associated with covered conductor installation will increase by a factor of 4, from 50 miles to 200 miles.

Please explain why PG&E's capital forecast for 2025 will increase by a factor of 5.8 while the mileage will increase by a factor of 4.

ANSWER 008

The primary driver for the capital expenditure increase ratio being larger than the mileage increase ratio is the allocation of future year readiness costs. For any given year, the budget allocation includes costs for the current year construction costs and readiness/planning costs (Scoping, Design, Permitting, Pre-Construction activities) for future year projects. For the original 2025 capital forecast in the 2023 WMP, approximately \$35.7 million was allocated for 2025 construction costs and \$5.7 million for future year readiness. For the updated 2025 capital forecast, approximately \$184.6 million was allocated for 2025 construction costs and \$57.1 million for future year readiness. The significant increase in future year readiness cost between the original and updated forecast is due to the 2026 mileage differences (50 miles in the original 2023 WMP and 348 miles in the update).

The secondary driver for the capital expenditure increase ratio being larger than the mileage increase ratio is the change in the unit cost assumption. In the 2023 WMP, the OH unit costs used in the capital forecast model was \$0.83 million/mile which was based on completed 2021 and 2022 projects. For the update, the unit cost was updated to \$1.00 million/mile based on completed 2023 projects.