

Company: San Diego Gas & Electric Company (U 902-E)
Proceeding: 2019 Tree Trimming Balancing Account
Application: A.20-07-003
Exhibit: SDG&E-_____

SAN DIEGO GAS & ELECTRIC COMPANY
REBUTTAL TESTIMONY OF
MICHAEL DALEO

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



JANUARY 8, 2021

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**REBUTTAL TESTIMONY OF
MICHAEL DALEO
ON BEHALF OF SDG&E**

I. INTRODUCTION AND BACKGROUND

Q. Please state your name and identify your current position.

A. My name is Michael Daleo. I am the System Forester at San Diego Gas & Electric Company (SDG&E).

Q. Have you previously submitted testimony in this proceeding?

A. No. My qualifications are at the conclusion of my testimony

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony (1) adopts the direct testimony of Don Akau supporting SDG&E's Application for Recovery of Undercollection Recorded in the Tree Trimming Balancing Account;¹ and (2) responds to the "Report on the Results of Operations for San Diego Gas & Electric Company Recovery of the 2019 Undercollected Balance in the Tree Trimming Balancing Account" prepared by Mr. Ryan Andresen on behalf of the Public Advocates Office (Cal Advocates) at the California Public Utilities Commission submitted in this proceeding on December 8, 2020 (Report). More specifically, I respond to Mr. Andresen's discussion of SDG&E's general costs recorded to the Tree Trimming Balancing Account (TTBA) and the Report's conclusions regarding SDG&E's costs associated with customer refusals, outsourced crews, and administrative technology costs.

As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SDG&E with the proposals or contentions of Cal Advocates.

¹ SDG&E Prepared Direct Testimony of Don Akau (July 1, 2020) (Exhibit SDG&E-01 (Akau)).

1 Q. How is your testimony organized?

2 A. In Section II, I review the general causes of SDG&E's undercollection in the TTBA. In
3 Section III, I discuss the increase in amount of tree-work performed at Time and Equipment
4 (T&E) rates, which are higher than SDG&E's fixed unit cost tree rates. In Section IV, I discuss
5 how SDG&E tracks TTBA costs and address current systemic limitations to isolate specific tree
6 trim costs. In Section V, I address Cal Advocates' analysis of costs associated with customer
7 refusals and explain that the increase in costs over 2018 is not specifically associated with the
8 EVM program. In Sections VI and VII, I respond to Cal Advocates' analysis of "Outsourced
9 Crews and Exigent Conditions,"² to distinguish the costs associated with emergency weather
10 events and other external conditions, and to explain the necessity of the outsourced crews at the
11 end of 2019. In Section VIII, I respond to Cal Advocates' analysis of SDG&E's increased
12 administrative expenses, including the purchase of additional Toughbook Computers. I explain
13 that that routine information technology expenses are included in SDG&E's GRC forecasts and
14 additional expenses were necessary to support the tree-trimming activities of outsourced crews,
15 and supported SDG&E in meeting both its vegetation management requirements as well as its
16 wildfire mitigation goals.

17 Cal Advocates' analysis of SDG&E's Enhanced Vegetation Management (EVM)
18 program, specifically its target 25-foot clearance for certain species in the High Fire Threat
19 District (HFTD) is addressed by the rebuttal testimony of Mr. Tyson Swetek on behalf of
20 SDG&E, served concurrently herewith.

21

² Report at 11-12.

1 **II. SDG&E'S TTBA UNDERCOLLECTION**

2 Q. Please review the general causes of the TTBA undercollection.

3 A. SDG&E's TTBA expenditures increased in 2019 due to several factors, including: (1)
4 the identification, trimming, and removal of more hazard (also referred to as "reliability") trees;
5 (2) SDG&E's Enhanced Vegetation Management Program, which expanded tree-trim clearances
6 for high-growth species in the HFTD; (3) enhanced 100% vegetation management audits in the
7 HFTD, resulting in additional workloads; and (4) increased labor costs due to contract rate
8 increases as well as a statewide surge in demand for line-qualified tree trimmers and certified
9 arborists, as utilities addressed the urgent wildfire mitigation vegetation management needs
10 across California.³ Due to the nature of the additional work, specifically hazard tree mitigation,
11 trimming, and removal, an increased amount of the tree-trimming I described above was
12 performed at Time and Equipment rates, which are substantially higher than SDG&E's
13 contractual unit cost rates. In addition to these workload increases, SDG&E simultaneously
14 negotiated and implemented an average 11% general increase in rates for its contract tree-
15 trimmers, which impacted costs across the entirety of SDG&E's territory.

16 In general, SDG&E's 2019 vegetation management costs were reasonably incurred
17 because they arose from vegetation management activities intended to promote the safe operation
18 of SDG&E's electric system, and due to circumstances outside of SDG&E's control (or ability to
19 predict in previous General Rate Case (GRC) forecasts), such as labor market changes.

³ Exhibit SDG&E-01 (Akau) at DA-1-DA-2.

The chart below provides the general breakdown of SDG&E's TTBA costs for years 2017 through 2019,⁴ in which a majority of the costs are driven by the tree-trimming activities described above.

TABLE 1

2017 - 2019 SDG&E's TTBA Costs			
Category	2017	2018	2019
Admin	83,824	165,068	256,366 ⁵
Cash Discounts	(25,407)	(34,398)	(57,435)
Catering	2,824	2,936	3,177
Consulting	60,060	17,001	31,390
Employee Recognition	16	-	50
Employee Travel	14,254	11,561	7,065
Field Hardware and Software Support	206,691	110,596	108,210
Labor	1,087,177	1,105,280	1,144,275
Meals & Entertainment	1,266	937	1,014
Office Supplies/Office Equipment	11,197	14,372	8,170
Tree Trimming	21,590,412	26,139,234	32,271,592
Vacation & Sick Overheads	179,044	185,175	183,034
TOTAL	23,211,359	27,717,762	33,956,907

Q. Was the increase in contractual tree-trimming rates anticipated or included in SDG&E's GRC forecast?

A. SDG&E did not anticipate an increase at the level experienced. SDG&E forecasted its TTBA costs using a four-year average from 2013-2016. The forecast excluded 2012 costs,

⁴ SDG&E Response to PUBADV-SDG&E-DR-001 at q.1 – Supplemental.

⁵ SDG&E's 2019 purchase of additional Toughbook Computers, as discussed by Cal Advocates in the Report and addressed in the testimony below, is included in this category of spend.

1 because SDG&E considered those unusually high.⁶ Labor cost increases were anticipated and
2 factored within the GRC related to an annual contract agreement rate increase, equipment, and
3 fuel cost. Forecasted contractor costs also factor the anticipated volume of planned tree-
4 trimming and removal activities. Typically, labor cost increases are expected to be
5 approximately 3% annually. But SDG&E had previously deferred certain contractual rate
6 increases since 2015, so the 2019 contractual rate increases actually trued-up over a period of
7 several years. The 2019 rate increases averaged approximately 11% over prior years, and went
8 into effect in September 2019. The approximate 11% increase far exceeded the anticipated
9 average increase for contractor costs that SDG&E used in its GRC forecasts.

10 Q. In addition to the contractual rate increases, did wildfire mitigation activities contribute to
11 SDG&E's TTBA undercollection?

12 A. Yes. SDG&E's Test Year 2019 GRC Decision (D.) 19-09-051, anticipated that SDG&E
13 "may find it necessary to conduct enhanced and additional [wildfire] risk mitigation activities,"
14 and granted SDG&E a two-way balancing account to allow SDG&E to enact additional wildfire
15 mitigation activities as necessary.⁷ Some of the undercollected TTBA balance is due to these
16 additional wildfire mitigation activities, as anticipated in the GRC decision and discussed in this
17 application.

18 Some cost increases were due to multiple factors related to routine tree-trimming work as
19 well as vegetation management activities to reduce wildfire risk, including increased inspections
20 and post-trim audits, greater post-trim clearances, and a higher volume of tree work. As a result
21 of the increased vegetation management activities that resulted from some of these initiatives,

⁶ D.19-09-051 at 266-267.

⁷ D.19-09-051 at 267.

1 including the enhanced audits throughout the HFTD, SDG&E required additional outsourced
2 labor, and conversion of unit cost to hourly T&E rates.

3 Q. Did SDG&E perform increased hazard tree removals or trims in 2019?

4 A. Yes. SDG&E removed approximately 903 more trees in 2019 over 2018. The total
5 number of trees inspected, trimmed, and removed across SDG&E's service territory is
6 summarized below:⁸

Overall Trees Worked	2017	2018	2019
Inspected	455,250	457,800	453,330
Trimmed	155,785	175,990	161,915
Removed	7,189	8,105	9,008

7 As previously addressed by Mr. Akau, SDG&E experienced an increase in "hazard" tree
8 volumes in 2019 compared to previous years. Hazard trees are a subset of SDG&E's tree
9 inventory, consisting of trees tall enough to strike overhead electric lines in the event of a whole
10 tree failure or limb break. The following table provides the number of trees inspected, trimmed,
11 and removed between 2017 and 2019:⁹

Hazard Trees	2017	2018	2019
Inspected	6,875	15,361	20,995
Trimmed	8,497	11,863	18,369
Removed	540	491	509

12 The Report notes that in 2019, SDG&E removed only 18 more hazard trees than in 2018 (and
13 less than 2017 removals), however, Cal Advocates fails to provide context and include the fact
14 that SDG&E trimmed approximately 6,506 more hazard trees in 2019 than 2018 (and nearly
15 10,000 more hazard trees than in 2017).

⁸ SDG&E Response to PUBADV-SDG&E-DR-001 at q.8 - Supplement.

⁹ SDG&E Response to PUBADV-SDG&E DR-001 at q.3 - Supplement.

1 Q. Did the cost of hazard tree mitigations, such as trims and removals, increase in 2019?

2 A. Yes, the fixed-unit cost of an average hazard tree removal increased from \$666.45 in
3 2018 to \$810.59 in 2019.¹⁰

4 Many of the hazard tree trims and removals, however, were not performed at standard
5 unit cost rates. For several reasons, including but not limited to employee and contractor safety,
6 reliability, and tree health, these trims and removals were performed at hourly T&E rates, which
7 are higher than unit cost rates, as discussed below. Due to system limitations, SDG&E cannot
8 specifically identify the cost of individual tree trims and removals at T&E rates, and thus cannot
9 identify the average cost of T&E trims or removals.

10 Q. What are some causes of the increase in hazard tree removals and trims in 2019?

11 A. Some of the hazard tree mitigation work is due to SDG&E's EVM Program and added
12 clearances. But a significant portion of the increased hazard tree work is related to SDG&E's
13 increased inspections and audits in 2019. Generally, SDG&E performs "level 1" hazard tree
14 inspections within the entire service territory. These inspections include a visual assessment by
15 SDG&E contractors of trees adjacent to the power lines to identify visible problems such as
16 broken branches, cracks, heavy leans, and lifting soil. Within the HFTD, SDG&E performs
17 more detailed "level 2" hazard tree assessments. The off-cycle patrols are a second inspection
18 activity within the calendar year. The "level 2" inspections are performed by ISA Certified
19 Arborists and include a detailed evaluation of all trees located within the "utility strike zone."
20 The utility strike zone is the area that includes trees tall enough to strike the power lines if failure
21 occurred at ground level. The "level 2" inspection includes a 360-degree assessment of a tree.

¹⁰ See SDG&E Response to PUBADV-SDG&E-DR-001 at q.3(b) – Supplement.

1 These level 2 inspections target indicators not easily identifiable without proper training, such as
2 included bark, disease, infestation, root rot, weak branch attachments, and decay.

3 Prior to 2019, SDG&E performed "level 2" hazard tree inspections twice annually in the
4 areas of the service territory where the routine inspection schedule occurs in the fall. The
5 reasoning for this schedule was to perform the second inspection prior to the onset of the Santa
6 Ana fire season. Beginning in 2019, SDG&E modified the scope of its off-cycle, enhanced
7 inspections to include a second "level 2" inspection throughout the entire HFTD. This
8 modification in scope and schedule resulted in the identification of additional reliability ("hazard
9 tree") work resulting in higher overall costs. Again, the purpose of this work is enhanced safety
10 and wildfire mitigation.

11 Additionally, in 2019, SDG&E enacted a complete line patrol and 100% audit of all
12 hazard and reliability trim work in the HFTD. The "audits resulted in the trimming and/or
13 removal of approximately 417 additional trees, 227 of which were deemed hazard/reliability
14 trees."¹¹

15 Q. Is the increase in "hazard tree removals" limited to only trees that fall within SDG&E's
16 enhanced vegetation management program, and specifically the 25-foot clearance program?

17 A. No, the increased hazard tree removals are not limited to SDG&E's enhanced vegetation
18 management program. Hazard tree work occurs throughout the service territory all year round
19 and may be included in the tree contractor's routine or enhanced work package.

20 SDG&E uses the term "reliability" synonymously with "hazard." A reliability tree is one
21 that poses a potential threat to the power lines because it is dead, dying, and/or has a structural
22 defect. Reliability work is greater in scope than routine trimming. Similar to routine trimming,

¹¹ See Exhibit SDG&E-01 (Akau) at DA-11.

1 reliability trimming has a fixed, unit rate. Contractors get paid higher for a reliability trim than a
 2 routine trim. Routine, fixed unit rate work (trim or removal) may be converted to hourly T&E if
 3 the job requires more work than the unit cost scope.

4 **III. INCREASED T&E WORK**

5 Q. Please discuss the two types of billing used for contractor tree-trim work.

6 A. Most routine tree-trimming and removal costs are performed under a fixed, unit cost
 7 (Unit Cost) rate. Work may be converted to T&E rates if the scope is beyond Unit Cost
 8 specifications as contractually provided, and approved as such. Examples of why work is
 9 converted to hourly may include: safety restrictions, specialized equipment, traffic control,
 10 excessive time to complete work, wood disposal, and need for additional crews.

11 Q. Was there an increase in T&E billed tree work in 2019 over previous years?

12 A. Yes. SDG&E believes that the increased T&E work associated with hazard-tree trims
 13 and removals, as well as outsourced contractor use, was a significant factor in the TTBA
 14 undercollection in 2019. The increases in tree-trimming costs by SDG&E’s primary contractors,
 15 broken down by total amount billed at unit cost, versus total amount billed at T&E rates is as
 16 follows:

17 **Utility Tree Service (“UTS”)**

Row Labels	2017	2018	2019
Units	5,273,291.66	6,704,129.64	8,857,533.90
T&E	3,151,768.84	3,510,619.59	5,608,891.88
Total	8,425,060.50	10,214,749.23	14,466,425.78

18
 19
 20 **Davey Tree**

Row Labels	2017	2018	2019
Units	5,891,710	8,318,533	9,744,994
T&E	2,035,766	1,960,409	4,442,542
Total	7,927,477	10,278,942	14,187,536

1 In addition to the larger amount spent on T&E work from 2018 to 2019, T&E work costs, as a
2 proportion of total overall work grew from 2018 to 2019.

3 **IV. TTBA COST TRACKING**

4 Q. How does SDG&E track and record its TTBA costs?

5 A. All TTBA costs when recorded include a General Ledger (G/L) account as well as an
6 Internal Order (I/O) number. The G/L account designates the nature of the cost and where it will
7 be grouped on SDG&E's financial statements. The I/O number is used to track costs by project
8 and is tagged with a specific operations and maintenance (O&M) Category code (refundable
9 code) related to the TTBA. This tagging allows for accounting to capture the correct costs in the
10 TTBA.

11 Q. Are TTBA costs typically broken down by the categories identified in the Application or
12 by Cal Advocates in their Report?

13 A. No. To assist in the application process, SDG&E attempted to isolate specific cost
14 drivers that contributed to its undercollection. In response to data requests from Cal Advocates,
15 SDG&E further broke down its TTBA costs in the categories listed in Table 1. SDG&E used the
16 General Ledger accounts and I/O codes to break down and identify certain costs to categorize
17 them for the application. For instance, certain "Admin" costs, like computer equipment, could
18 have easily been grouped with "Field Hardware and Software Support."

19 With respect to tree-trimming, SDG&E currently does not have the system capability to
20 isolate specific T&E costs associated with trims versus removals. As noted by Cal Advocates,
21 tree-trimming makes up greater than 95% of TTBA recorded costs. In its application, SDG&E
22 outlined certain areas, such as the EVM Program, customer refusals, enhanced audits, the need
23 for additional labor, and emergency conditions such as red flag warning events, as drivers of the

1 2019 increased costs. But those categories do not necessarily reflect its own G/L account or
2 specific I/O numbers, so many of the costs associated with specific tree-trimming activities
3 represent SDG&E estimates. Additionally, though contractor invoicing includes documentation
4 of hourly work, SDG&E's current invoicing system does not allow for entering the cost of
5 hourly work versus fixed rate on a per-tree basis separately.

6 Q: Is SDG&E in the process of making system improvements that may allow for better
7 tracking of vegetation management and tree-trimming costs?

8 A: Yes, SDG&E is in the process of a system upgrade to EPOCH, scheduled to be
9 implemented in early 2021. SDG&E is working on changes to improve tracking of work in the
10 new system. SDG&E anticipates that the system upgrades should allow for better identification
11 of tree-trimming costs in future applications.

12 **IV. SDG&E'S CUSTOMER REFUSAL COSTS**

13 Q. Does SDG&E specifically track costs associated with customer refusals?

14 A. No. SDG&E does not specifically track costs associated with customer refusals. Refusals
15 are tracked by the contractor as a component of tree-trimming. The cost of each customer
16 refusal will vary considerably based on time spent to resolve the dispute, number of Vegetation
17 Management personnel involved in the process, whether a customer letter is sent, and whether
18 external engagement of legal and/or law enforcement becomes necessary. SDG&E made an
19 estimation of the cost of a refusal using an estimated average time spent per refusal, multiplied
20 by hourly contractor rate.

21 Q. Cal Advocates requests an adjustment of the difference (\$41,900) between 2018 and
22 2019 costs associated with customer refusals. Are SDG&E's increased customer refusal costs
23 solely associated with the expanded clearances in the HFTD?

1 A. No. SDG&E experienced 922 customer refusals in 2019, an increase of 48 over 2018.
2 Customer refusals increased significantly from 2017-2018, as shown below:¹²

Refusals	2017	2018	2019
Properties	528	874	922

3 Though there was an increase in initial customer refusals associated with expanded clearances,
4 some of these refusals that were resolved were not always recorded and therefore not included in
5 incremental cost calculation. SDG&E estimates that some of the incremental increases
6 associated with the customer refusals are the result of the general labor cost increases previously
7 discussed.

8 Q. Is the entirety of SDG&E’s increased customer refusal costs over 2018, as identified by
9 Cal Advocates (\$41,900), associated with the expanded 25-foot clearance in the HFTD?

10 A. No.

11 **V. SDG&E’S COSTS ASSOCIATED WITH “EXIGENT CONDITIONS”**

12 Q. SDG&E identified “exigent conditions,” such as red flag warning events, extreme fire
13 danger, and other extreme weather events, such as Extreme Fire Potential Index days, as one of
14 the drivers contributing to its 2019 undercollection. How do these events impact tree-trimming
15 costs?

16 A. Maintaining a tree-trimming schedule is critical for safety, compliance, and service
17 reliability. Work volume directly impacts the ability of the tree contractor to maintain schedule.
18 These unanticipated emergency events can delay tree-trimming activity, because the extreme fire
19 danger during these events effectively shuts down tree operations in the HFTD, except for
20 emergency work deemed necessary to prevent outage or ignition. These weather conditions are

¹² SDG&E Response to PUBADV-SDG&E-DR-001 at q.4(a) – Supplement.

1 “exigent” events outside of SDG&E’s control that delay necessary tree-trimming work. Catching
2 up on delayed work may necessitate additional overtime costs.

3 Q. Were these extreme weather events a major driver in the increased 2019 TTBA costs?

4 A. No. Some of the 2019 weather events may have resulted in work delays late in 2019,
5 necessitating some overtime crews. Some 2018 weather events may have also led to delays in
6 2019, and may have contributed to the need for additional outsourced crews to catch up on
7 required work. Additionally, any emergency work performed during extreme conditions requires
8 additional fire prevention resources, which adds costs.

9 **VI. OUTSOURCED CREW COSTS**

10 Q. Cal Advocates recommends an adjustment of \$979,636.69 that SDG&E recorded to the
11 TTBA to hire outsourced crews. Mr. Andresen’s report associates the retention of outsourced
12 crews entirely with “exigent conditions” that SDG&E experienced in 2019. Did emergency
13 weather events and exigent conditions in 2019 necessitate SDG&E’s use of outsourced crews?

14 A. No. Cal Advocates inaccurately conflates the cost drivers associated with exigent and
15 emergency conditions with SDG&E’s need to use outsourced crews for tree-trimming work.

16 Q. Please describe the costs associated with the additional outsourced crews.

17 A. Due to the use of the additional outsourced crews, work that might otherwise have been
18 completed at unit cost rates was converted to T&E rates. Other costs included overtime, meals,
19 lodging, and per diem.

20 Q. Why did SDG&E require additional outsourced crews in 2019?

21 A. SDG&E used outsourced crews for the first time in 2019. The need for additional
22 outsourced crews was primarily due to the overall increase in the volume of tree work
23 (inspections, trims and removals) throughout the service territory in 2019, and the amount of

1 hazard/reliability tree work which often takes a much longer time to complete. These increased
2 workloads resulted in the tree contractors falling behind schedule.

3 To make up schedule, tree contractors must either add crew resources and/or work
4 overtime. SDG&E has two tree contractors, Utility Tree Service (UTS), and Davey Tree. Both
5 contractors needed to work overtime throughout most of 2019 to minimize a slip in schedule.
6 This work included both routine and enhanced tree operations. Davey Tree was not able to bring
7 on additional outsourced crews. In the fall of 2019, UTS added several additional tree crew
8 resources to help regain schedule. The additional outsourced UTS crews required lodging and
9 per diem, at significantly increased costs over traditional contract rates.

10 Q. What work did the additional outsourced crews perform?

11 A. The additional outsourced tree crews generally performed work routine tree-trimming
12 work outside the HFTD. The tree-trimming contractors who work year-round on SDG&E
13 property performed work in the HFTD, primarily for insurance-related reasons, and because
14 SDG&E's contractors are already trained to work in the HFTD.

15 Q. Was there substantial demand for tree-trimming crews statewide during 2019?

16 A. Yes, there was a substantial demand for tree crews statewide in 2019 due to the increase
17 in the volume of California tree work (driven by continued drought, insect infestation, fire), fire
18 response, and scope changes. Additional outsourced crews were needed from sources
19 throughout the country. Pacific Gas and Electric demands reduced a significant amount of the
20 available outsourced crews, making it difficult for SDG&E contractors to secure crews.

21 Q. Did the statewide demand for qualified tree-trimmers further drive up the costs associated
22 with the additional outsourced crews?

23 A. Yes.

1 **VII. ADDITIONAL SDG&E ADMINISTRATIVE COSTS**

2 Q. Cal Advocates recommends an adjustment of \$128,726 to remove costs associated with
3 the purchase of Panasonic Toughbook Computers (Toughbooks). Please describe how SDG&E’s
4 Vegetation Management Program uses the Toughbooks?

5 A. All SDG&E internal personnel and contractors use Panasonic Toughbooks as field
6 computers for daily work operations. They are the primary computing devices for SDG&E
7 vegetation management employees and contractors. The Toughbook units are required to
8 perform work. Contractors use the Toughbook units to access SDG&E’s work management
9 system, PowerWorks. PowerWorks is used to enter SDG&E’s tree database, issue work orders,
10 schedule work activities, perform data entry, and to record work completion. In total, 14
11 SDG&E employees and 237 contractors use the Toughbooks.¹³

12 Q. Why did SDG&E purchase additional Toughbooks in 2019?

13 A. Some Toughbook units were also purchased as a function of normal equipment repair and
14 replacement of aged units when needed. Contrary to Cal Advocates’ assertion that the “majority
15 of these” field computers were purchased in 2019 for “office work-related business and
16 computer applications,”¹⁴ the additional computer purchases supported increased contractor
17 personnel for use throughout SDG&E’s service territory, and to support all SDG&E tree-
18 trimming operations, including SDG&E’s wildfire mitigation activities.¹⁵ As noted by Cal

¹³ See SDG&E Response to PUBADV-SDG&E-DR-006 at q.1(b).

¹⁴ See Report at 14.

¹⁵ See SDG&E Response to PUBADV-SDG&E-DR-006 at q.1(a).

1 Advocates, SDG&E purchased several computers in late 2019 to facilitate the additional tree-
2 trimming crews, brought on to meet workload requirements.¹⁶

3 Q. Are computer purchases to support tree-trimming activities, such as the Toughbook units,
4 consistent with the Commission's directives regarding the TTBA?

5 A. Yes, the TTBA Preliminary Statement as approved by the Commission authorizes the
6 recording of all expenses associated with tree-trimming necessary to comply with both existing
7 and new state and regulatory rules. "Tree-trimming costs primarily include expenses for crews,
8 tree removals, mulching, and information systems support, among others."¹⁷ SDG&E forecasts
9 normal Information Technology (IT) expenditures and upkeep, including software updates,
10 reporting enhancements, and replacements, in its GRC. Complete system changes or full
11 replacements are typically covered in IT Capital projects. In this instance, the computer updates
12 and purchases were correctly recorded as O&M because they supported additional tree-trimming
13 personnel as well as normal upkeep and replacements.

14 Q. What vegetation management activities did the Toughbook purchases in 2019 support?

15 A. The computers support all aspects of SDG&E's Vegetation Management activities,
16 including wildfire mitigation.

17 **VIII. CONCLUSION**

18 Q. Do you have remarks in conclusion?

19 A. For the reasons stated above, SDG&E reasonably incurred the costs associated with the
20 TTBA undercollection and sought in this application. SDG&E respectfully requests that the

¹⁶ See SDG&E Response to PUBADV-SDG&E-DR-006 at q.1(e).

¹⁷ See SDG&E Preliminary Statement at Sheet 1, available at
http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_TTBA.pdf.

1 Commission authorize recovery of the full 2019 undercollected balance of approximately \$10.4
2 million.

3 Q. Does this conclude your prepared rebuttal testimony?

4 A. Yes.

5

1 **IX. QUALIFICATIONS**

2 My name is Michael Daleo. I am employed by San Diego Gas & Electric Company
3 (“SDG&E”) as the System Forester for the Vegetation Management Department. My business
4 address is 8315 Century Park Court, CP22C, San Diego, California, 92123. I received a
5 Bachelors of Science degree in Natural Resources, with a specialization in Forester and
6 Watershed Management, from Humboldt State University in 1995.

7 I am a Certified Arborist and Utilities Specialist as recognized by the International
8 Society of Arboriculture (“ISA”). I have been employed by SDG&E since September 2004. In
9 my current capacity, I am responsible for the day-to-day operations of our Department’s tree
10 pruning and pre-inspection activities throughout SDG&E’s service territory. I supervise four
11 SDG&E Area Foresters in their management of our tree pruning and pre-inspection contractors.
12 Prior to my current position, I served as Southern Area Forester and Pre-inspection Supervisor
13 for the Department. Prior to my employment with SDG&E, I worked for Pacific Gas and Electric
14 for approximately ten years in various capacities in its Vegetation Management Department,
15 including Pre-inspector, Supervisor, Auditor and Forester.

16 I have previously prepared testimony submitted to the California Public Utilities
17 Commission.