



# Vegetation Software Agreement

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# Vegetation Mgmt Software

## Developing Technology:

- In 2019, PEC began using artificial intelligence software with satellite data to help prioritize vegetation management.
- This technology transitioned PEC from a scheduled approach of managing entire feeders across the territory, to targeting certain spans of feeders based on priority gradings from the artificial intelligence.
- The initial gradings were not fully accurate but still proved better than the previous approach. Our provider now offers newer technology, with Geiger LiDAR, that is able to identify line separation from vegetation to within inches.
- It was decided that this intelligent vegetation management is the way of the future and an RFP was issued to 4 leading vendors in the industry.
- A solution provider was awarded the bid, and was the clear leader in both technology and price.

# Vegetation Mgmt Software

Traditional Cycle-Based Trimming	Targeted Trimming w/ New Technology
Trimming often occurred before necessary – inflating costs.	Trimming occurs where necessary – with priority.
100% reliant on boots-on-the-ground inspections.	Situational awareness prior to arriving at site.
Need for additional reactive trimming outside of cycle schedule.	Reduced reactive trimming as areas are proactively addressed.
Unable to accurately forecast costs or plan work.	Forecast with known conditions rather than historical trends.
5-year cycle approach often exceeds budgeted estimations.	Cost savings in eliminating reactive trimming and other software.

  

Eliminate Existing Cost	Provider Annual Cost
\$3M annually in redirected/reactive trimming costs.	\$750K annually for flyover, analysis, and contingency costs.
\$275K annually in existing vegetation mgmt. software.	Potential savings of \$2.5M annually.

# Vegetation Mgmt Software

Vendor Agreement	Annually
Flyover Data	\$350,000
Data Analysis	\$150,000
Contingency Budget*	\$250,000
<b>Total</b>	<b>\$750,000</b>

Existing Reductions	Annually
Redirected Work	\$3,000,000
Existing Software	\$250,000
<b>Total</b>	<b>\$3,250,000</b>

## \*Contingency Budget Purpose:

- Post-event assessments (wildfire, ice storm), able to provide before-and-after images.
- Any need for more regular assessments of high-risk areas.
- Any project-based assessments (feasibility studies, new-line routes, etc.).

## Additional Benefits:

- Supports efforts in Wildfire Mitigation Program.
- Includes localized weather data for district operations.
- GIS support for detailed mapping of PEC equipment.

# Vegetation Software – Financials

Cost Projections	Yr1	Yr2	Yr3	Yr4	Yr5	Total 5 Yr
Flyover	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(1,750,000)
Analysis	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(750,000)
Contingency*	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)*
<b>Total Cost</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(3,750,000)</b>
Redirected Trimming	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
Software Reductions	275,000	275,000	275,000	275,000	275,000	1,375,000
<b>Total Savings</b>	<b>3,275,000</b>	<b>3,275,000</b>	<b>3,275,000</b>	<b>3,275,000</b>	<b>3,275,000</b>	<b>16,375,000</b>
<b>Net Value</b>	<b>2,525,000</b>	<b>2,525,000</b>	<b>2,525,000</b>	<b>2,525,000</b>	<b>2,525,000</b>	<b>12,625,000</b>

<b>NPV 5 Yr @ 3.3%</b>	<b>11,465,371</b>
WACC	3.30%

- Redirect \$3M annually to target high priority areas. Will reduce outages, reactive trimming, and wildfire risk.
- Over 5 years, \$32M with targeted trimming achieves the same result as \$47M in cycled trimming.
- Costs partially offset by \$275k reduction in existing System Maintenance software expense.
- \*Contingency Budget for non-routine assessments - no immediate need to utilize contingency.



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