



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**FILED**

11/29/23

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A2010018

Application of Southern California Edison  
Company (U 338-E) for Authority to  
Increase Rates for its Class C Catalina  
Water Utility and Recover Costs from  
Water and Electric Customers.

**Application No. A.20-10-018**  
(Filed October 30, 2020)

**OPENING COMMENTS OF INTERVENORS CATALINA PARTIES  
ON THE PROPOSED DECISION**

**INTERVENORS: City of Avalon, Catalina Island Chamber of  
Commerce, Santa Catalina Island Company, Santa Catalina  
Island Conservancy, Guided Discoveries, and Hamilton Cove  
Homeowners Association (Catalina Parties)**

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**November 29, 2023**

1. **INTRODUCTION**

On 11/09/2023, ALJ Garrett Toy issued his Proposed Decision (PD). Catalina Parties represent the ratepayers who will be affected if the Commission approves the recommended rates. Rather than avoiding rate shock, the recommended rates will result in extreme rate shock, unprecedented, Catalina Parties believe, in the State of California.

2. **THE EFFECT OF THE PROPOSED RATES ON RATEPAYERS**

The PD adopts a service connection forecast of 2026 for the TY 2024 broken down into the following categories: Residential, Commercial Irrigation and Fire Protection.<sup>1</sup> **Residential ratepayers represents 74% of the ratepayers. Residential accounts primarily have 5/8<sup>th</sup> inch meters.** The effect of the proposed rates on residential ratepayers can best be demonstrated by applying current rates with proposed rates. For that purpose, Catalina Parties have used an average residential ratepayer using 2,000 gallons a month - 65 gallons per day.<sup>2</sup>

**A. Residential Using 2000 Gallons a Month - Current Cost**

RESIDENCE USING 2000 GALS PER MONTH--65 GALS PER DAY		
CURRENT		
	SUMMER	WINTER
SERVICE FEE	\$43.21	\$43.21
2000 GALLONS	\$48.82	\$24.54
MONTHY TOTAL	\$92.03	\$67.75
	4 MO	8MO
	\$368.12	\$542.00
ANNUAL TOTAL		\$910.12
AVG MONTHLY BILL		\$75.84

<sup>1</sup> PD, pages.66-67.

<sup>2</sup> Heather Cooley, research director at the Pacific Institute, estimates that Californians currently are using about 51 gallons, per person, each day. Sacramento Bee, 1/08/2020. Other estimates vary between 81-100 gallons per day, per person.

The average bill at current rates for the average residential ratepayer is \$75.84 per month.

**B. Residential Using 2000 Gallons a Month—Proposed Cost 2024**

<b>RESIDENCE USING 2000 GALS PER MONTH--65 GALS PER DAY</b>		
<b>PER PD TABLE 5 FOR 2024 <sup>3</sup></b>		
	<b>SUMMER</b>	<b>WINTER</b>
<b>SERVICE FEE</b>	<b>\$56.82</b>	<b>\$56.82</b>
<b>2000 GALLONS</b>	<b>\$85.18</b>	<b>\$43.18</b>
<b>MO TOTAL</b>	<b>\$142.00</b>	<b>\$100.00</b>
	<b>4 MO</b>	<b>8MO</b>
	<b>\$568.00</b>	<b>\$800.00</b>
<b>ANNUAL TOTAL</b>		<b>\$1,368.00</b>
<b>AVG MONTHLY BILL</b>		<b>\$114.00</b>
<b>PERCENT OF CURRENT</b>		<b>150%</b>

The average monthly bill increases by 150% to \$114. While a substantial increase, it is manageable for most households. However, it is hardly reflective of what is coming.

**C. Residential Using 2000 Gallons a Month - Proposed Cost 2028**

<b>RESIDENCE USING 2000 GALS PER MONTH--65 GALS PER DAY</b>		
<b>PER PD TABLE 6 FOR 2028<sup>4</sup></b>		
	<b>SUMMER</b>	<b>WINTER</b>
<b>SERVICE FEE</b>	<b>\$126.59</b>	<b>\$126.59</b>
<b>2000 GALLONS</b>	<b>\$189.76</b>	<b>\$96.22</b>
<b>MO TOTAL</b>	<b>\$316.35</b>	<b>\$222.81</b>
	<b>4 MO</b>	<b>8MO</b>
	<b>\$1,265.40</b>	<b>\$1,782.48</b>
<b>ANNUAL TOTAL</b>		<b>\$3,047.88</b>
<b>AVG MONTHLY BILL</b>		<b>\$253.99</b>
<b>PERCENT OF CURRENT</b>		<b>223%</b>

<sup>3</sup> PD, page 82.

<sup>4</sup> PD, page 83.

Four years later, in 2028, the average monthly bill increases 223% to \$253.99, a major rate shock much harder for the average household to absorb. **This average bill results in an average residential ratepayer paying \$0.13 per gallon for water.** Catalina Parties do not believe any residential ratepayer served by a public utility water company in California is paying \$0.13 per gallon for water.

#### **D. Effect on a Typical Year-Around Catalina Island Residential Ratepayer**

While the average residential ratepayer might use 65 gallons per day, that figure is distorted by the number of ratepayers who are seasonal, using their residences primarily in the four summer months. **The typical year-around residential ratepayer is a family of four, carefully conserving water, using 4,200 gallons a month - 35 gallons per person, per day, well below the California average of 51 gallons.** (See Footnote 2) What will the average monthly bill look like in 2028 for the typical year-around family?

<b>RESIDENCE WITH 4 PEOPLE USING 4,200 GALS PER MONTH – 140 GALS PER DAY</b>		
<b>PER PD TABLE 6 FOR 2028<sup>5</sup></b>		
	<b>SUMMER</b>	<b>WINTER</b>
<b>SERVICE FEE</b>	<b>\$126.59</b>	<b>\$126.59</b>
<b>4200 GALLONS</b>	<b>\$600.63</b>	<b>\$301.30</b>
<b>MO TOTAL</b>	<b>\$727.22</b>	<b>\$427.89</b>
	<b>4 MO</b>	<b>8MO</b>
	<b>\$2,908.89</b>	<b>\$3,423.15</b>
<b>ANNUAL TOTAL</b>		<b>\$6,332.04</b>
<b>AVG MONTHLY BILL</b>		<b>\$527.67</b>

The year around residential population of Catalina Island is not wealthy:

In 2021, the median household income of 90,704 households was \$77,644. \*\*\* However, 11.2% of 90,704 families live in poverty.<sup>6</sup>

<sup>5</sup> PD, page 83.

<sup>6</sup> <https://www.california-demographics.com/90704-demographics>

In 2028 the typical residential household will be paying \$6,332 annually for water, **8% of the current median income**. Catalina parties believe that the proposed rates will cause extreme rate shock for year-around residential households. This is true even though year-around residential ratepayers benefit from the rate design which focuses volumetric rates on the four summer months when tourists are present.

#### **E. Effect on CARE Participants**

Seven percent of residential ratepayers participate in the CARE program.<sup>7</sup>

The proposed rates greatly increase their average monthly bills by 2028:

<b>CARE RESIDENCE USING 2000 GALS PER MONTH--65 GALS PER DAY</b>		
<b>PER PD TABLE 6 FOR 2028 <sup>8</sup></b>		
	<b>SUMMER</b>	<b>WINTER</b>
<b>SERVICE FEE</b>	<b>\$82.28</b>	<b>\$82.28</b>
<b>2000 GALLONS</b>	<b>\$119.44</b>	<b>\$58.64</b>
<b>MO TOTAL</b>	<b>\$201.72</b>	<b>\$140.92</b>
	<b>4 MO</b>	<b>8MO</b>
	<b>\$806.88</b>	<b>\$1,127.36</b>
<b>ANNUAL TOTAL</b>		<b>\$1,934.24</b>
<b>AVG MONTHLY BILL</b>		<b>\$161.19</b>

By 2028, the Service Charge for CARE ratepayers will have increase 138% and their volumetric cost by 213%.<sup>9</sup> CARE ratepayers are already having problems paying their utility bills. The proposed increases will only make things worse.

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<sup>7</sup> PD, pages 66-67.

<sup>8</sup> PD, page 83.

<sup>9</sup> *Id.*

### 3. CONCLUSION

What Catalina Parties seek is what has been mandated by the Public Utility Act, as interpreted by the California Supreme Court - "**adequate water service at reasonable rates.**"<sup>10</sup> Is \$0.13 per gallon for water reasonable?

What is meant by "rate shock"? The PD speaks of "reducing rate shock."<sup>11</sup> It never claims to have eliminated rate shock.

Catalina Parties believe the proposed rates will cause extreme rate shock to residential ratepayers and to commercial ratepayers who, unlike residential ratepayers, can try to pass on the costs to tourists. Perhaps the proposed rates can be used in the future as an example of what is meant by "rate shock."

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Respectfully submitted,  
BISHTON • GUBERNICK

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<sup>10</sup> *Pacific Telephone & Telegraph Co. v. Public Utilities Commission of State of California* (1950), 34 Cal. 2d 822 at 827-8

<sup>11</sup> i.e., PD, page 92.