



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

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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 20-10-018  
(Filed October 30, 2020)

**CONCURRENT LIMITED OPENING BRIEF OF THE UTILITY REFORM NETWORK**



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## **CONCURRENT LIMITED OPENING BRIEF OF THE UTILITY REFORM NETWORK**

Pursuant to the Assigned Commissioner's Scoping Memo and Ruling of January 29, 2021, The Utility Reform Network (TURN) respectfully submits this concurrent limited opening brief regarding the application of Southern California Edison Company (SCE) regarding the authorized revenue requirement and cost recovery for its Catalina Island water utility services.

### **I. Overview and Summary**

SCE proposes to recover from its electric utility customers approximately \$30.5 million that are costs of providing water utility service on Catalina Island. TURN submits that this proposal violates both state law and a fundamental principle of cost-of-service ratemaking. Where a regulated utility's rates are set on a cost of service basis, the rates must be limited to the cost of the service the customer is receiving from the utility. For the vast majority of SCE's electric utility customers who do not take water utility service from SCE, this means SCE cannot include water utility costs in their rates.

In this brief, TURN addresses each of the two questions identified for initial briefing in the Scoping Memo. The first section explains why the Commission both cannot and should not permit SCE to include water utility costs in its electric utility rates. The second section identifies a number of cost recovery alternatives that warrant further exploration and development, such as options that would recover costs from sources other than SCE water utility customers, and other options that would mitigate the impact of the amounts recovered from the water utility customers. TURN also emphasizes the need to ensure that the burden of identifying and exploring such alternatives must lie with SCE, the applicant.

**II. Does the Commission have the authority to charge SCE's water utility service costs to SCE's electric utility customers who do not receive said water service?**

**A. The Commission Lacks Authority to Include In Electric Utility Rates Charges that Lack A Sufficient Nexus To SCE's Costs of Providing Electric Service to Electric Utility Customers.**

The rates charged to SCE's electric utility customers must be based on costs that have a reasonable nexus to the provision of electric utility service. The costs of providing water utility service to SCE's Catalina customers lack a reasonable nexus. Therefore, the Commission lacks authority to include water utility service costs in the rates charged for electric utility service.

TURN says this in full recognition that SCE has placed the Commission in a difficult position. If the Commission were to authorize SCE to collect the full amount it seeks as its test year 2022 revenue requirement for providing water service to Catalina customers, and to recover the full amounts of reduced revenue and additional costs recorded prior to 2022, with the entire recovery occurring from Catalina water customers over a five-year period, the rate impacts would be eye-popping. Fortunately, as will be discussed later, the Commission has a number of options available for its consideration that could mitigate the impact of SCE's proposed revenue requirement on the Catalina water customers. Most obviously, it can adopt a substantially lower authorized revenue requirement than SCE has requested. And it can take steps to encourage recovery from non-utility sources. Even for the portion that it authorizes for recovery from Catalina water customers, the Commission can consider securitization or other means of extending the period for rate recovery in order to mitigate the impact. It can even seek to encourage SCE to have its shareholders absorb some of the costs, secure in the knowledge that a \$30 million reduction in cost recovery is unlikely to be material to a utility that reported \$1.825 billion of core earnings in 2019. Unfortunately, the cost recovery option that SCE has selected is an option the Commission should determine to be unavailable; SCE cannot assign to its electric

customers any portion of the costs of providing water utility service to SCE's Catalina Island customers.

The Commission has directly and unequivocally stated that a proposal to assign to electric utility customers costs that are not associated with electric utility service is impermissible. In the PG&E application addressing cost recovery for its Diablo Canyon nuclear generating plant under electric industry restructuring in the mid-1990s, the County of San Luis Obispo had sought to have PG&E ratepayers pay for reductions in property tax revenues that would result from the accelerated recovery of Diablo Canyon depreciation. In D.97-05-088, the Commission rejected the proposal as being beyond its authority.

The County's proposal that ratepayers pay for property taxes that PG&E does not incur is not permitted under either general ratemaking principles or public utility law. Section 451 of the PU Code requires:

“All charges demanded or received by any public utility . . . for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful.”

A utility cannot charge ratepayers costs that are unrelated to the provision of any product or commodity or service, and the Commission cannot lawfully order such charges.<sup>1</sup>

Under Section 451 of the Public Utilities Code, all charges by SCE to its electric customers must be “just and reasonable.” Costs associated with providing water utility service on Santa Catalina Island cannot be part of a “just and reasonable” charge to an SCE electric utility customer, very nearly all of whom do not live on Santa Catalina Island. Furthermore, Section 453 prohibits a utility from making or granting “any preference or advantage” as to rates

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<sup>1</sup> D.97-05-088 (1997 Cal. PUC LEXIS 453, \*99; 72 CPUC2d 560, 602)

or charges. An explicit subsidy of SCE’s water utility customers by the utility’s electric customers is a clear “preference or advantage” that is not permitted under the statute.

The Commission should treat SCE’s Catalina water utility service consistently with its treatment of SCE affiliates in terms of the prohibition of cost recovery from its electric utility customers. The Commission has consistently found that SCE’s costs incurred due to the operations of the utility’s affiliates (such as the cost of complying with the affiliate transaction rules) should be assigned to the utility’s affiliates rather than collected in regulated rates, since “requiring ratepayers to bear these costs would amount to a subsidy of those operations by ratepayers.”<sup>2</sup> Similarly, the Commission has concluded that a regulated utility “has a responsibility to protect its own ratepayers by ensuring that its parent and affiliate organizations only pass costs onto the regulated utility that the utility should bear pursuant to cost causative principles.”<sup>3</sup> For SCE’s electric utility ratepayers, the water utility operations on Catalina Island are indistinguishable from the operations of any other affiliate of SCE’s electric utility. The Commission should similarly avoid an outcome that would require the electric utility customers to subsidize the operations of the water utility.

**B. SCE’s Catalina Water Utility Service Is Not Comparable to a “High Cost” District of Electric Utility Service, And Having Common Shareholders or the Fact that A Small Percentage of SCE’s Electric Customers Visit Catalina Island as Tourists Is An Insufficient Nexus for Recovering Water Utility Costs in Electric Utility Rates.**

The Commission should find that even if it had the authority to assign water utility costs to electric utility customers, SCE has failed to present a compelling reason to do so here. SCE

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<sup>2</sup> D.09-03-025 (SCE 2009 GRC), p. 161 (2009 Cal. PUC LEXIS 165, \*248); D.12-11-051 (SCE 2012 GRC), pp. 505-506 and Finding of Fact 868.

<sup>3</sup> D.04-09-061 (NRF Audit of Pacific Bell), p. 158, Conclusion of Law 45 (2004 Cal. PUC LEXIS 477, \*230).

makes several arguments in support of its position that its cost recovery proposal is just and reasonable. The Commission should find none of them persuasive.

SCE first contends that its water utility “is akin to a high-cost district within a large, multi-district utility, the principal difference being that the other district serves electric power to customers rather than water.”<sup>4</sup> TURN submits that the SCE-identified “principal difference” is the essential characteristic here, and prevents the Commission from treating SCE’s Catalina water utility as a “high-cost district” of SCE’s electric utility operations. Where the Commission has permitted a regulated utility to charge rates based on costs covering a multi-district service territory, the regulated utility in question always provided the same service across that service territory. This is what the Commission did in D.82-03-059, when it approved SCE’s proposal to charge its electric utility customers on Catalina Island the same electricity rates as it charges equivalent customers in the rest of its electric utility service territory.<sup>5</sup> But TURN is aware of no example of the Commission determining it has the authority to pursue a similar course where the utility service provided in one district is different than the utility service in the other district. And SCE could cite no examples where the Commission had previously adopted such an approach for districts with fundamentally different utility services.<sup>6</sup> To the contrary, where a utility provides two different services, the Commission has taken pains to ensure that, for example, the electric utility rates are limited to costs associated with the utility providing electric service, and the gas utility rates reflect only costs of providing gas service.<sup>7</sup>

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<sup>4</sup> Ex. SCE-1, pp. 18-19.

<sup>5</sup> D.82-03-059, cited in Ex. SCE-1, p. 29.

<sup>6</sup> Attachment 1 -- SCE Response to TURN Data Request 1-6(b).

<sup>7</sup> D.08-11-032 (Ruby Pipeline decision). PG&E sought authority to contract for long-term capacity on the proposed Ruby Pipeline, and demonstrated that the additional natural gas supply would provide separate benefits to its gas customers and its electric customers (by providing fuel

SCE also seeks to rely on a purported nexus between SCE’s electric customers and water service provided on Catalina Island. The utility makes two assertions in support of its position that it would be just and reasonable to require its electric utility customers to subsidize the costs of providing water utility service to Catalina Island customers. First, it claims to strike an equitable balance between the need to incur costs at such a high level that they “cannot be collected solely from Catalina water customers at rates that are affordable to them,” and the need to authorize SCE to recover the costs, including a fair rate of return.<sup>8</sup> The upshot of this “balance” is that SCE’s electric utility customers are required to “make SCE whole for the exceptional costs it has incurred to operate the Catalina water utility since the 2011 GRC.”<sup>9</sup> For this argument, SCE’s logic appears to rely on the nexus that SCE’s electric utility customers and Catalina water utility customers are served by a single utility with the same shareholders. Second, it argues that because some of SCE’s electric utility customers can reasonably be expected to be among the visitors to Catalina Island, and the demands on the water utility system are largely driven by Catalina’s tourist industry, the entire body of SCE’s electric utility customers should be required to pay for Catalina’s water costs.<sup>10</sup>

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for the gas-fired power plants in the utility’s generation portfolio). The Commission found the arrangement reasonable, so long as it was consistent with the “general principle [that] PG&E is not authorized to recover from core gas customers any costs associated with capacity reserved [for its electric operations].” The same general principle was applied in reverse; “PG&E is not authorized to recover from bundled electric service customers any costs for capacity reserved on the Ruby Pipeline for Core Gas Supply.” D.08-11-032, pp. 41-42.

<sup>8</sup> Ex. SCE-01, p. 21.

<sup>9</sup> *Id.*, p. 22.

<sup>10</sup> *Id.*, p. 23.

## **1. Shareholders Nexus**

SCE's proposal to recovery water utility costs from electric utility customers relies in part on a bold and utterly baseless position, that is, that electric utility customers should serve as guarantors of the utility's ability to recover its water utility costs, including its authorized rate of return on its costs.

Simply put, SCE prudently incurs costs to ensure the safe and reliable provision of drinking water to Catalina customers under extremely challenging and costly conditions. As a result, costs of operating water utility service on Catalina cannot be collected solely from Catalina water customers at rates that are affordable to them. Under cost of service ratemaking, SCE should nevertheless be authorized to recover these costs, including a fair rate of return.... SCE currently earns a negative rate of return in the water utility. The proposed costs to be recovered from SCE electric customers will result in a de minimis increase in average company-wide electric rates and make SCE whole for the exceptional costs it has incurred to operate the Catalina water utility since the 2011 GRC.<sup>11</sup>

TURN understands SCE's desire to not operate its Catalina water utility at a loss. However, as between the utility's shareholders and its electric utility customers, there can be no doubt as to who appropriately bears such a loss, were it to occur. After all, SCE's electric utility customers do not realize the appreciation in share value, nor receive dividends when paid by the utility and its holding company. SCE's electric utility customers have not made an investment with the knowledge that said investment brings with it a risk of reduced returns or even loss under adverse circumstances. If there is a loss to be borne here, whether as a negative rate of return or an inability to recover the full amount of investment, that loss should solely be borne by SCE's shareholders, and not at all by its electric utility customers.

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<sup>11</sup> Ex. SCE-01, pp. 21-22.

The Commission must ignore SCE’s suggestion that assigning such costs to its electric utility customers is acceptable because “the rate impact will be de minimis.”<sup>12</sup> SCE’s latest estimate shows an average non-CARE electric utility customer would pay \$2.52 in 2022 for costs of providing Catalina water utility service; for electric utility customers whose household income qualifies them for the CARE discount, the average customer would pay \$1.68.<sup>13</sup> These are figures based on “average” electricity usage; for the 40% of non-CARE and 34% of CARE customers who use more than the average amount, the bill impacts will be higher.<sup>14</sup> The Commission already faces affordability challenges with electric utility rates even when those rates are limited to recovering costs limited to electric utility service provided to electric utility customers. It must reject the notion that it can add to those affordability challenges by requiring electric utility customers to pay for water utility costs, even though the vast majority of them do not take water utility service, just because the average bill impact is small.

Furthermore, if the Commission is going to assess the reasonableness of an outcome based on the impact it would have on the affected interests, it must recognize that the impact of shareholders absorbing the full amount that SCE would recover from electric utility customers is equally deserving of the de minimis label. Under SCE’s proposal, \$30.5 million of Catalina water utility costs would be collected from its electric utility customers.<sup>15</sup> In its 10-K report recently filed with the Securities Exchange Commission and released to the financial community, SCE and Edison International (the utility’s holding company) reported “Core Earnings” for 2020 of

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<sup>12</sup> Ex. SCE-01, pp. 18 and 21-22.

<sup>13</sup> Ex. SCE-08 (Supplemental Testimony), p. 19.

<sup>14</sup> Attachment 2 -- SCE Response to TURN Data Request 2-2(b).

<sup>15</sup> Ex. SCE-08 (Supplemental Testimony), p. 20, Table V-9.

\$1.825 billion.<sup>16</sup> The \$30.5 million represents approximately 1.7% of the reported Core Earnings for 2020. TURN submits the Commission can and should find this to be an equally de minimis impact on SCE's shareholders as SCE contends its proposal would have on its electric utility customers. One key difference, of course, is that when SCE's shareholders purchased the stock, they at least implicitly understood that they were accepting some risk that the share value or dividends paid might decline due to SCE incurring costs in excess of what is permitted for rate recovery.

## 2. Tourism Nexus

SCE relies in part on the flawed logic that many visitors to Catalina Island are presumably SCE electric utility customers and, therefore, the utility's operation of its Catalina water utility should be treated as benefiting SCE's electric customers.<sup>17</sup> The Commission should instead recognize that of the 15 million people who receive electric utility service from SCE, only 6% would reasonably be expected to visit Catalina Island even if all visitors were from SCE's service territory.<sup>18</sup> Thus, even with the most favorable assumptions, SCE's logic does not hold. Furthermore, the factual support for SCE's logic is skimpy, at best. To the extent cost recovery is to be achieved in part based on who visits Catalina Island, the Commission should only consider cost recovery proposals that focus on cost recovery from actual visitors. It cannot

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<sup>16</sup> <https://edison.gcs-web.com/static-files/567555d2-14b6-4a44-b749-e0a30e8feb0> (p. 14). TURN has included an excerpt as Attachment 3.

<sup>17</sup> Ex. SCE-01, p. 23.

<sup>18</sup> *Id.* SCE relies on a 2016 figure of 910,800 visitors to Catalina Island, and states it provides electric service to approximately 15 million people. 910,800 divided by 15 million is approximately 6.1%.

justify requiring electric utility service customers to subsidize the Catalina water utility operations on the basis that a very small minority of those customers visit Catalina.<sup>19</sup>

The illogic of SCE’s argument is that it would have the Commission recover costs of Catalina water utility service from SCE’s electric utility customers whether or not those customers ever visit Catalina Island. Again, even if 100 percent of the visitors to Catalina Island also received electric service from SCE, that would mean only 6% of the persons who receive electric utility service from SCE also visit Catalina Island. If the calculation were performed based on the 5 million customers of SCE’s electric utility, less than 20% of those customers visit Catalina Island.<sup>20</sup> But 100% of SCE’s electric utility customers, including its CARE-enrolled customers, would pay for the costs of Catalina water utility service.

Furthermore, SCE’s approach would result in SCE’s electric utility customers subsidizing the wealthier households of actual Catalina Island tourists. The study SCE relies upon calculates a 2016 median annual household income of \$87,100 for Catalina Island visitors; when asked for the corresponding figure for its electric utility customers, SCE provided a figure of \$62,500.<sup>21</sup>

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<sup>19</sup> The Commission must recognize that the analysis underlying SCE’s claims about the number of Catalina Island visitors who also obtain electric service from the utility lacks rigor, to put it mildly. The utility cites a report entitled “Economic & Fiscal Impacts and Profile of 2016 Catalina Island Visitors Final Report” (“Visitors Report”) that it characterizes as showing that 80 percent of the island’s annual visitors are from California and, of that figure, 70 percent reside in southern California. *Id.*, p. 23. This suggests that 56 percent of Catalina’s visitors are from southern California. But the share of those visitors that receive electric utility service from SCE is likely to be substantially smaller. The study reports visitors by region, not by utility service territory. Attachment 4 -- “Visitors Report,” Table 12. And for “Central LA” and “LA Valley Areas,” representing approximately 37 percent of the 70 percent calculated by SCE, the utility acknowledges that it is unable to assess the portion that falls within its service territory rather than receive electric utility service from LADWP. Attachment 5 -- SCE Response to TURN Data Request 2-4.

<sup>20</sup> 910,800 annual visitors in 2016, divided by 5 million SCE customers, is 18.2%.

<sup>21</sup> Attachment 4 -- “Visitors Report”, p. 58; Attachment 6 -- SCE Response to TURN Data Request 2-3.

The Commission can reasonably assume that the 2016 median annual household income level for SCE's CARE customers is significantly lower than this figure.

SCE's logic supports reliance on a mechanism that would recover a substantial portion of its Catalina water utility service costs from actual visitors to Catalina Island. It does not, however, support treating all SCE electric utility customers as if they serve as a reasonable proxy for actual visitors to Catalina Island.

**C. The Previous Catalina-Related Outcomes Cited By SCE, Including The Settlement From the Previous Catalina Water GRC, Do Not Demonstrate The Commission's Authority To Assign Water Utility Costs to Electric Utility Customers.**

SCE's testimony asserts that the Commission has approved other Catalina cost-sharing proposals, and seems to suggest that these prior examples support the utility's proposal here. The Commission should conclude they do not.

SCE first cites decisions from the 1980s in which the Commission addressed ratemaking issues regarding costs of providing electric utility service to Catalina Island customers.<sup>22</sup> In both D.93129 and D.82-03-059, the Commission authorized SCE to treat Catalina Island as an undifferentiated portion of its electric utility service territory for purposes of setting electric rates, first for a subset of electric utility service costs, and then for the entirety of those costs. In this way, Catalina Island electric service customers were afforded treatment similar to that afforded to customers in other high-cost pockets of SCE's service territory, that is, being charged rates based on an average of the costs of providing electric utility service throughout that service territory, rather than having a location-specific determination of electric utility service costs that led to location-specific rates. But the outcome was entirely within the context of SCE's electric

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<sup>22</sup> Ex. SCE-1, p. 28-30.

utility service, and addressed the question of how ratemaking should reflect the different costs of providing service to different electric utility customers located in different parts of SCE’s electric utility service territory. Here, SCE seeks a very different outcome, one that would have SCE’s electric utility service customers pay costs of a very different utility service. This is not an example of the averaging that occurs when the Commission adopts a “postage stamp” rate that is the same for customers throughout its service territory. Rather, SCE asks that its electric customers subsidize its water utility service customers, an outcome not contemplated by these decades-old decisions.

SCE also refers to the settlement agreement adopted in D.14-10-048, addressing SCE’s previous Catalina water utility GRC. There the parties presented the Commission with a multi-faceted settlement, one element of which provided for a “one-time” transfer by which water utility capital expenditures of \$8.895 million were recovered in SCE’s electric utility rates.<sup>23</sup> In D.14-10-048, the Commission adopted the proposed settlement without specifically addressing whether it had the authority to assign water utility costs to SCE’s electric utility customers. In her dissent, then-Commissioner Sandoval raised the concern that the transfer of water utility costs to electric utility customers was unlawful, not supported by the record, and not in the public interest. The dissent states, in part, “This concern for affordability on Catalina Island does not justify directing SCE electric customers to pay as part of their electric rates, for the majority of improvements to an unrelated water system from which they receive no service or benefit.”<sup>24</sup>

TURN was one of the parties supporting the proposed settlement in SCE’s prior Catalina Water GRC. At the time of its submission, we had concluded that a one-time transfer of water

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<sup>23</sup> Ex. SCE-1, p. 29.

<sup>24</sup> D.14-10-048, Dissent of Commissioner Sandoval, p. 2.

utility costs for recovery from electric utility customers might be something that could be achieved without violating applicable statutes or prior Commission decisions. Upon further consideration and with the benefit of hindsight, TURN no longer believes this is true. As explained earlier in this section, TURN believes that such a transfer of one utility's costs to another utility's customers violates Sections 451 (requiring just and reasonable rates) and 453 (prohibiting any preference or advantage in rates). Furthermore, whatever the appropriate analysis of such a transfer presented as a "one-time" event, the analysis is understandably different where, as here, SCE has demonstrated that it proposes a similar cost recovery approach here, again on a "one-time" basis, and has indicated that under its view of a "one-time" basis, it may well seek similar water utility cost recovery from electric utility customers in the future.<sup>25</sup>

**III. What cost recovery approaches should be considered other than SCE's proposal to recover water utility costs from Catalina Island water utility customers and SCE's electric utility customers?**

The Commission must require SCE to do a better job of developing an evidentiary record that identifies and analyzes the full range of cost recovery options that may be available here, whether or not those options are the utility's preferred choice for going forward. SCE, as the utility service provider for Catalina Island, is uniquely positioned to perform this function, certainly as among the active parties to the proceeding. Rather than present a range of fully-developed options for the Commission's consideration, SCE has chosen to put forward only two: the original proposal to recover \$30 million of Catalina water utility costs from SCE's electric utility customers; and the proposal set forth in its supplemental testimony, under which all costs would be recovered solely from SCE's Catalina water utility customers, with rate and bill

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<sup>25</sup> Ex. SCE-1, p. 25, ll. 23-25; Attachments 7 and 8 -- SCE Responses to TURN DR 1-8 and TURN DR 2-8(a).

increases that are beyond extreme. The utility cannot be permitted to present only two options, both of which are patently unacceptable for different reasons, and then leave it to others to help it find its way forward. This is particularly so where, as here, materials either produced by or available to the utility refer to a number of additional options that SCE did not meaningfully include in its testimony.

**A. SCE Should Be Required To Identify and Analyze A Fuller Range of Alternative Cost Recovery Options than Appeared in its Testimony.**

SCE's prepared testimony devotes several pages to describing the alternatives the utility considered before settling on its proposal to have electric utility customers bear nearly \$30 million of water utility costs.<sup>26</sup> Of the five alternatives mentioned in the testimony, three are variations on the theme of recovering water utility costs from electric utility customers ("Rate Mitigation Sharing Mechanism," cost consolidation, and rate base consolidation), and would appear to suffer the same deficiencies as addressed above regarding SCE's chosen approach. SCE also lays out the concept of a "high cost" fund, but says it elected not to pursue that approach because it "implies ongoing subsidization and would likely require legislative action."<sup>27</sup>

Of the alternatives SCE discussed in testimony, the "visitor boat fee" appears promising on its face, as even the utility describes it as an option that would recovery of Catalina water utility costs from a source other than its Catalina water utility customers, while still sharing the cost burden "among all those who use the water commodity on the island."<sup>28</sup> But SCE's testimony cites several reasons for not proposing such an alternative here, including the

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<sup>26</sup> Ex. SCE-1, pp. 23-27.

<sup>27</sup> *Id.*, p. 25.

<sup>28</sup> *Id.*, p. 24.

unsupported assertion that a fee of any amount “may dissuade potential visitors from selecting Catalina in favor of other regional tourism destinations.”<sup>29</sup> And based on the very questionable assumption that “most visitors to the island are SCE electric customers,” SCE opted for collecting all costs from all of its electric utility customers, a “much simpler” approach than relying on a boat fee.<sup>30</sup> Finally, SCE cited “feedback received from island stakeholders in designing the cost recovery proposal” as a reason for concern about the boat fee approach; however, when asked to provide any information regarding that feedback, SCE could only produce the names and affiliations of the island stakeholders it consulted.<sup>31</sup> Indeed, SCE’s analysis of the boat fee option appears to have been minimal, given the utility’s contentions that it does not know how the existing boat fees collected for other purposes are calculated, or whether there is a target amount of revenue the existing fees seek to collect, or the process for getting the collected revenues to the intended beneficiary.<sup>32</sup>

The Commission should direct the utility to revisit the tourist boat fee option, and bring to that effort a preference for adopting such a fee as at least part of the solution to the predicament SCE finds itself in. In 2016, visitors to Catalina Island spent an average of \$82 when visiting for the day, and \$194 per day when staying in a hotel.<sup>33</sup> SCE should not be permitted to assert without further support than an additional fee of even several dollars per ferry ticket would convince a meaningful portion of those visitors to go somewhere else.

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<sup>29</sup> *Id.*, p. 24.

<sup>30</sup> *Id.*, p. 25.

<sup>31</sup> Attachments 9 and 10 -- SCE Responses to TURN DR 1-9 and TURN DR 2-9.

<sup>32</sup> Attachment 11 -- SCE Response to TURN DR 1-7.

<sup>33</sup> Attachment 4 -- “Visitors Report,” p. 15.

The Commission should also direct the utility to more fully explore options that appear in the documents and materials that it purports to have relied upon or from its own presentations.

- Boat fees – This cost recovery alternative appeared in SCE-prepared materials as late as May 2019, before being dropped without explanation.<sup>34</sup>
- Grant funds – SCE has achieved some success to date in obtaining grant awards, and refers to being better positioned for “future grant funding opportunities.”<sup>35</sup>
- Third party contributions – SCE’s supplemental testimony refers to third-party contributions that will offset some of its capital expenditures.<sup>36</sup>
- Lodging tax – In 2016, Catalina Island collected \$5 million in “lodging tax.”<sup>37</sup> There may be similar opportunities to collect funds from Catalina Island visitors without relying on a boat fee as the means of collection.
- Typical ratemaking devices – The amounts to be collected from Catalina water utility customers could be collected over an extended period of ten or even fifteen years, thus reducing the near-term rate and bill impact on Catalina residents. If necessary, SCE could record a “regulatory asset” associated with those costs.
- Securitization or other extraordinary ratemaking devices – SCE raised the possibility of achieving cost recovery through a “securitization” transaction, which would serve to reduce the return paid on capital spending and, in this way, the cost to Catalina residents.<sup>38</sup>
- SCE shareholder absorption of a portion of the costs – As noted earlier, the \$30 million SCE seeks to recover from its electric utility customers represents less than 2% of the core earnings the utility and its holding company reported in 2020. SCE’s shareholders could bear a large portion of the costs of water utility service in Catalina Island without suffering more than a de minimis impact on its financial well-being.

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<sup>34</sup> Attachment 12 -- SCE Response to TURN DR 2-10.

<sup>35</sup> Ex. SCE-1, p. 10.

<sup>36</sup> Ex. SCE-8, p. 10, fn. 8.

<sup>37</sup> Attachment 4 -- “Visitors Report,” p. 5.

<sup>38</sup> SCE included securitization as an option in an “alternatives analysis” it performed prior to submitting its application here. Attachment 12 -- SCE Response to TURN DR 2-10 (Alternatives Analysis Slide).

TURN does not intend for these examples to serve as a comprehensive menu of options that should be considered together in addressing the problems that SCE's spending on its Catalina water utility service poses for the customers of that utility service. Instead, this list seeks to capture alternative cost recovery options as identified in SCE's testimony and materials either prepared by or provided to SCE prior to its testimony being served, and the additional option of costs borne by SCE's shareholders.

**B. The Schedule For This Application Proceeding Should Be Bifurcated To First Permit A Determination of The Reasonable Costs of Providing Water Utility Service on Catalina Island, Followed By Adoption of Cost Recovery Mechanisms That Are Both Permissible And Seek To Keep Catalina Island Water Utility Rates and Bills As Reasonable As Practicable.**

The Commission must place the burden of developing reasonable cost recovery alternatives on SCE, and SCE should be required to make an initial showing that meets that burden. As described above, SCE's showing to date does not meet that burden. Furthermore, the Commission should seek to ensure that SCE has appropriate incentives to give due consideration to all cost recovery options.

TURN proposes a two-stage approach to this proceeding. The first stage would determine the reasonable cost of providing water utility service on Catalina Island. At this point, TURN is not aware of any reason why this stage of the proceeding could not go forward on the schedule adopted in the Scoping Memo.

The second stage would address how the reasonable costs of Catalina water utility service are to be recovered. For this stage, SCE would need to provide additional direct testimony that more fully addresses the range of cost recovery options and the advantages and disadvantages of each. The burden must be on SCE to develop alternatives that are both permissible (rather than

assigning costs to SCE's electric utility customers) and would achieve reasonable rates and revenue requirements for the utility's Catalina water utility customers.

In order to ensure that SCE has a clear incentive to identify, meaningfully analyze, and even support alternatives that it may have dismissed in the past, the Commission should make clear that it is prepared to deny rate recovery of costs to the extent they exceed the amounts that can be recovered from Catalina water utility customers while still maintaining reasonable rates. SCE's shareholders have a very clear nexus with the water utility service being provided on Catalina Island. Making sure they have a clear stake in the outcome might help ensure SCE approaches alternatives in a more useful manner than it did when preparing its application and testimony.

TURN understands that the two-phased approach described here may make it more difficult to have the authorized 2022 revenue requirement for Catalina water utility service included in rates in effect at the start of 2022. Under the circumstances and given the magnitude of the challenge SCE's spending has created, TURN submits that the Commission should opt for taking the time necessary to achieve a reasonable and permissible outcome.

Dated: March 5, 2021

Respectfully submitted,

By: \_\_\_\_\_ /s/  
Robert Finkelstein

Robert Finkelstein, General Counsel  
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**ATTACHMENTS**

*Southern California Edison*  
**A.20-10-018 – SCE 2022 Catalina Water General Rate Case**

**DATA REQUEST SET T U R N - S C E - 0 0 1 - B F**

**To: TURN**  
**Prepared by: Cooper Cameron**  
**Job Title: Senior Advisor, Regulatory Affairs & Compliance**  
**Received Date: 12/2/2020**

**Response Date: 12/15/2020**

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**Question 06.a-b:**

At pages 18-19 of SCE-1, SCE states, “SCE’s Catalina water utility is akin to a high-cost district within a large, multi-district utility, the principal difference being that the other district serves electric power to customers rather than water.”

a. Does SCE agree that SCE’s Catalina electricity service is a high-cost district as compared to the average cost of providing electric power to customers in the other portions of SCE’s service territory for electricity service? If not, please explain SCE’s response.

b. Is SCE aware of any prior instance in which the CPUC has treated a utility as a large, multi-district utility for regulatory or ratemaking purposes without distinguishing between the services the utility provides in each of those districts? If the response is anything other than an unqualified negative, please identify and briefly describe each such instance, including but not limited to any Commission decision or resolution that sets forth such treatment.

**Response to Question 06.a-b:**

- a. Yes, the costs to produce and distribute electricity on Catalina Island are higher than that of other portions of SCE’s service territory.
- b. SCE is currently unaware of any such instances.

*Southern California Edison*  
**A.20-10-018 – SCE 2022 Catalina Water General Rate Case**

**DATA REQUEST SET T U R N - S C E - 0 0 2**

**To: TURN**  
**Prepared by: Ray Liang**  
**Job Title: Advisor**  
**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 02.a-e:**

The Residential Bill Impact figures in Table II-5 of the application (p. 18) are based on an average electric residential monthly bill using 550 kWh per month.

- a. Please state the percentage of SCE's non-CARE residential electric customers with an average electric residential monthly bill of 550 kWh per month or higher.
- b. Please state the percentage of SCE's CARE residential electric customers with an average electric residential monthly bill of 550 kWh per month or higher.
- c. Please state the median electric residential monthly bill usage (in kWh) for SCE's non-CARE residential electric customers.
- d. Please state the median electric residential monthly bill usage (in kWh) for SCE's CARE residential electric customers.
- e. For each of the Excel files provided in response to Question 1.b of TURN-01, please provide a revised version that shows the "Illustrative Residential Bills – Annual" for both non-CARE and CARE customers (tabs "Annual" and "Annual (CARE)" that includes the calculation of the bill impact reflecting the median electric residential usage (that is, in addition to calculating a "baseline level" using the 550 kWh average usage figure, calculate the impact using the median usage figure).

**Response to Question 02.a-e:**

- a. 40% of SCE's non-CARE residential customers had an average electric residential monthly bill of 550 kWh per month or higher.
- b. 34% of SCE's CARE residential customers had an average electric residential monthly bill of 550 kWh per month or higher.
- c. The median electric residential monthly bill usage for SCE's non-CARE residential electric customers is 474 kWh / month.
- d. The median electric residential monthly bill usage for SCE's CARE residential electric customers is 433 kWh / month
- e. Please see attached Excel files titled "Confidential\_BillInsertCalcModel\_28.987M.xls" and "Confidential\_BillInsertCalcModel\_22.761M.xls". Highlighted row in the "Annual" and "Annual (CARE)" tab with updated kWh reflecting customer median usages.

CONFIDENTIAL

The Attachment(s) Are Marked Confidential In Accordance With D. 16-08-024 and D.17-09-023.

Basis for Confidentiality In Accompanying Confidentiality Declaration.

Public Disclosure Restricted.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

**(Mark One)**

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2020**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission File Number	Exact Name of Registrant as specified in its charter	State or Other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number
1-9936	EDISON INTERNATIONAL	California	95-4137452
1-2313	SOUTHERN CALIFORNIA EDISON COMPANY	California	95-1240335

**EDISON INTERNATIONAL**

2244 Walnut Grove Avenue  
(P.O. Box 976)  
Rosemead, California 91770  
(Address of principal executive offices)  
(626) 302-2222

(Registrant's telephone number, including area code)

**SOUTHERN CALIFORNIA EDISON COMPANY**

2244 Walnut Grove Avenue  
(P.O. Box 800)  
Rosemead, California 91770  
(Address of principal executive offices)  
(626) 302-1212

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Edison International:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	EIX	NYSE LLC

**Southern California Edison Company: None**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Edison International      Yes  No  Southern California Edison Company      Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Edison International      Yes  No  Southern California Edison Company      Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Edison International      Yes  No  Southern California Edison Company      Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T ( $\$ 232.405$  of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Edison International      Yes  No  Southern California Edison Company      Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-12 of the Exchange Act. (Check One):

Edison International	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging growth company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Southern California Edison Company	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging growth company
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Edison International       Southern California Edison Company     

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Edison International       Southern California Edison Company     

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Edison International      Yes  No  Southern California Edison Company      Yes  No

Aggregate market value of voting and non-voting common equity held by non-affiliates of the registrants as of June 30, 2020, the last business day of the most recently completed second fiscal quarter:

Edison International      Approximately \$20.5 billion      Southern California Edison Company      Wholly owned by Edison International

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock outstanding as of February 18, 2021:

Edison International      379,283,328 shares

Southern California Edison Company      434,888,104 shares (wholly owned by Edison International)

**OMISSION OF CERTAIN INFORMATION**

Southern California Edison Company meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format allowed under that General Instruction.

**DOCUMENTS INCORPORATED BY REFERENCE**

Designated portions of the Edison International Proxy Statement relating to Edison International's 2021 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.<sup>3</sup>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The discussion related to the results of operations and changes in financial condition for 2019 compared to 2018 is incorporated by reference to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Edison International's and SCE's combined Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC in February 2020.

### **MANAGEMENT OVERVIEW**

#### **Highlights of Operating Results**

Edison International is the parent holding company of SCE and Edison Energy Group. SCE is an investor-owned public utility primarily engaged in the business of supplying and delivering electricity to an approximately 50,000 square mile area of southern California. Edison Energy Group is a holding company for Edison Energy which is engaged in the competitive business of providing data-driven energy solutions to commercial, institutional and industrial customers. Edison Energy's business activities are currently not material to report as a separate business segment.

(in millions)	2020	2019	2020 vs 2019 Change	2018
Net income (loss) attributable to Edison International				
Continuing operations				
SCE	\$ 810	\$ 1,409	\$ (599)	\$ (310)
Edison International Parent and Other	(71)	(125)	54	(147)
Discontinued operations	—	—	—	34
Edison International	<u>739</u>	<u>1,284</u>	<u>(545)</u>	<u>(423)</u>
Less: Non-core items				
SCE				
2017/2018 Wildfire/Mudslide Events claims and expenses, net of recoveries	(899)	(157)	(742)	(1,825)
Wildfire Insurance Fund expense	(242)	(109)	(133)	—
Disalloweed historical capital expenditures in SCE's 2018 GRC decision	—	(123)	123	—
Sale of San Onofre nuclear fuel	108	8	100	9
Re-measurement of tax assets and liabilities	18	88	(70)	66
Edison International Parent and Other				
Sale of Vidalia lease	96	—	96	—
Goodwill impairment	(25)	(18)	(7)	—
Sale of SoCore Energy and other	—	—	—	(46)
Re-measurement of tax liabilities	(3)	—	(3)	(12)
Discontinued operations	—	—	—	34
Total non-core items	<u>(947)</u>	<u>(311)</u>	<u>(636)</u>	<u>(1,774)</u>
Core earnings (losses)				
SCE	1,825	1,702	123	1,440
Edison International Parent and Other	(139)	(107)	(32)	(89)
Edison International	<u>\$ 1,686</u>	<u>\$ 1,595</u>	<u>\$ 91</u>	<u>\$ 1,351</u>

Edison International's earnings are prepared in accordance with GAAP. Management uses core earnings (losses) internally for financial planning and for analysis of performance. Core earnings (losses) are also used when communicating with investors and analysts regarding Edison International's earnings results to facilitate comparisons of the company's performance from period to period. Core earnings (losses) are a non-GAAP financial measure and may not be comparable to those of other companies. Core earnings (losses) are defined as earnings attributable to Edison International shareholders less non-core items. Non-core items include income or loss from discontinued operations and income or loss from significant discrete items that management does not consider representative of ongoing earnings, such as write downs, asset impairments and other

*Lauren Schlu*  
*Consulting*

# Economic & Fiscal Impacts and Profile of 2016 Catalina Island Visitors Final Report



June 2017

# SUMMARY CATALINA ISLAND 2016 TOURISM IMPACT INDICATORS

- **Visitor Volume:** 910,800 annual visitors
- **Visitor Days:** 1.3 million, resulting from overall 1.44 days average stay on Catalina Island
- **Daily Per-person Spending:** All visitors \$127; Overnight visitors \$163
- **Annual Direct Visitor Spending:** \$166.7 million
- **Taxes:** \$5.8 million from direct spending, \$5.1 million in lodging tax and \$730,600 in retail sales tax to Avalon.
- **Jobs:** Visitor spending supported 1,254 jobs (FTE)

**Table I - Summary Catalina Island Tourism Impacts**

Indicator	2016
Annual Total Visitor Volume	910,773
Annual Total Visitor Days	1,314,574
Average Stay (days) All/Overnight	1.44/2.26
Per-capita Daily Spending: All/Overnight	\$127/\$163
Total Direct Visitor Spending (\$million)	\$166.7
Taxes generated: Lodging Tax (\$million)/Retail Sales tax	\$5.1/\$730,570
Total Jobs Supported by Tourism (spending)	1,254

Source for all tables and data: Lauren Schlau Consulting and CIC Research Inc.

# COMPARATIVE SPENDING - HOTEL GUEST & DAY VISITOR SEGMENTS

- As mentioned the 219,000 hotel visitors, 24% of volume, spent \$81.8 million in total on Catalina Island, 52% of total visitor spending.
  - Hotel guests spent \$194 average per visitor per day and \$374 each for all time on Catalina Island.
- Conversely, the 590,000 Day visitors, 65% of volume, spent \$48.5 million or 31% of the total.
  - Day visitors averaged \$82 per visitor per day and per trip.

**Table 6 – Comparative Hotel & Day Visitor Spending**

Spending Category	Hotel Visitors				Day Visitors				Ratio of Total
	Daily Per Capita Spending	Spending per Visitor	Total Annual Spending	Ratio of Total	Daily Per Capita Spending	Spending per Visitor	Total Annual Spending	Ratio of Total	
Lodging	\$ 87.78	\$ 169.07	\$ 37,016,057	45.2%	\$ -	\$ -	\$ -	-	0.0%
Meals	\$ 38.51	\$ 74.17	\$ 16,239,667	19.8%	\$ 21.87	\$ 21.87	\$ 12,913,398	26.6%	
Beverages	\$ 12.22	\$ 23.54	\$ 5,153,002	6.3%	\$ 8.69	\$ 8.69	\$ 5,132,069	10.6%	
Shopping/gifts	\$ 23.55	\$ 45.35	\$ 9,929,511	12.1%	\$ 22.84	\$ 22.84	\$ 13,486,878	27.8%	
Admission Fees	\$ 1.97	\$ 3.80	\$ 832,404	1.0%	\$ 0.44	\$ 0.44	\$ 259,965	0.5%	
Transportation	\$ 5.69	\$ 10.96	\$ 2,399,002	2.9%	\$ 12.17	\$ 12.17	\$ 7,183,367	14.8%	
Activities/tours	\$ 16.25	\$ 31.30	\$ 6,852,435	8.4%	\$ 14.25	\$ 14.25	\$ 8,413,526	17.3%	
Fine Arts/décor	\$ 0.35	\$ 0.67	\$ 147,251	0.2%	\$ 0.26	\$ 0.26	\$ 151,337	0.3%	
Amenities/spa/health	\$ 3.87	\$ 7.46	\$ 1,633,788	2.0%	\$ 0.96	\$ 0.96	\$ 566,629	1.2%	
Groceries & Other	\$ 3.90	\$ 7.50	\$ 1,642,669	2.0%	\$ 0.70	\$ 0.70	\$ 411,387	0.8%	
<b>Total</b>	<b>\$ 194.10</b>	<b>\$ 373.82</b>	<b>\$ 81,845,788</b>	<b>100.0%</b>	<b>\$ 82.18</b>	<b>\$ 82.18</b>	<b>\$ 48,518,556</b>	<b>100.0%</b>	

# NEARLY 40% OF CALIFORNIANS FROM LA COUNTY

- California markets with highest share were central Los Angeles at 26% and Orange County at 21%.
  - Including the 12% from Los Angeles valley areas, Los Angeles County accounted for 38% of Californians.
- 13% were from San Bernardino/Riverside and 12% from San Diego, with 11% from the rest of the state

**Table 12 – California Feeder Areas**

	Total	Residence		Overnight or Day			Visitation		Travel Family Group
		LA Co.	Other So Cal	Hotel/ Inn	Day-(excl Cruise)	Day-Cruise Ships	W-end	W-Day	
<b>Base: CA resident</b>	<b>490</b>	<b>211</b>	<b>242</b>	<b>206</b>	<b>214</b>	<b>25</b>	<b>174</b>	<b>316</b>	<b>144</b>
Central LA	25.5%	62.4%	0.0%	21.2%	39.7%	13.5%	38.1%	19.7%	27.2%
Orange County	20.5%	3.6%	39.0%	20.2%	20.2%	12.5%	20.8%	20.3%	19.0%
San Bernardino-Riverside	13.1%	2.9%	24.4%	18.8%	12.1%	13.5%	10.8%	14.1%	12.5%
LA Valley Areas	12.2%	29.2%	0.5%	9.6%	13.2%	13.5%	13.8%	11.4%	13.0%
San Diego	11.6%	0.0%	23.9%	14.6%	7.4%	9.4%	9.7%	12.5%	12.2%
Central Coast	4.9%	0.4%	9.7%	6.6%	0.0%	8.3%	2.6%	5.9%	8.9%
Oakland/ East Bay	3.8%	0.0%	0.0%	2.4%	1.3%	11.5%	0.9%	5.1%	2.9%
Montry/Sta Cruz/Sn Jose/Palo Alto	3.2%	0.0%	0.0%	0.8%	2.5%	9.4%	0.5%	4.5%	0.4%
Bakersfield/ Mojave	1.8%	1.4%	2.4%	2.4%	1.3%	2.1%	1.0%	2.1%	0.8%
Sacramento Area	1.3%	0.0%	0.0%	2.6%	1.3%	0.0%	0.4%	1.7%	1.5%
Northern California	1.0%	0.0%	0.0%	0.6%	0.3%	3.1%	0.0%	1.4%	1.5%
San Joaquin Valley/ Stockton	0.9%	0.0%	0.0%	0.4%	0.3%	3.1%	0.3%	1.2%	0.0%
San Francisco	0.4%	0.0%	0.0%	0.0%	0.3%	0.0%	0.9%	0.1%	0.0%

# VISITORS REPORT \$87,100 ANNUAL MEDIAN HOUSEHOLD INCOME

- There are some differences between segments.
  - Highest median household income ranged from \$93,700 for visitors from Other Southern California and \$93,500 for cruise ship passengers.
- About 41% of the Total groups report median annual income of \$100,000+

**Table 41 – Median Annual Household Income**

	Total	Residence			Overnight or Day			Visitation		Travel Family Group
		LA Co.	Other So Cal	Other US	Hotel/ Inn	Day-(excl Cruise)	Day-Cruise Ships	W-end	W-Day	
<b>Base: reported income</b>	<b>513</b>	<b>182</b>	<b>214</b>	<b>79</b>	<b>196</b>	<b>240</b>	<b>29</b>	<b>181</b>	<b>332</b>	<b>141</b>
Under \$30,000	11.7%	12.4%	14.5%	4.5%	11.0%	13.8%	11.0%	11.8%	11.7%	12.3%
\$30,000 - \$49,999	9.0%	12.5%	6.6%	11.6%	8.7%	13.9%	3.7%	11.0%	8.2%	9.5%
\$50,000 - \$74,999	20.8%	24.3%	16.2%	20.9%	21.4%	20.9%	18.3%	19.6%	21.3%	18.6%
\$75,000 - \$99,999	17.6%	14.6%	17.0%	28.2%	16.1%	16.1%	22.9%	14.4%	19.0%	23.4%
\$100,000 - \$199,999	25.3%	23.1%	24.3%	23.5%	29.6%	24.5%	25.7%	30.3%	23.1%	17.3%
\$200,000 - \$500,000	13.5%	10.1%	19.1%	10.7%	12.3%	8.6%	18.3%	8.1%	15.9%	17.0%
Over \$500,000	2.1%	3.1%	2.3%	0.6%	1.1%	2.1%	0.0%	4.8%	0.9%	1.8%
<b>Median Annual (\$)</b>	<b>87,054</b>	<b>76,417</b>	<b>93,684</b>	<b>86,560</b>	<b>88,980</b>	<b>77,225</b>	<b>93,500</b>	<b>88,207</b>	<b>86,676</b>	<b>85,217</b>

*Southern California Edison*  
**A.20-10-018 – SCE 2022 Catalina Water General Rate Case**

**DATA REQUEST SET T U R N - S C E - 0 0 2**

**To: TURN**  
**Prepared by: Cooper Cameron**  
**Job Title: Senior Advisor, Regulatory Affairs & Compliance**  
**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 04.a-c:**

In the response to Question 2.b. of TURN-01, SCE cites the “Economic & Fiscal Impacts and Profile of 2016 Catalina Island Visitors Final Report” dated June 2017 as one of the materials SCE reviewed and analyzed in the course of its consideration of novel regulatory solutions. Information regarding the “California Feeder Areas” for visitors to Catalina Island appears at page 22 of the report (Table 12).

- a. For the area identified as “Central LA” in Table 12, what portion falls within SCE’s service territory?
- b. Is it SCE’s understanding that the electric utility primarily serving the City of Los Angeles is the Los Angeles Department of Water and Power? If the response is anything other than an unqualified affirmative, please explain the response in detail.
- c. For the area identified as “LA Valley Areas” in Table 12, what portion falls within SCE’s service territory?

**Response to Question 04.a-c:**

- a. As “Central LA” is not a defined area, this information cannot be determined by the data included in Table 12 of the referenced report. Please see attached SCE service area map and list of cities served by SCE, with cities located within LA County highlighted.
- b. Yes. However, SCE provides electric utility service for many cities within LA County. Please see SCE service area map and list of cities served by SCE, including areas of LA County, provided in response to Question 4.a.
- c. As “LA Valley Areas” is not a defined area, this information cannot be determined by the data included in Table 12 of the referenced report. Please see SCE service area map and list of cities served by SCE, including areas of LA County, provided in response to Question 4.a.

*Southern California Edison*  
*A.20-10-018 – SCE 2022 Catalina Water General Rate Case*

**DATA REQUEST SET T U R N - S C E - 0 0 2**

**To: TURN**  
**Prepared by: Lifen Pan**  
**Job Title: Sr. Specialist**  
**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 03.a-b:**

In the response to Question 2.b. of TURN-01, SCE cites the “Economic & Fiscal Impacts and Profile of 2016 Catalina Island Visitors Final Report” dated June 2017 as one of the materials SCE reviewed and analyzed in the course of its consideration of novel regulatory solutions. Information regarding the median annual household income reported by visitors appears at page 58 of the report.

- a. Please provide the median annual household income of SCE’s electric utility customers for 2016. If SCE does not have such data for 2016, please provide the median annual household income for SCE’s electric utility customers for the most recently available calendar year.
- b. If SCE has median annual household income data for its electric utility customers broken out by city or county for its service territory, please provide those data for 2016. If SCE does not have such data for 2016, please provide the data for the most recently available calendar year

**Response to Question 03.a-b:**

Please find the response in the attached excel file containing median household income for SCE electric customers for 2016.

**Question 03.a-b:**

In the response to Question 2.b. of TURN-01, SCE cites the "Economic & Fiscal Impacts and Profile of 2016 Catalina Island Visitors Final Report" dated June 2017 as one of the materials SCE reviewed and analyzed in the course of its consideration of novel regulatory solutions. Information regarding the median annual household income reported by visitors appears at page 58 of the report.

a. Please provide the median annual household income of SCE's electric utility customers for 2016. If SCE does not have such data for 2016, please provide the median annual household income for SCE's electric utility customers for the most recently available calendar year.

SCE had third party data for estimated household income, ACXIOM.

Estimated household income was in 9 categories.

Mid point was assigned to the categories except \$125,000 was assigned to the highest income category.

1 = Less than \$15,000	\$7,500
2 = \$15,000 - \$19,999	\$17,500
3 = \$20,000 - \$29,999	\$25,000
4 = \$30,000 - \$39,999	\$35,000
5 = \$40,000 - \$49,999	\$45,000
6 = \$50,000 - \$74,999	\$62,500
7 = \$75,000 - \$99,999	\$87,500
8 = \$100,000 - \$124,999	\$112,500
9 = Greater than \$124,999	\$125,000

| The mean of 2016 data is \$65,478 and median is **\$62,500**

b. If SCE has median annual household income data for its electric utility customers broken out by city or county for its service territory, please provide those data for 2016. If SCE does not have such data for 2016, please provide the data for the most recently available calendar year

Here are the mean and median estimated household income from the 2016 data.

COUNTY	Mean	Median
FRESNO	72,181	<b>87,500</b>
IMPERIAL*	12,116	<b>7,500</b>
INYO	56,118	<b>45,000</b>
KERN	47,436	<b>45,000</b>
KINGS	50,132	<b>45,000</b>
LOS ANGELES	63,503	<b>62,500</b>
MONO	81,659	<b>87,500</b>
ORANGE	77,487	<b>87,500</b>
RIVERSIDE	65,034	<b>62,500</b>
SAN BERNARDINO	55,098	<b>45,000</b>
SANTA BARBARA	80,005	<b>87,500</b>
TULARE	46,824	<b>35,000</b>
VENTURA	79,483	<b>87,500</b>

\* The median household income for Imperial is based on roughly 300 customers in the SCE territories.

*Southern California Edison*  
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**DATA REQUEST SET T U R N - S C E - 0 0 1 - B F**

**To: TURN**  
**Prepared by: Cooper Cameron**  
**Job Title: Senior Advisor, Regulatory Affairs & Compliance**  
**Received Date: 12/2/2020**

**Response Date: 12/14/2020**

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**Question 08:**

At page 25 of SCE-1, SCE states that it “elected to identify discrete costs (e.g., drought and environmental emergent costs) for recovery from the electric utility on a one-time basis.” Please explain in detail what SCE means by “one-time basis” as it uses that phrase in its testimony. For example, under SCE’s use of the term, would there be anything prohibiting SCE from seeking in the future to recover from the electric utility drought or environmental emergent costs that are different than those included in this application?

**Response to Question 08:**

SCE considers discrete “one-time basis” to mean specific costs that SCE does not anticipate occurring again. SCE would not be prohibited from seeking recovery of the electric utility costs which are different than those included in this application.

*Southern California Edison*  
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**DATA REQUEST SET T U R N - S C E - 0 0 2**

**To: TURN**  
**Prepared by: Cooper Cameron**  
**Job Title: Senior Advisor, Regulatory Affairs & Compliance**  
**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 08.a-b:**

In the response to Question 3.a. of TURN-01, SCE states, in part, “SCE would not be prohibited from seeking recovery of the electric utility costs which are different than those included in this application” [emphasis added].

a. Is the term “electric utility costs” as used in the response to Question 3.a. correctly understood to mean “Catalina water utility costs to the extent SCE is allowed to include such costs in electric utility rates?” If the answer is anything other than an unqualified affirmative, please explain in detail what SCE means by the term “electric utility costs” as used in the response to Question 3.a.

b. Is it correct to understand SCE’s position to be that SCE may seek to recover from its electric utility customers costs of providing water utility service on Catalina Island without limit, so long as the costs are different from costs previously authorized by the Commission for recovery from electric utility customers? If the answer is anything other than an unqualified affirmative, please identify and describe in detail the limitations that would apply to SCE’s ability to seek recovery of water utility service costs from its electric utility customers. If SCE contends it would be unduly burdensome to identify and describe all such limitations, please identify and describe the three limitations that SCE believes are most material.

**Response to Question 08.a-b:**

- a. SCE believes TURN is referring to SCE’s response to Question 8 of TURN-01 and is responding accordingly. This was a typo in SCE’s original response and should read: “There is nothing prohibiting SCE from seeking recovery from the electric utility, costs which are different than those included in this application.” The confusion is caused by excluding a pause after “electric utility.” Stated differently, there is nothing prohibiting SCE from seeking recovery from the electric utility, water utility costs different than those included in this application.
- b. SCE has the right to request cost recovery for the costs of providing water utility service. SCE is not precluded from proposing to seek recovery of the costs of providing water service on Catalina Island in electric rates so long as they are not previously authorized for recovery from electric utility customers.

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**DATA REQUEST SET T U R N - S C E - 0 0 1 - B F**

**To: TURN**  
**Prepared by: Michael C Huynh**  
**Job Title: Senior Advisor, Local Public Affairs**  
**Received Date: 12/2/2020**

**Response Date: 12/15/2020**

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**Question 09.a-d:**

In the workpapers in WPSCE05Pt01, at page 363, Table 1-2 summarizes the stakeholder engagement meetings to date.

- a. Please identify by business or organization name and individual each person who attended the “Island Stakeholders” meetings conducted on 6/27/18 and 8/27/18.
- b. Please identify by business or organization name and individual each person who attended the “Island Stakeholders Small Group” meeting conducted on 10/26/18.
- c. For each stakeholder meeting at which SCE discussed the topic of the proposed boat fee, please provide a summary of the feedback or reaction provided by each stakeholder on that topic.
- d. Please provide all written material referred to during each of the meetings listed in Table 1-2.

**Response to Question 09.a-d:**

- a. Please see table below for individuals and organizations participating in the stakeholder engagement meetings held on 6/27/2018 and 8/27/2018.

Name	Organization	6/27/2018	8/27/2018
Cinde MacGugan-Cassidy	City of Avalon	X	
Oley Olsen	City of Avalon		X
Pam Albers	City of Avalon	X	X
Randy Herrell	Santa Catalina Island Company	X	X
Paul DeMyer	Santa Catalina Island Company	X	X
Tony Budrovich	Catalina Island Conservancy		X
Tim Kielinski	Catalina Island Conservancy	X	X
Jim Luttjohan	Catalina Island Chamber of Commerce & Visitors Bureau	X	
Greg Bombard	Catalina Express	X	X
Sean Conner	USC Wrigley Institute		X
Norris Bishton	Hamilton Cove Homeowners Association	X	X
Martin Curtin	Hamilton Cove Homeowners Association	X	
Bryce Noll	Catalina Island Medical Center	X	
Jason Paret	Catalina Island Medical Center		X
Dave Work	Catalina Island Marine Institute		X

- b. The subset of Island Stakeholders who participated in the 10/26/18 meeting included Norris Bishton (Hamilton Cove Homeowners Association), Tony Budrovich (Catalina Island Conservancy), and Paul DeMyer (Santa Catalina Island Company; phone only).
- c. Please see attachments provided in response to Question 9.d.
- d. Please see the following attachments referred to or resulting from the meetings listed in Table 1-2:
  - “IslandStakeholderBriefing\_052418”
  - “IslandStakeholderBriefing\_062718”
  - “IslandStakeholderBriefing\_082718”
  - “CityCouncilPresentation\_101618”
  - “Catalina Water Rates Filing Fact Sheet (3)”
  - “Catalina Water Rate Filing Summary 6-11-18”
  - “Catalina Water Rate Filing Summary 8-28-18”
  - “Stakeholder Meeting Follow-up Email 06-12-18”
  - “Stakeholder Meeting Follow-up Email 08-28-18”

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**DATA REQUEST SET T U R N - S C E - 0 0 2**

**To: TURN**  
**Prepared by: Cooper Cameron**  
**Job Title: Senior Advisor, Regulatory Affairs & Compliance**  
**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 09:**

In Question 9.c. of TURN-01, the question asked, “For each stakeholder meeting at which SCE discussed the topic of the proposed boat fee, please provide a summary of the feedback or reaction provided by each stakeholder on that topic.” The response refers TURN to the attachments provided to Question 9.d. Several of those attachments referred to a boat fee, but none of them provide any indication of the feedback or reaction provided by each stakeholder on that topic. Please provide the requested summary of the feedback or reaction provided by each stakeholder on that topic.

**Response to Question 09:**

SCE is unable to specify the feedback received by individual stakeholders. The list of meeting attendees and general feedback received as included in the presentation materials provided in response to Question 9.c of TURN-01 is representative of the specificity of available information.

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**Received Date: 12/2/2020**

**Response Date: 12/15/2020**

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**Question 07.a-f:**

At page 25 of SCE-1, SCE refers to a visitor boat fee mechanism that is either implemented or proposed for the City of Avalon and Catalina Island Medical Center. For each visitor boat fee mechanism, please state:

- a. Is the mechanism implemented at this time? If so, when was it first implemented? If not, when is it expected to be implemented?
- b. How is the visitor boat fee calculated for the mechanism? If it is calculated on a per-ticket basis, please state the amount per-ticket. If it is calculated on some other basis, please explain in detail how it is calculated.
- c. Is there a target amount of revenue that the mechanism is intended to collect? If so, please state that figure.
- d. For 2018, 2019 and 2020 (to date), what amount of annual revenues was collected from the mechanism?
- e. When a visitor purchases a ferry ticket, is he or she made aware of the visitor boat fee mechanism or the amount being collected from that mechanism? If so, please describe how the visitor is made aware of the visitor boat fee mechanism.
- f. Are the revenues collected through the boat fee mechanism paid directly to the City of Avalon or the Catalina Island Medical Center? If not, please describe how the revenues collected through the boat fee mechanism are paid to the City of Avalon or the Catalina Island Medical Center.

**Response to Question 07.a-f:**

- a. To SCE's knowledge the City of Avalon mechanism was approved in December 2018 and the Catalina Island Medical Center mechanism was approved by voters as Measure H in the 2020 election.
- b. Details on the City of Avalon and Catalina Island Medical Center boat fee mechanisms are not known by SCE. If TURN is interested in collecting this information SCE recommends submitting a data request to the Island Protestants, of which the City of Avalon is a party.
- c. Details on the City of Avalon and Catalina Island Medical Center boat fee mechanisms are not known by SCE. If TURN is interested in collecting this information SCE recommends submitting a data request to the Island Protestants, of which the City of Avalon is a party.

- d. Details on the City of Avalon and Catalina Island Medical Center boat fee mechanisms are not known by SCE. If TURN is interested in collecting this information SCE recommends submitting a data request to the Island Protestants, of which the City of Avalon is a party.
- e. Details on the City of Avalon and Catalina Island Medical Center boat fee mechanisms are not known by SCE. If TURN is interested in collecting this information SCE recommends submitting a data request to the Island Protestants, of which the City of Avalon is a party.
- f. Details on the City of Avalon and Catalina Island Medical Center boat fee mechanisms are not known by SCE. If TURN is interested in collecting this information SCE recommends submitting a data request to the Island Protestants, of which the City of Avalon is a party.

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**Received Date: 1/7/2021**

**Response Date: 1/21/2021**

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**Question 10:**

Please provide all analysis SCE relied upon since mid-2018 to determine the position it would take in this application regarding the potential for a visitor boat fee to serve as a mitigation measure in this GRC. For analysis that appears in written documents (including e-mails or other electronic media), please provide all documents that address the potential for a visitor boat fee, whether prepared by SCE or by some other party. For analysis that was not reduced to writing, please identify the date or dates during which such analysis took place, the name and job title of each person who took part in the analysis on behalf of SCE, the name and job title of each person participating on behalf of an entity other than SCE, and a detailed summary of the analysis.

**Response to Question 10:**

Please see attached files containing analysis and discussion on the potential for a visitor boat fee.



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# 2019 Catalina Water Cost Recovery

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May 9, 2019

# Proposed Rate Mitigation Measures

- Visitor Boat Fee
  - Propose \$0.50 to \$1 boat fee on each one-way fare for all CPUC-regulated cross-channel passenger carriers
  - Forecast to generate \$0.7-\$1.4M based on five-year average visitor count
  - Leave in place until memo account balances are recovered (~7-15 years)
- Electric Utility Rate Mitigation Sharing Mechanism
  - Propose to transfer 25% of the capital revenue requirement to all SCE electric customers
- Retroactive Grant Funding
  - SCE is pursuing retroactive funding of Desalination Plant 2 via DWR Prop 1
- Phase-in of Rate Increase
  - Phase in of resulting rate increase over 2-3 years (if necessary) to mitigate a large on-time increase



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