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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)

REPLY BRIEF OF THE UTILITY REFORM NETWORK

Robert Finkelstein, General Counsel
The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103
(415) 929-8876 (office)
(415) 929-1132 (fax)
bfinkelstein@turn.org

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REPLY BRIEF OF THE UTILITY REFORM NETWORK

Pursuant to the *Amended Commissioner's Scoping Memo and Ruling* of April 8, 2022, The Utility Reform Network (TURN) respectfully submits this reply 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. As with TURN's opening brief, this brief uses the common briefing outline adopted for this proceeding but focuses exclusively on the cost recovery issues associated with SCE's proposal to assign to its electric utility customers $32.6 million of costs associated with the water utility service SCE provides to Catalina Island.

I. Overview and General Points

The opening briefs of the parties bring several key elements of the cost recovery issues into sharper focus:

- The Catalina Parties urge the Commission to limit the authorized revenue requirement to a level consistent with achieving just and reasonable rates that remain affordable for the residents and business who take water utility service from SCE.

- TURN and the Public Advocates Office urge the Commission to reject any proposal that would require SCE's electric utility customers to bear any of the costs associated with the utility's provision of water utility service on Catalina Island, because they are not costs of providing electric utility service.

- SCE urges the Commission to conclude that it is so entitled to rate recovery of all of its costs that the agency's choice is between setting water rates at an unaffordable level or requiring electric utility customers to subsidize water utility costs.

Two of these positions find support in California's Public Utilities Code and in prior Commission decisions.[1] Section 451 requires that the "charges demanded or received" by SCE must be "just and reasonable," and that the "utility furnish and maintain such adequate, efficient,

[1] TURN Opening Brief, pp. 5-6 and 14-15 (citing D.08-11-032 and D.97-05-088).

just and reasonable service … as are necessary to promote the safety, health, comfort, and convenience" of its customers, among others. As is explained more fully in TURN's opening brief, this means customers who take water service from SCE are protected both from paying more than is affordable, and from experiencing inadequate service. It also means SCE's electric utility customers are protected from paying for costs that have nothing to do with the provision of electric utility service.

This leaves SCE's claim of entitlement to cost recovery. According to the utility, the Commission's first priority here should be ensuring such cost recovery, even if it requires setting rates that are higher than affordable for Catalina water utility customers, or a $32.6 million subsidy borne by electric utility customers.[2] The utility has presented an insufficient basis for this position, and certainly does not demonstrate that cost recovery is such a sacrosanct principle that it should trump ratepayer interests that are embedded in legislation.

Furthermore, the Commission should be under no illusion that SCE is proposing to have its electric utility customers subsidize its water utility customers. If the Commission correctly determines that Catalina water utility customers cannot be required to pay more than amounts that are just and reasonable, based in large part on those amounts remaining affordable, the nature of SCE's request comes into clearer focus. If there is any cost recovery shortfall, it would fall on the utility absent recovery from some source other than water utility customers. Thus, the proposed $32.6 million subsidy is more correctly understood as an amount that would otherwise be absorbed by the utility (as a very small offset to its corporate earnings).[3] SCE may have

[2] As Cal Advocates observed, SCE is effectively asking the Commission to prioritize the utility's perceived right to cost recovery over the right of both water utility and electric utility customers to pay just and reasonable rates. Cal Advocates Opening Brief, p. 37.

[3] TURN Opening Brief, pp. 10-11 (explaining that the $32.6 million would have reduced SCE's reported "Core Earnings" of $1.825 billion for 2020 by approximately 3.5%).

concluded that its position is improved by asserting that the absence of the subsidy necessarily means Catalina water utility customers would bear the consequences.[4] But so long as the Commission adopts a revenue requirement for water utility operations that is just, reasonable and affordable, it is the utility and its shareholders that would absorb any shortfall, and appropriately so. The Commission should firmly reject the utility's attempt to avoid such an outcome and find that SCE's electric utility customers will not be required to bear costs of providing water utility service on Catalina Island.

II. Evidentiary Standards and Burden of Proof

SCE's opening brief acknowledges that it has the burden of proving the reasonableness of its request for rate recovery. However, the utility gives equal emphasis to the "burden of going forward" that falls on other parties where those parties "propose a different result," citing D.20-07-038 for this position.[5] That decision does not establish the principle, but rather restated points originally made in more detail in D.87-12-067.[6] There, after a review of "extensive argument" on the burden of proof arguments, the Commission discussed in some detail the different burdens that fall on active parties in a Commission proceeding, beginning with the burden of proof that always lies with the utility:

> The inescapable fact is that the ultimate burden of proof of reasonableness, whether it is in the context of test-year estimates, prudence reviews outside a particular test year, or the like, never shifts

[4] SCE Opening Brief, pp. 66-67 ("Catalina customers, therefore, uniquely face a deprivation of their right to an affordable, subsidized rate because its utility provider happens to provide electricity as its main commodity as opposed to water.")

[5] SCE Opening Brief, p. 4.

[6] D.20-07-038, pp. 3-4.

> from the utility which is seeking to pass its costs of operations onto ratepayers on the basis of the reasonableness of those costs.[7]

The 1987 decision also addressed the "counterpoint" that arises where staff or other intervenors have challenged the reasonableness of an element of a utility's proposal in a manner that requires them to meet the different burden of "going forward."

> [W]here other parties propose a result different from that asserted by the utility, they have the burden of going forward to produce evidence, distinct from the ultimate burden of proof. The burden of going forward to produce evidence relates to raising a reasonable doubt as to the utility's position and presenting evidence explaining the counterpoint position. Where this counterpoint causes the Commission to entertain a reasonable doubt regarding the utility's position, and the utility does not overcome this doubt, the utility has not met its ultimate burden of proof.[8]

Thus, the utility's position can be rejected due to its failure to meet its ultimate burden of proof of reasonableness even when viewing the utility's showing in isolation. It can also be rejected because the Commission decides that the competing evidence put forward by the utility and by intervenors is, on balance, insufficient to establish the reasonableness of the utility's request. But the ultimate burden of proof for rate recovery of costs never shifts to intervenors from the utility. The Catalina Parties summarized this point well:

> When Intervenors raise issues as to whatever the utility seeks, this does not automatically shift the burden of going forward to Intervenors. If the amount spent by the utility is unreasonable, it is not up to the Intervenors to prove what amount would have been reasonable.[9]

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[7] D.87-12-067 (PacBell GRC), p. 24. As the Catalina Parties noted, in D.05-12-020, an Apple Valley Water Company decision, the Commission cited the 1987 decision as a basis for its observation, "[The utility] has the sole obligation to present a convincing and sufficient showing to meet the burden of proof, and any active participation of other parties can never change that obligation." Catalina Parties Opening Brief, pp. 6-7.

[8] D.87-12-067 (PacBell GRC), pp. 24-25.

[9] Catalina Parties Opening Brief, p. 8.

The Commission should apply the same principle to the cost recovery proposals in dispute here. Where SCE has failed to demonstrate the reasonableness of its cost recovery proposal, it cannot be adopted, even if the Commission finds that intervenors have not presented a reasonable alternative.

III. Revenue Requirement

TURN is not addressing this topic in its reply brief.

IV. Recovery from Electric Customers

A. Commission Authority

The Commission Must Reject SCE's Baseless Contention That the Agency Can Create Authority for The Proposed Subsidy by Simply Declaring It to Be Just and Reasonable.

SCE's arguments regarding the Commission's authority to adopt the utility's proposed cross-subsidy of its Catalina water operations by its non-Catalina electric utility customers are premised on a remarkable overstatement. According to the utility, the Commission need simply announce that it has the authority, and that is that!

> In other words, pursuant to its broad regulatory authority, the Commission's own determination that a cross-subsidy is just and reasonable confers the authority necessary for approval.[10]

This is an attempt at regulatory alchemy, with SCE seeking to conjure authority where none exists. TURN does not dispute that the Commission has broad regulatory authority; however, that authority is not boundless. Certainly the agency does not have the ability to confer upon itself the authority necessary for approval simply by declaring an outcome just and reasonable. SCE's reliance on Section 701 of the Public Utilities Code as support for its

[10] SCE Opening Brief, p. 58.

proposition disregards the seminal decision of the California Supreme Court in *Pac. Tel. & Tel. Co.*, where the California Supreme Court stated:

> Whatever may be the scope of regulatory power under this section, it does not authorize disregard by the commission of express legislative directions to it, or restrictions upon its power found in other provisions of the act or elsewhere in general law.[11]

As explained in the opening briefs filed by TURN and Cal Advocates, the Commission's power here is restricted by Section 451 and its requirement that the charges SCE's electric utility customers pay for electric utility service must be just and reasonable.[12] That requirement would become virtually meaningless if, as SCE argues, the Commission need only simply declare that an adopted outcome is just and reasonable. SCE's approach would eviscerate any consumer protection previously provided by Section 451 – any outcome becomes potentially "just and reasonable" so long as the Commission says it is so.

The Commission should conclude that embracing SCE's approach would constitute legal error. Instead, based on the arguments in TURN's and Cal Advocates' opening briefs, the agency should determine that it lacks authority to adopt the cross-subsidy the utility has proposed here.

[11] *Pac. Tel. & Tel. Co. v. Public Util. Com.* (1965) 62 Cal. 2d 634, 653.

[12] TURN Opening Brief, pp. 4-5; and Cal Advocates Opening Brief, p. 36.

B. Should the Commission Allow Recovery from Electric Customers

SCE's Arguments in Favor of The Requested Subsidy Rely on An Incorrect View of the Regulatory Compact, And Unsupported Claims Regarding the Purported Nexus Between SCE's Water Utility Service on Catalina Island and the 95% of SCE's Electric Utility Customers Who Will Not Be Even Visiting the Island.

The Commission should find that SCE has failed to present compelling reasons for requiring its electric utility customers to pay $32.6 million to subsidize the costs of providing water utility service on Catalina Island, even if the agency determines that it has the authority to impose such a cross-subsidy.

1. SCE's Insistence That It Is "Entitled" To Full Cost Recovery Here, Even If It Requires Collecting $32.6 Million of Water Utility Costs from Electric Utility Customers, Has No Basis in the "Regulatory Compact."

SCE's opening brief confirms that the utility's position in this proceeding is driven by its sense of entitlement, with claims that the utility "is in fact entitled to" recover the costs in question here, including being "entitled to return of, and a return on, [the] invested capital."[13] Consistent with this sense of entitlement, SCE also takes the position that any outcome that would require the utility and its shareholders to absorb any portion of the costs "would directly contravene and entirely upend the regulatory compact which California investor-owned utilities have and continue to operate under."[14]

Looking at the actual language of the decisions that are the basis for the "compact" illustrates just how far the utility's claimed entitlement to cost recovery strays from the regulatory compact. SCE is correct that D.20-01-002, the Commission's recent decision revising

[13] SCE Opening Brief, pp. 2 and 29.

[14] *Id.*, pp. 72-73.

the "Rate Case Plan" for major energy utilities, discusses the regulatory compact and other ratemaking principles implicated in a GRC proceeding for the major energy utilities.[15] But the discussion extends beyond the single page SCE cites with favor, and includes an abbreviated review of some of the underlying United States Supreme Court decisions.[16] In particular, the Commission quoted the recognition in the Court's *Hope* decision that the "fixing of just and reasonable rates [] involves a balancing of the investor and the consumer interest."[17] But this balance does not provide assurance of cost recovery to the utility or its investors. Literally the next line of the *Hope* decision cites with favor the Supreme Court's earlier decision in the *Natural Gas Pipeline* case for the proposition there that "regulation does not ensure that the business shall produce net revenues."[18] And in the *Natural Gas Pipeline* decision, the Court made clear that "the hazard that the property will not earn a profit remains on the company in the case of a regulated, as well as an unregulated business."[19] Thus, the regulatory compact does not support the "entitlement" that SCE claims as a basis for the relief it seeks here. Rather, the key decisions provide for the possibility of less than full cost recovery, and recognize that the balancing of the investor and consumer interest will not always generate a profit for the regulated utility, just as would be the case were it an unregulated business.

[15] SCE Opening Brief, p. 57.

[16] D.20-01-002, pp. 10-13.

[17] *Id.*, p. 12, quoting *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

[18] *Hope Natural Gas*, 320 U.S. at 603.

[19] *Federal Power Commission v. Natural Gas Pipeline Co.*, 315 U.S. 575, 590 (1942).

2. SCE's Position Is Premised on The False Assumption That the Commission Must Choose Between Catalina Water Utility Customers or SCE Electric Utility Customers; The Utility and its Shareholders Are Not Only Another Option, but The Most Supportable Option.

SCE attempts to convince the Commission that requiring its electric utility customers to pay for costs of providing water utility service to Catalina Island "is reasonable and necessary because otherwise, Catalina customers will not be able to pay for their water bills."[20] In the utility's view, the options are limited to "make the water utility customers pay" or " make electric utility customers pay." The Commission should reject such logic in favor of an approach that recognizes that costs in excess of what SCE can collect from a reasonable and affordable revenue requirement charged to its Catalina Island water customers can and should be absorbed by the utility.

SCE goes so far as to contend that the Commission should adopt its proposed cross-subsidy because it is "morally and legally compelled to protect Catalina residents' right to clean and affordable water."[21] But SCE has not demonstrated that its preferred approach of assigning water utility costs to electric utility customers is necessary in order to achieve affordable water rates to its Catalina Island customers. The Commission can and should achieve such rates by authorizing a revenue requirement and rate design that would still be affordable from the perspective of those customers. If the utility has incurred or will incur costs in excess of the amount that can be recovered from its Catalina Island customers, it can and should absorb those costs.[22]

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[20] SCE Opening Brief, p. 65.

[21] *Id.*, p. 67.

[22] TURN Opening Brief, pp. 7-11.

The Commission should recognize that requiring the utility to absorb such above-authorized costs is consistent with each of SCE's different positions with regard to how its water utility operations should be treated – Class C water utility, or a quasi-high cost district of its utility operations. SCE devotes part of its brief to arguing why its Catalina Water operations should be treated as a Class C water utility, rather than face requirements of either Class A or Class B water utilities.[23] If SCE were truly a "small Class C water utility,"[24] there would be no doubt that its cost recovery opportunity through regulated rates would be limited to what it could achieve through a reasonable revenue requirement consistent with maintaining safe, reliable, and affordable service to the water utility's customers, and collected solely from those water utility customers. There would be no option for a cross-subsidy. To the extent SCE incurred costs more than the amounts authorized for rate recovery from its water utility customers, it would suffer a loss. This would be a counterpoint to the past years when the utility's operation of its water utility operations produced a profit.[25] Just as SCE was not required to share its profits from its Class C water utility operations, it should not be permitted to share the losses from a period when its costs exceed the amount recoverable through its water utility's authorized revenue requirement.

But SCE does not operate its water utility service on Catalina Island as a stand-alone Class C water utility. As the Catalina Parties point out, SCE treats its water utility operations as "not even a department" within its overall utility operations, with 0.00294% of SCE's overall

[23] SCE Opening Brief, pp. 52-53 and 81-82.

[24] *Id.*, p. 59.

[25] Catalina Parties Opening Brief, p. 5 (noting that from 1985 through 2002, SCE's water utility operations reported a profit of $5.1 million).

revenue.[26] The Commission does not typically make determinations of the sufficiency of a utility's authorized revenue requirement at such a granular level. Consistent with SCE's own treatment of its water utility operations,[27] any water utility costs in excess of the amount the utility can collect solely through Catalina water utility rates would appropriately be assessed against SCE's overall performance. As explained in TURN's testimony and opening brief, SCE reported "core earnings" of $1.825 billion for 2020.[28] The Commission can and should reasonably conclude that the $32.6 million subsidy SCE seeks from its electric utility customers should instead be deemed a very small offset against the utility's overall earnings, consistent with SCE's treatment of its Catalina water utility operations as a very small part of its overall operations.

3. The Commission Must See Past SCE's Overblown Statements of a "Nexus" Between the Utility's Electric Utility Customers and Catalina Island Water Utility Service and Reject the Proposed Subsidy.

A key question facing the Commission in this proceeding is whether there is sufficient justification for requiring SCE's electric utility customers to bear as much as $32.6 million of costs that have nothing to do with their electric utility service, but rather are solely associated with the water utility service provided on Catalina Island. SCE seeks to justify the proposed subsidy by claiming it would be collected would be recovered "from the broader set of SCE electric customers who have benefitted from this water service."[29] The purported benefits to this "broader set of SCE electric customers" fall into two categories – ensuring the availability of

[26] Catalina Parties Opening Brief, p. 41.

[27] TURN Opening Brief, pp. 9-11; Catalina Parties Opening Brief, pp. 41-42.

[28] TURN Opening Brief, p. 11, citing Ex. TURN-01E, pp. 5-6.

[29] SCE Opening Brief, p. 59.

water on Catalina Island for those visiting the island, and "societal" benefits of supporting education, research and conservation activities on the island.[30]

The benefits to tourists may warrant a fee charged directly to individuals who actually visit Catalina Island. However, they do not justify adding a $32.6 million subsidy to the rates borne by the vast majority of SCE electric utility customers who will not likely be Catalina visitors.[31] And the Commission must disregard SCE's attempt to bolster its argument by citing the Proposed Decision from its previous GRC for its embrace of SCE's current logic.[32] Nowhere does SCE explain why the logic set forth in a document that was never the subject of a Commission vote should have any bearing on the outcome to be adopted here. For an agency that often notes that its prior decisions do not serve as binding precedent,[33] the precedential value of an unadopted Proposed Decision would seem to be less than zero, if that is possible. Furthermore, SCE's argument engages in self-serving and inappropriate "cherry-picking." The Proposed Decision would have had the Commission adopt not just a subsidy, but also operating expense and capital disallowances in approximately the same amount as the subsidy.[34] Here, the

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[30] *Id.*, pp. 61-62.

[31] It bears repeating -- 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 electric utility service territory. TURN Opening Brief, pp. 11-12.

[32] SCE Opening Brief, p. 63.

[33] See, for example, D.21-12-067 (OII on SoCalGas Billing Practices), p. 21, fn. 98 ("Commission decisions are not binding precedent"); D.21-09-044, p. 15 ("It is clearly settled that the Commission is not bound by its own precedent."; D.21-08-002 (Sale of East Pasadena Water Company), p. ("[T]he Commission is not rigidly bound to precedent but must instead consider each proceeding on its own merits as well as recent prior decisions."); D.21-06-042 (SCE Charge Ready 2 Programs), p. 5 ("[I]t is settled that the Commission is not bound by its precedent.")

[34] Proposed Decision of ALJ Barnett (April 23, 2012), p. 2 (describing the overall outcome under the PD – a disallowance of approximately $0.4 million of operating expenses, a disallowance of approximately $7.5 million in rate base, and a collection of a "one-time cost" of $7.780 million

utility asks the Commission to find it "compelling that the assigned ALJ to SCE's previous GRC expressly found that the cross-subsidy was just, reasonable, and supported by a sufficient nexus."[35] If the utility truly believed the Proposed Decision's approach was so compelling as to warrant a similar outcome here, it would have voluntarily sought a reduction to its existing rate base, rather than requesting to increase its rate base by $10.1 million.[36]

The Commission should also find unpersuasive SCE's attempt to use certain "societal benefits" to create a nexus between SCE's electric utility customers who do not visit Catalina Island and water service on the island and, in the utility's mind, establish a sufficient connection to warrant charging those electric utility customers $32.6 million.[37] SCE has made no attempt to demonstrate that the electric utility customers would receive any lesser amount of these "societal benefits" absent the $32.6 million subsidy. Instead, the utility is treating the $32.6 million as if it were a form of a charitable donation supporting education, research, and conservation activities on the island, at least for the approximately 95% of electric utility customers who will not visit the island. The Commission has long recognized that customers of regulated utilities should not be required to support charitable activities through authorized revenue requirements.[38] As the Commission explained more recently, it would retain the "general prohibition against ratepayer

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from electric utility customers). The Proposed Decision is available at https://docs.cpuc.ca.gov/PublishedDocs/EFILE/PD/164769.PDF.

[35] SCE Opening Brief, p. 63.

[36] *Id.*, p. 29.

[37] SCE Opening Brief, p. 62 ("Even SCE customers who do not visit the island receive societal benefits such as education, research and conservation.")

[38] D.04-07-022 (SCE 2003 GRC), p. 210. See also, D.04-05-055 (PG&E 2003 GRC), p. 112 ("The California Supreme Court has upheld our policy of excluding charitable contributions from authorized rate recovery. (Pacific Tel. & Tel. Co. v. Public Util. Comm. (1965) 63 Cal. 2d 634, 669.)")

funding of voluntary dues, donations, and charitable contributions," with the recognition that "ratepayers can contribute to such causes on their own if they want."[39] Thus, even if SCE is correct that the $32.6 million subsidy would in part support such activities, the Commission should maintain its practice of excluding such costs from rates and leaving it to ratepayers to decide which public interest or charitable activities they wish to support financially.

C. Deferred Revenue Requirement Tracking Account

TURN relies on the discussion of this topic as presented in its opening brief.

V. Cost Recovery

A. Alternative Cost Recovery Approaches

The Evidentiary Record Is Insufficient to Support Either Rejection or Adoption of a Boat Fee or Any Other Alternative Cost Recovery Approach at This Time.

SCE and the Catalina Parties each urge the Commission to determine that a fee charged to actual visitors of Catalina Island that arrive by ferry (a "boat fee") is completely unworkable. The Commission must decline to make any such determination based on the record developed here, and instead retain the "boat fee" as an alternative worth exploring, should there be a need for SCE to seek cost recovery opportunities from sources other than Catalina water utility customers.

The Catalina Parties claim that a boat fee would be detrimental to tourism.[40] But the testimony supporting this claim was insubstantial and conclusory:

> An increase in the cost of taking a boat to the Island would be detrimental to tourism. Catalina Island is not a luxury resort. The number of hotel rooms available for overnight stay is very limited.

[39] D.20-07-038 (Sempra Utilities 2019 GRC Rehearing Decision), p. 12.

[40] Catalina Parties Opening Brief, p. 46.

> Many of the tourists come over just for the day. The relatively small cost of doing so is one of the Island's attractions.[41]

SCE asks the Commission to find that the Catalina Parties' observations constitute their having "demonstrated that an increase to the boat fee would be detrimental to tourism."[42] And without any cited support, the utility doubles down on this point, stating that a new visitor boat fee "would also be unsustainable because ticket prices would increase to unacceptably high levels that would dissuade tourism to the island altogether."[43]

As is explained more fully in TURN's opening brief, SCE's own calculations demonstrate that a boat fee of $1.27 could collect more than $30 million over a 20-year period.[44] Neither SCE nor the Catalina Parties make any serious effort to demonstrate that such a fee, amounting to approximately 3.5% of the current boat ticket cost, would have a material impact on the amount of visitors to the island. And neither party mentions the 2016 Catalina visitor study that calculated an average daily spend of $82-$194 for each island visitor, a figure that appears to <u>not</u> include the cost of getting to and from the island.[45] The record evidence suggests that a boat fee could be set at a level that does not have an undue impact on Catalina Island's

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[41] Ex. CP-01, p. 27. The identical language is repeated at the above-cited page of the Catalina Parties Opening Brief.

[42] SCE Opening Brief, p. 71.

[43] *Id.*, p. 72.

[44] TURN Opening Brief, pp. 19-21.

[45] Ex. TURN-01 (TURN Direct Testimony), Attachment 5 – "Visitors Report", p. 15. Table 6 of the report lists various spending categories. The only transportation-related category shows average spending of approximately $11-12 per visitor, a figure that is far below the round-trip cost of ferry service to Catalina Island ($73.50, per SCE's own analysis – see TURN Testimony, Attachment 13 (SCE Response to TURN DR 3-18).) The Commission should infer that the study's transportation costs are for costs incurred for travel on the island itself, rather than to and from the island.

tourist trade, and SCE's and the Catalina Parties' statements to the contrary should be ignored as inadequately supported.

B. What Cost Recovery Approach Should the Commission Adopt?

TURN incorporates by reference the discussion set forth in Section I (Overview and General Points), above.

VI. Proposed Rates for Test Year and Escalation Years

TURN is not addressing this topic in its reply brief.

VII. Transition from Water Revenue Adjustment Mechanism (WRAM) to Monterey-Style, Incremental Cost Balancing Account (ICBA)

TURN is not addressing this topic in its reply brief.

VIII. Any Other Issues Relevant to Commission's Review and Disposition

TURN is not addressing this topic in its reply brief.

IX. Conclusion

For the reasons described above, as well as those set forth in TURN's opening brief, the Commission should deny SCE's proposal to require its electric utility customers to subsidize its water utility service provided on Catalina Island.

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Respectfully submitted,

By: _____ /s/_____
Robert Finkelstein

Robert Finkelstein, General Counsel
THE UTILITY REFORM NETWORK
785 Market Street, Ste. 1400
San Francisco, CA 94103
(415) 929-8876 x107
bfinkelstein@turn.org