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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U338E) for Authority to Increase
Rates for its Class C Catalina Water Utility and
Recover Costs from Water and Electric
Customers.

Application 20-10-018

**REPLY COMMENTS OF
THE PUBLIC ADVOCATES OFFICE**

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I. INTRODUCTION

Pursuant to Rule 14.3(d) of the California Public Utilities Commission Rules of Practice and Procedure and Administrative Law Judge (ALJ) Garrett Toy’s August 18, 2023 and August 25, 2023 Rulings directing SCE to provide updates on certain forecasted capital projects, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this reply to the *Comments of Southern California Edison Company (SCE) on Updates on Forecasted Capital Projects* (Comments).

The ALJ’s August 18, 2023 Ruling observed that SCE’s submitted application and testimony in this proceeding identified certain forecasted capital projects that were projected to be completed by 2023.¹ The Ruling directed SCE to file comments “discussing the project status of any forecasted capital expenditures submitted by SCE for recovery in this proceeding” in order to update the record.²

II. DISCUSSION

A. The Class A Water Utility Rate Case Plan Does Not Restrict Commission Authority to Request Updated Utility Information.

SCE asserts that the Commission should issue a Proposed Decision based on the information already in the record without consideration of any new information the ALJ ordered it to provide.³ SCE’s authority for this assertion is the Class A Water Utility Rate Case Plan (RCP) provision limiting the time for utilities’ updates to a general rate case application.⁴ SCE admits that the RCP is not controlling here. Among other things, Catalina, which is a Class C rather than Class A water utility, proposes that “the RCP and the related forecast-based ratemaking principles underlying general rate cases are instructive and applicable on [the issue of updates].”⁵ SCE’s position is wrong. Even if the RCP were controlling over the SCE’s present water utility rate case, which SCE admits it is not, the RCP provisions upon which SCE relies are

¹ Application (A.)20-10-018, *Administrative Law Judge Ruling Directing Southern California Edison Company to Provide Updates on Forecasted Capital Projects* (August 18, 2023) (ALJ Ruling), p. 1.

² ALJ Ruling, p. 1. Reply briefs were filed in the current proceeding on June 10, 2022. A Proposed Decision is anticipated by December 29, 2023

³ A.20-10-018, *Comments of Southern California Edison Company on Updates on Forecasted Capital Projects* (September 12, 2023) (Comments), p. 2.

⁴ Comments, p. 2.

⁵ Comments, p. 2, FN 4.

neither instructive nor applicable to the ALJ's Ruling because the updates contemplated in the RCP are utility-requested, discretionary updates, not information that the utility is required to provide by a ruling or Commission order.

According to SCE, its forecasted capital project updates in the Comments should be excluded from the record because, per SCE's interpretation, the RCP requires water utilities to update recorded data in a rate case application within 45 days of the filing the application, "with the approval of the ALJ."⁶ Here SCE misstates the RCP's standard 45-day recorded data update provisions applicable to Class A utilities on a 14-month GRC proceeding schedule. The 45-day update does not require a motion or ALJ approval, except for updates to certain expense categories.⁷ The Commission describes the RCP update provisions as "the process set forth... *for applicants to offer updates* to recorded data in a pending GRC application" (emphasis added).⁸ Further, the Commission states that "this [update] process...allows *the utilities an opportunity to seek post-application modifications* when changes are material and ensures that other parties have an opportunity to indicate whether they have adequate time to analyze the new data" (emphasis added).⁹ Nothing in the Commission's discussion of the RCP revisions limits what information the ALJ can request by ruling.

The Commission adopted these RCP provisions to inhibit the utilities' "temptation to wait for additional historic data...upon which to base a forecasted test year" in a general rate case.¹⁰ SCE's argument that the Commission should exclude data in the Comments from the record and from consideration in decision making implies that the Commission intended to restrict its own regulatory authority in a rulemaking—a premise for which SCE provides no support.

⁶ Comments, p. 2, citing D.07-05-062, *Opinion Adopting Revised Rate Case Plan for Class A Water Utilities* (May 24, 2007) (2007 RCP Revision), p. 12.

⁷ Water utilities on an 18-month GRC proceeding schedule have a 100-day limitation on updates. The RCP permits Class A water utilities to file a motion requesting inclusion of updates to certain cost categories; i.e., employee benefits (all medical, dental, pension, and other benefits), insurance, and Sarbanes-Oxley compliance costs in the 45- or 100-day update. *See* 2007 RCP Revision, Appendix A, p. A-9.

⁸ 2007 RCP Revision, p. 12.

⁹ 2007 RCP Revision, p. 13.

¹⁰ D.04-06-013 (2004 RCP Revision), pp. 9-10.

The Commission's authority to request and consider updated information is not affected by the RCP. Therefore, there is no basis for SCE's claim that the Commission should exclude the ALJ's requested updates on capital projects SCE forecasted for completion in 2023.¹¹

B. Impact of the Comments on Cal Advocates' Recommendations

Cal Advocates cannot verify the project updates SCE provides in the Comments and the updates do not affect Cal Advocates' recommendations and position as presented in the record of this proceeding.

III. CONCLUSION

Cal Advocates respectfully requests that the Commission deny SCE's request to exclude the updated information in the Comments from the record and from consideration by the Commission in issuing a Proposed Decision in this proceeding.

Respectfully submitted,

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¹¹ Stale data is not a sound basis for just and reasonable rate making. *See* D.90-12-067, *Re S. California Edison Co.* (Dec. 19, 1990) 38 CPUC 2d 452 (finding that the ALJ correctly required an electric utility to provide updated costs, thus preventing a situation where the Commission would have to base its decision "on stale data.").