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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Application of Southern California Edison)
Company (U 338-E) for Authority to, Among)
Other Things, Increase Its Authorized Revenues)
For Santa Catalina Island Water Operations, and)
to Reflect That Increase In Rates.)

Application No. A 10-11-009
(Filed November 15, 2010)

JOINT MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E),
PROTESTANTS, THE UTILITY REFORM NETWORK, AND THE DIVISION OF
RATEPAYER ADVOCATES FOR ADOPTION OF SETTLEMENT

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Dated: **August 16, 2013**

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PROTESTANTS, THE UTILITY REFORM NETWORK, AND THE DIVISION OF
RATEPAYER ADVOCATES FOR ADOPTION OF SETTLEMENT**

In accordance with Article 12 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure (Rules), Southern California Edison Company (SCE), the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), and Protestants¹ (collectively, Joint Parties) move the Commission to adopt the Settlement Agreement (Settlement), which is appended to this motion as Attachment 1. The Settlement resolves all remaining disputes between the parties.² The Commission should adopt the

¹ Protestants include the City of Avalon, the Chamber of Commerce, the Island’s principal land owners, and condominium associations and campgrounds which constitute a general cross section of all of the Catalina Water ratepayers.

² As discussed below, these same Joint Parties previously filed an uncontested settlement on rate design issues in this proceeding (Rate Design Settlement). The Rate Design Settlement was included in Administrative Law Judge (ALJ) Barnett’s April 23, 2012 Proposed Decision. Although the Joint Parties propose that this Settlement supersede the Proposed Decision, the Joint Parties continue to believe that the Rate Design Settlement is just and reasonable, for all of the reasons described in the Joint Parties’ December 12, 2011 Joint Motion for Approval of Rate Design Issues. Accordingly, the Rate Design Settlement is appended as Exhibit A to the Settlement Agreement at issue in this motion, and the Joint Parties urge the Commission to adopt it as part of a final decision resolving this proceeding.

Settlement as reasonable in light of the whole record, consistent with law, and in the public interest.

I.

INTRODUCTION

On November 15, 2010, SCE filed its Application for Authority to Increase Rates for Water Service (Application). In support of the Application, SCE served voluminous written testimony. On December 17, 2010, DRA protested the Application. On December 28, 2010, Protestants protested the Application.

A prehearing conference (PHC) was noticed and held on January 14, 2011, to discuss the issues raised by the Application and by the parties. An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on March 16, 2011. The Scoping Memo identified the issues to be considered in this proceeding, set a procedural schedule, determined the category of the proceeding as ratesetting, and determined there was a need for hearings pursuant to Rule 7.3. On April 22, 2011, TURN filed a Motion to Become a Party in this proceeding.³ On April 27, 2011, a public participation hearing was held on Catalina Island.

DRA served intervenor testimony on May 16, 2011. Protestants and TURN served intervenor testimony on May 23, 2011. SCE served rebuttal testimony on June 13, 2011. Evidentiary hearings were held in the Commission's Los Angeles office from September 7, 2011 to September 9, 2011. The parties filed concurrent Opening Briefs on November 1, 2011, and concurrent Reply Briefs on November 18, 2011.

On December 12, 2011, the Joint Parties filed a Joint Motion for Approval of Rate Design Issues. The proposed Rate Design Settlement addressed all rate design issues in the proceeding, except:

³ TURN's motion was granted on April 22, 2011.

- (1) Schedule W-10 - Domestic Employee Rates - An agreement on the continued application of Schedule W-10 the Domestic Employee rates applicable to SCE employees. Joint Parties disagreed on this issue and addressed it in Opening and Reply Briefs.
- (2) SCE agreed to not seek annual revisions in water sales as proposed in its original Application. The Joint Parties agreed, and the Rate Design Settlement assumes, however the sales forecast presented in SCE's original Application is adopted and implemented with the Rate Design Settlement rate designs.

On April 23, 2012, ALJ Barnett issued a Proposed Decision (PD). On May 14, 2012, the parties filed concurrent Opening Comments to the PD. On May 21, 2012, the parties filed concurrent Reply Comments to the PD.

On June 13, 2012, ALJ Barnett released a revised Proposed Decision (the Revised PD). On June 15, 2012, Commissioner Sandoval convened an all-party meeting on Catalina Island to consider the issues in this proceeding. At its June 21, 2012 meeting, the Commission discussed and considered the Revised PD. The Commission did not vote on the Revised PD, however, and instead encouraged the parties to engage in discussions to attempt to settle the remaining disputed issues in the proceeding (i.e., all other issues except rate design issues).

On August 1, 2012, SCE and Protestants filed a Joint Motion to Set Aside Submission for 60 Days to Engage in Settlement Discussions. On August 16, 2012, ALJ Barnett granted that motion. On August 10, 2012, Assigned Commissioner Peevey issued an order amending the Scoping Memo to extend the resolution date of the proceeding to December 28, 2012. On December 13, 2012, President Peevey issued a second order extending the resolution date to June 28, 2013. On June 28, 2013, President Peevey issued a third order extending the resolution date to February 10, 2014.

Beginning in August of 2012, the Joint Parties engaged in intensive settlement negotiations over several months, which eventually resulted in the agreement that is memorialized in the appended Settlement Agreement.

II.

THE COMMISSION SHOULD WAIVE THE TIMING REQUIREMENT IN RULE 12.1

Commission Rule of Practice and Procedure 12.1 provides that settlements must ordinarily be filed within 30 days of the last day of evidentiary hearings:

Parties may, by written motion any time after the first prehearing conference and within 30 days after the last day of hearing, propose settlements on the resolution of any material issue of law or fact or on a mutually agreeable outcome to the proceeding.

The Joint Parties have diligently negotiated on the complex and important issues at stake in this proceeding. As further discussed below, the Settlement is in the public interest and furthers the Commission's policy favoring alternative dispute resolution. In addition, the Settlement has been joined by all parties to this proceeding, so no parties will be prejudiced by the Commission's waiver of the timing requirement. Accordingly, the Joint Parties respectfully request that the Commission deem this settlement timely filed and consider it on its merits.

III.

THE SETTLEMENT IS REASONABLE IN LIGHT OF THE WHOLE RECORD, IS CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST

Rule 12.1(d) states that the Commission will not approve a settlement "unless the settlement is reasonable in light of the whole record, is consistent with law, and in the public interest." As discussed below, the Settlement meets these criteria.

The Commission has consistently recognized the "strong public policy favoring the settlement of disputes to avoid costly and protracted litigation."⁴ This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable

⁴ D.88-12-083, mimeo., at 54. See also D.11-05-018, mimeo., at 16.

results.⁵ Moreover, in assessing settlements, the Commission evaluates the *entire* agreement, and not just its individual parts:

In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.⁶

A. The Settlement Is Reasonable In Light Of The Record

SCE's application and supporting testimony, the testimony sponsored by the non-utility parties, and SCE's rebuttal testimony, together with the Settlement and this motion, contain the information necessary for the Commission to find the Settlement reasonable in light of the record. The Settlement is a product of substantial negotiation efforts on behalf of all parties, and the success of those efforts is largely attributable to the quality of the information and analysis set forth in the prepared testimony submitted to date by the various parties on the issues covered by the Settlement. As described more fully in the summary of the Settlement that follows, and except where specifically noted, the outcomes on the issues covered by the Settlement are within the range of positions and outcomes defined by that prepared testimony.

B. The Settlement Is Consistent With Law

The Joint Parties are represented by experienced CPUC counsel, and believe that the terms of the Settlement comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. In agreeing to the terms of the Settlement, the Joint Parties considered relevant statutes and Commission decisions and believe that the Settlement is fully consistent with those statutes and prior Commission decisions.

⁵ D.92-12-019, mimeo., at 7-8.

⁶ D.10-04-033, mimeo, at 9.

C. The Settlement Is In The Public Interest

The Commission has determined that a settlement that “commands broad support among participants fairly reflective of the affected interests” and “does not contain terms which contravene statutory provisions or prior Commission decisions” meets the “public interest” criterion.⁷ Here, all parties to the proceeding have joined this motion and have signed the attached Settlement indicating that they believe the agreement represents a reasonable compromise of their respective positions. It is important to note that the Joint Parties include the utility (SCE), the representatives of water users and consumers on Catalina Island (Protestants), and the two most prominent ratepayer advocate groups in Commission practice (DRA and TURN).

The Settlement, if adopted by the Commission, avoids the cost of further litigation, and frees up Commission resources for other proceedings. The Settlement frees up the time and resources of other parties as well.

D. The Settlement Should Be Adopted Without Modification

Though each section is discussed separately in the summary below, the Settlement is presented as a whole, and the Joint Parties request that it be reviewed and adopted as a whole. Each provision of the Settlement is dependent on the other provisions of the Settlement; thus modification of any one part of the Settlement would harm the balancing of interests and compromises achieved in the Settlement. The various provisions reflect specific compromises between litigation positions and differing interests; in some instances the proposed outcome reflects a party’s concession on one issue in consideration for the outcome provided on a different issue. As described further in the following sections, the proposed outcome on each issue is reasonable in light of the entire record. Accordingly, the Commission should consider and approve the Settlement as a whole, with no modification.

⁷ D.10-06-015, mimeo., at 11-12, *citing* D.92-12-019, mimeo., at 7.

E. The Settlement is Reasonable and Promotes the Public Interest

The Settlement represents agreement among all parties in this proceeding. In settlement negotiations, each party adhered to their individual litigation position as the starting point for discussion. Through the negotiation process, however, the Joint Parties were able to identify preferred outcomes that, if adopted, would represent an acceptable resolution for each party involved in the settlement discussions. Each provision of the Settlement is dependent on the other provisions of the Settlement; thus modification of any one part of the Settlement would harm the balancing of interests and compromises achieved in the Settlement. The various provisions reflect specific compromises between litigation positions and differing interests; the Joint Parties believe the provisions of the Settlement are reasonable and supported by the record. Accordingly, the Settlement should be considered and approved as a whole by the Commission as reasonable in light of the entire record, with no modification.

The Settlement represents agreement among the Settling Parties regarding resolution of all remaining disputed issues in this proceeding in a manner that promotes the public interest. Longstanding Commission policy favors settlements. The Settlement is therefore reasonable in light of the whole record and promotes the public interest as required by Rule 12.1(d). The issues addressed in this Settlement are discussed below.

F. Summary of the Proposed Settlement

The Joint Parties seek Commission approval of the terms set for in the attached Settlement, as summarized below.

1. Catalina Water Revenue Requirement

SCE's testimony in support of its application requested an annual revenue requirement of \$7.221 million (subsequently modified to \$7.118 million), which would reflect an approximately

85% increase over present rate revenues (PRR) of \$3.842 million.⁸ DRA’s testimony argued for an annual revenue requirement of \$6.320 million, which would result in an increase of \$2.478 million or 64% over PRR.⁹ TURN’s testimony argued for a current revenue requirement increase of \$1 million or 26% over PRR. Protestants’ testimony requested no (i.e., zero) revenue requirement increase over PRR. The Settlement proposes a \$4.130 million annual revenue requirement or an increase of \$288,000, which represents a 7.5% increase over PRR. The Settlement’s revenue requirement proposal represents a compromise between the litigation positions of the parties.¹⁰

2. Recovery of Catalina Water Rate Base from SCE’s Electric Customers

In its testimony supporting its application, SCE proposed as an alternative rate recovery methodology for the Commission’s consideration a one-time recovery of a portion of Catalina Water rate base from SCE’s systemwide electric ratepayers (Alternate Proposal). The intent of the Alternate Proposal was to keep Catalina Water PRR at its current level to keep rates affordable, by recovering from SCE’s electric ratepayers over a one-year period enough Catalina Water rate base to recover SCE’s investments in the water system. Protestants’ testimony supported the Alternate Proposal. DRA’s testimony opposed the Alternate Proposal. TURN’s testimony did not support the Alternate Proposal, but noted that if the Alternate Proposal was implemented, SCE’s shareholders should shoulder some of the costs. ALJ Barnett’s PD found “that SCE’s water utility exists not only to serve the permanent residents on Catalina, but also

⁸ In its Opening Comments, SCE subsequently revised its annual revenue requirement request to \$6.703 million, which would reflect a 74% increase over PRR.

⁹ DRA’s testimony also argued for a three-year phase-in of the revenue requirement increase.

¹⁰ The Settlement’s proposed revenue requirement as reflected in the Results of Operations modeling table (Exhibit C to the Settlement Agreement), was derived by adopting an Operations & Maintenance amount some \$0.205 million lower than SCE’s request, by SCE writing off some \$2.485 million in rate base, and by recovering \$8.796 million of rate base from SCE’s systemwide electric ratepayers. The latter issue is discussed in subsection 2.

the many tourists that come to Catalina from the mainland, the majority from areas where SCE provides electric service.”¹¹

The Joint Parties do not uniformly endorse the reasoning of the original intent of the Alternate Proposal, or ALJ Barnett’s rationale for its acceptance in the PD. The Joint Parties do acknowledge, however, the unique situation that exists regarding SCE’s Catalina Island water utility. Accordingly, the Joint Parties’ Settlement proposes a one-time recovery of \$8.895 million (including electric FF&U) of Catalina Water rate base from SCE’s systemwide electric customers over a one-year period. SCE waives earning any return on the recovery of the one-time transfer and will only recover dollar for dollar from SCE’s electric customers the total transfer amount of \$8.895 million. In conjunction with this recovery, SCE’s shareholders will incur a \$2.485 million capital disallowance, and the remaining Catalina Water rate base will be \$10.709 million. The Joint Parties propose to provide sufficient notice of the Settlement to all SCE electric customers, and to hold open the protest/comment period of the Settlement for 30 days after the last bill inserts are sent to SCE’s electric customers. The Joint Parties also emphasize that the recovery concept underlying the Alternate Proposal should only be viewed in the context of the overall Settlement, and is strictly intended to be a one-time and non-precedential event that is reasonable only under the circumstances present here. The history and facts unique to water service affordability on Catalina Island presented a challenge that Joint Parties agreed could best be addressed through this unique recovery mechanism. The Settlement’s provision to recover certain costs from electric ratepayers represents a compromise between the litigation positions of the parties.

3. Rate of Return

SCE’s testimony for Catalina Water supported a rate of return of 8.75% (later revised to 8.74% to correct an error). DRA’s testimony also supported a rate of return of 8.75%. TURN’s

¹¹ April 23, 2012 PD (Rev. 1) at p. 52.

testimony argued for a rate of return of 8.11%. Protestants did not provide testimony on a proposed rate of return. The Joint Parties agree that SCE's Catalina Water rate of return should be set at 7.90%. Although this rate is lower than any of the parties' litigation positions, those litigation positions were developed when SCE's authorized rate of return for its electric utility operations was 8.74%. Subsequent to the close of evidence in this proceeding, SCE's electric utility's authorized rate of return has been reduced to 7.90%.¹²

4. Rate Design

The Joint Parties propose that their previous Rate Design Settlement, which is attached as Exhibit A to the Settlement Agreement (which itself is attached as Attachment 1 to this Motion) and was adopted in the PD, be implemented in conjunction with this Settlement.¹³ The Joint Parties propose to continue rate Schedule W-10 - Domestic Employee Rates, which provides for discounted water rates to SCE employees.

5. Memorandum Accounts

In its testimony on the Power Expenses Memorandum Account (PEMA) and the Catalina Water CARE memorandum Account (CWCMA), SCE requested cost recovery of the expenses recorded in the PEMA and CWCMA from the inception of these accounts through the date of a final decision in this application. In accordance with Resolution W-4665, SCE proposed to recover the undercollected balances in the PEMA and the CWCMA through rates effective upon the issuance of a Commission decision in this proceeding, over a one-year period. No party objected to the recovery of expenses recorded in the PEMA and CWCMA. The Joint Parties propose that SCE file a Tier 2 advice letter to amortize the balances in the PEMA and CWCMA as of the effective date of this decision.

¹² See D.12-12-034.

¹³ Exhibit D to the Settlement Agreement includes revised tables that replace original Appendix A of the Rate Design Settlement to accurately represent the proposed Settlement's revenue requirement.

6. Compliance with Uniform System of Accounts

For future annual reports and rate request proceedings involving Catalina's water service, the Joint Parties propose that SCE present its Application or Advice Letter in a format that is consistent with the Uniform System of Accounts (USOA) for water utilities and that does not contain any references to FERC accounts.

7. Term of the Settlement

The Effective Date of this Settlement is the date upon which the Commission approves the Settlement. The rates set forth in this Settlement shall go into effect upon the date(s) established by the Commission.

IV.

CONCLUSION

As shown herein, the Settlement is reasonable in light of the whole record, is consistent with law, promotes the public interest, and should be approved the Commission.

Respectfully submitted,

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Dated: August 16, 2013

Attachment 1
Settlement Agreement

Settlement Agreement

Pursuant to Article 12 of the California Public Utilities Commission's ("Commission" or "CPUC") Rules of Practice and Procedure, Southern California Edison Company ("SCE"), Protestants¹, the Division of Ratepayer Advocates ("DRA"), and The Utility Reform Network ("TURN") (collectively referred to hereafter as "Joint Parties"), respectfully submit to the Commission this Settlement Agreement ("SA"). In this SA, the Joint Parties provide to the Commission a recommended complete resolution of the remaining unsettled issues in this proceeding.²

RECITALS

A. **WHEREAS**, SCE is an investor-owned public utility and is subject to the jurisdiction of the Commission with respect to providing water service to its retail customers on Catalina Island;

B. **WHEREAS**, Protestants intervened as a party in SCE's 2011 Water General Rate Case ("Water GRC") (initiated by the Application in this proceeding) whose members include SCE ratepayers;

C. **WHEREAS**, DRA intervened as a party in SCE's Water GRC and has a statutory obligation to represent and advocate for the interests of SCE's water ratepayers;

¹ Protestants include the City of Avalon, the Chamber of Commerce, the Island's principal land owners, and condominium associations and campgrounds which constitute a general cross section of Catalina Water ratepayers.

² As discussed below, these same Joint Parties previously filed an uncontested settlement on rate design issues in this proceeding (Rate Design Settlement). The Rate Design Settlement was included in Administrative Law Judge (ALJ) Barnett's April 23, 2012 Proposed Decision. Although the Joint Parties propose that this SA supersede the Proposed Decision, the Joint Parties continue to believe that the Rate Design Settlement is just and reasonable, for all of the reasons described in the Joint Parties' December 12, 2011 Joint Motion for Approval of Rate Design Issues. Accordingly, the Motion for Approval of the Rate Design Settlement (and the Rate Design Settlement itself) is appended as Exhibit A to the SA, and the Joint Parties urge the Commission to adopt it as part of a final decision resolving this proceeding.

D. **WHEREAS**, TURN intervened as a party in SCE's Water GRC and represents residential and small business customers throughout California;

E. **WHEREAS**, the Joint Parties offered competing proposals on various aspects of SCE's Application, and those competing proposals were thoroughly contested and vigorously litigated;

F. **WHEREAS**, after considerable debate, negotiation and compromise, the Joint Parties desire to resolve the remaining disputed issues without further litigation in this proceeding.

NOW THEREFORE, in consideration of the promises and covenants set forth below, the Joint Parties agree as follows:

I. REASONABLENESS OF THE SETTLEMENT

As discussed in more detail in the Motion to which this SA is attached, the Joint Parties submit that the SA fully complies with the Commission's requirements that settlements be reasonable, consistent with law, and in the public interest. The Joint Parties have recognized that there is risk inherent in litigation, and that a party's filed position might not prevail, in whole or in part, in the Commission's final determination. The Joint Parties have vigorously argued their positions in this matter, and have reached compromise positions that they believe are appropriate in light of the litigation risks. This SA reflects the Joint Parties' best judgments as to the totality of their positions and risks, and their agreement herein is explicitly based on the overall results achieved.

II. SETTLEMENT TERMS AND CONDITIONS

A. Incorporation of Recitals

The Recitals set forth above are incorporated into this Agreement.

B. Summary of Settlement Discussions

1. On August 1, 2012, SCE and Protestants filed a Joint Motion to Set Aside Submission for 60 Days to Engage in Settlement Discussions. On August 16, 2012, ALJ Barnett granted that motion. On August 10, 2012, Assigned Commissioner Peevey issued an order amending the Scoping Memo to extend the resolution date of the proceeding to December 28, 2012. On December 13, 2012, President Peevey issued a second order extending the resolution date to June 28, 2013. On June 28, 2013, President Peevey issued a third order extending the resolution date to February 10, 2014.

2. Beginning in August of 2012, the Joint Parties engaged in intensive settlement negotiations over several months, which eventually resulted in the agreement that is memorialized in this SA.

C. Effective Date: Term of Agreement

1. The Effective Date of this Settlement is the date upon which the Commission approves the Settlement. The rates set forth in Exhibit B to this SA shall go into effect upon the date(s) established by the Commission.

2. The Settlement Term shall extend from the date of Commission approval of the Settlement through the effective date of rates that are established in SCE's next advice letter or application to change Catalina water rates.

D. Settlement Terms

1. Catalina Water Revenue Requirement

The annual revenue requirement for SCE's Catalina Water operations shall be \$4.130 million. The annual revenue requirement is based on the rates set forth in Exhibit B, the Results of Operation model set forth in Exhibit C, and the water usage forecast set forth in Exhibit A (at page 5 of 19 in Rate Design Settlement Agreement). In addition, for the sake of clarity, Exhibit D hereto revises and supersedes Exhibit A in the Rate Design Settlement.

2. Recovery of Catalina Water Rate Base from SCE's Electric Customers; Capital and O&M Disallowances; and Remaining Catalina Water Rate Base

SCE shall remove \$8.796 million from Catalina Water rate base and recover this amount from SCE's systemwide electric customers over a one-year period. SCE waives earning any return on the recovery of this Catalina Water rate base and will only recover dollar for dollar from SCE's electric customers the total rate base amount of \$8.796 million plus Franchise Fees & Uncollectibles ("FF&U").³ In conjunction with this recovery of a partial amount of Catalina Water rate base from electric customers, SCE's shareholders will incur a \$2.485 million capital disallowance and a \$0.205 million O&M disallowance. The remaining Catalina Water rate base will be \$10.709 million.

3. Rate of Return

SCE's Catalina Water rate of return shall be set at 7.90%, as noted in Exhibit C.

4. Rate Design

The aforementioned Rate Design Settlement, which is attached hereto as Exhibit A, shall be implemented in conjunction with this Settlement.⁴ Rate Schedule W-10 - Domestic Employee Rates, which provides for discounted water rates to SCE employees, shall remain in effect.

³ Grossed-up for electric FF&U, the actual revenue recovered from electric customers shall be \$8.895 million.

⁴ Attached as Exhibit D hereto are tables that represent the SA's revenue requirement as applied to the Rate Design Settlement.

5. Memorandum Accounts

Within 30 days of the effective date of this settlement, SCE shall file a Tier 2 advice letter to amortize the balances in the Purchased Power Expenses Memorandum Account (“PPEMA”) and the Catalina Water CARE Memorandum Account (“CWCMA”). SCE’s advice letter will request cost recovery of the expenses recorded in the PPEMA and CWCMA from the inception of these accounts through the date of a final decision in this application, through water rates over a one-year period.

6. Compliance with Uniform System of Accounts

SCE will present its annual reports and Application or Advice Letter filings for future rate request proceedings involving Catalina’s water service in a format that is consistent with the Uniform System of Accounts (“USOA”) for water utilities, and that do not contain any references to FERC accounts.

III. ADDITIONAL TERMS AND CONDITIONS

A. The Public Interest

The Joint Parties, by executing and submitting this SA, agree that the relief requested herein is just, fair and reasonable, and in the public interest.

B. Entire Agreement

This Agreement embodies the entire understanding and agreement of the Joint Parties with respect to the matters described herein, and it supersedes all prior and contemporaneous oral or written agreements, negotiations, statements, representations, or understandings among the Parties with respect to those matters. The Agreement constitutes a confidential settlement offer under Rule 12.6 of the California Public Utilities Commission Rules of Practice and Procedure, California Evidence Code section 1152, and Federal Rule of Evidence 408, and therefore may not be used as evidence in any proceedings of any kind, except in an action alleging a breach of this Agreement.

C. NO PRECEDENTIAL VALUE

This Agreement represents the agreement between the Parties resolving certain actual and legal issues as specified herein. Pursuant to Rule 12.5 of the Commission's Rules of Practice and Procedure, unless the Commission expressly provides otherwise, this Agreement does not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding. By entering into this Agreement, no Party waives any right to assert in any other proceeding any defense under any applicable law, including whether any such law or regulation is, in fact, applicable to the transactions, activities, or entities identified in this Agreement. Additionally, nothing in this Agreement affirms or otherwise admits that there exists or has existed any violation of or non-compliance with any applicable law or Commission decision, and SCE specifically denies any violation of or non-compliance with any such applicable law or Commission decision. Except as provided for herein, each Party expressly reserves its right to advocate in other proceedings positions, principles, assumptions, defenses, arguments, and methodologies which may be different than those underlying this Agreement.

Here, the one-time recovery of a portion of Catalina Water's rate base from SCE's systemwide electric ratepayers ("Alternate Proposal") is not meant to provide any precedent or support for future Commission decisions. The Joint Parties acknowledge the unique situation that exists with Catalina Island's water utility and that the Alternate Proposal should only be viewed as reasonable in the context of the overall Settlement. The history and facts unique to water service affordability on Catalina Island presented a challenge that Joint Parties agreed could best be addressed through this unique recovery mechanism.

D. CONSTRUCTION

The Parties have cooperated in the preparation of this Agreement and have had a full opportunity to negotiate its terms and conditions. Accordingly, the Parties expressly waive any common law or statutory rule of construction that ambiguities should be construed against the drafter of this Agreement. The Parties agree, covenant, and represent that the language in all parts of this Agreement shall be in all cases construed as a whole, according to its fair meaning.

E. MODIFICATION AND AMENDMENT

This Agreement may be amended, changed, or modified only upon written agreement executed by the Parties. No waiver of any provision of this Agreement will be valid unless in writing and signed by the Party against whom such waiver is charged.

F. INTEGRATION

The Parties intend that this Agreement shall be interpreted and treated as a unified, integrated agreement.

G. EFFECT OF SUBJECT HEADINGS

Subject headings are included for reference only and are not intended to affect the meaning of the contents or the scope of this Agreement.

H. CHOICE OF LAW

This Agreement shall be governed by and construed in accordance with California law, notwithstanding otherwise applicable conflicts of law principles. Each provision of this Agreement shall be interpreted in such a manner as to be valid and enforceable under California law.

I. COUNTERPARTS

This Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which, taken together, shall constitute a single instrument. The Agreement may be executed by signature via facsimile or PDF transmission and either shall be deemed the same as an original signature.

J. FORCE MAJEURE

Force majeure events that materially affect SCE's ability to implement this Agreement as planned, such as: (i) acts of nature (*e.g.*, landslides, earthquakes, storms, hurricanes, floods); (ii) riots, terrorism, war, civil disturbances or sabotage; or (iii) changes in law, shall excuse SCE's obligations under this Agreement and/or SCE's delayed or modified performance of obligations under this Agreement.

K. JURISDICTION TO ENFORCE

The Parties agree that the CPUC retains jurisdiction to enforce the terms of this Agreement and resolve any disputes regarding the Parties' performance under the Agreement, in accordance with the Dispute Resolution Procedures set forth in Section N below, in the event the Parties are unable to resolve the dispute through Good Faith Negotiations and Mediation as defined therein.

L. TERMINATION OF AGREEMENT

If the Commission fails to approve this Agreement as reasonable and adopt it unconditionally without modification, the Parties will renegotiate the Agreement in good faith with regard to any CPUC-ordered changes in order to preserve the balance of benefits and burdens. In the event such negotiations are unsuccessful, any Party may terminate this Agreement in its sole discretion. If the Agreement is terminated, the signatories shall be released from any and all obligations and representations set forth in the Agreement and shall be restored to their positions prior to having entered into the Agreement. Any modification of or amendment to the Agreement except as described in this Section and in Section E (Modification and Amendment), shall give each Party the right to terminate the Agreement.

M. DISPUTE RESOLUTION PROCEDURES

The Parties agree to resolve any and all disputes, claims, or controversies arising out of, concerning, or relating to the terms of this Agreement, or to either Party's performance or failure of performance under the Agreement ("Dispute") using the following three-step dispute resolution process. The Parties agree to conduct all dispute resolution for any Dispute in the County of Los Angeles, California.

1. Good Faith Negotiations: Within thirty (30) days after one Party has provided the other Party written notice of a Dispute, a representative from each Party shall meet and confer in person in a good-faith effort to resolve the Dispute informally. These good faith efforts to informally resolve the Dispute shall persist for a period of at least thirty (30) days (or a shorter time frame upon mutual agreement of the Parties).

2. Mediation via CPUC's ADR Program: In the event the Parties are unable to resolve the Dispute by Good Faith Negotiations, either Party may then submit the Dispute to the CPUC by formal written request for mediation under the CPUC's Alternative Dispute Resolution Program ("Mediation"). The Parties acknowledge and agree that, although the Administrative Law Judge ("ALJ") is generally assigned by the CPUC under its Alternative Dispute Resolution Program, each Party shall have the opportunity to request (at most twice) a different ALJ than the one assigned by the CPUC in connection therewith. The Parties shall cooperate in scheduling mediation proceedings. The Parties covenant that they will participate in the Mediation in good faith. All offers, promises, conduct and statements, whether oral or written, made in the course of Mediation by either Party, its agent, employee, or attorney, and by the ALJ or any CPUC employee, are confidential, privileged and inadmissible for any purpose, including impeachment, in any other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or nondiscoverable as a result of its use in the Mediation.

3. Appeal to CPUC: In the event the Mediation does not resolve the Dispute within forty-five (45) days after the initial written request for Mediation (or such longer time as the Parties may mutually agree), either Party may initiate further proceedings before the CPUC. The Mediation may continue after the commencement of further proceedings before CPUC if the Parties so desire. Unless otherwise agreed by the Parties, the ALJ that presided over the Mediation shall be disqualified from serving as the ALJ in further proceedings.

N. REGULATORY APPROVAL

The Parties agree to use their best efforts to obtain Commission approval of the Agreement. To that end, the Parties agree to jointly request that the Commission: (1) approve the Agreement without change; and (2) find that the Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

O. NOTICES

Each notification that either Party gives under or in connection with this Agreement shall be in writing and shall be deemed effective (a) upon personal delivery, or (b) upon successful

transmission of the notice by facsimile, or (c) five business days after mailing by certified mail, return receipt requested. Notices shall be addressed to the Parties as follows:

The Utility Reform Network
Attn: Christine Mailloux, Staff Attorney
115 Sansome Street, Suite 900
San Francisco, CA 94104
cmailloux@san.rr.com

Southern California Edison Company
Law Department
Attn: Russell Archer, Senior Attorney
2244 Walnut Grove Avenue
Rosemead, CA 91170

Division of Ratepayer Advocates
Attn: Selina Shek, Staff Attorney
505 Van Ness Avenue
San Francisco, CA 94102

Catalina Island Protestants
Attn: Norris Bishton, Partner
Bishton Gubernick
6701 Center Drive West, Suite 925
Los Angeles, CA 90045

P. PERFORMANCE

The Parties agree to perform diligently and in good faith all actions required hereunder, including, but not limited to, the execution of any other documents, and the taking of any actions, reasonably required to effectuate the terms of the Agreement, as well as the preparation of exhibits for, and presentation of witnesses at, any hearings required to obtain the CPUC's approval and adoption of the Agreement. The Parties will not contest in this proceeding or in any other forum, or in any matter before the CPUC, the specific provisions and requirements contained in the Agreement. The Parties will use best efforts to ensure that the CPUC approves the agreement as soon as possible.

The Parties represent that they have read this Agreement and fully understand all of its terms; that they have executed this Agreement without coercion or duress of any kind; and that

they understand any rights they may have and sign this Agreement with full knowledge of any such rights. The Parties further represent that they have had the opportunity to thoroughly discuss all aspects of this Agreement with their respective legal counsel

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates stated below.

August 16, 2013

DOUGLAS K. PORTER
RUSSELL ARCHER

/s/ Russell Archer
By: Russell Archer

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/s/ Norris Bishton

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/s/ Joseph P. Como

By: Joseph P. Como

Acting Director
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California Public Utilities Commission

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Exhibit A

To the Settlement Agreement-Joint Motion for Approval of Settlement re: Rate Design

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

Application of Southern California Edison)	
Company (U 338-E) for Authority to, Among)	Application No. A 10-11-009
Other Things, Increase Its Authorized Revenues)	(Filed November 15, 2010)
For Santa Catalina Island Water Operations, and)	
to Reflect That Increase In Rates.)	

JOINT MOTION FOR APPROVAL OF SETTLEMENT OF RATE DESIGN ISSUES

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Dated: **December 12, 2011**

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

Application of Southern California Edison)	
Company (U 338-E) for Authority to, Among)	Application No. A 10-11-009
Other Things, Increase Its Authorized Revenues)	(Filed November 15, 2010)
For Santa Catalina Island Water Operations, and)	
<u>to Reflect That Increase In Rates.</u>)	

JOINT MOTION FOR APPROVAL OF SETTLEMENT OF RATE DESIGN ISSUES

Southern California Edison Company (SCE), the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), and Protestants (collectively, Joint Parties)¹ move the Commission to adopt the **JOINT PARTIES SETTLEMENT OF RATE DESIGN ISSUES** (Settlement), which is appended to this motion. The Commission should adopt the Settlement as reasonable in light of the whole record, consistent with law, and in the public interest.

I.

INTRODUCTION

On November 15, 2010, SCE filed its Application for Authority to Increase Rates for Water Service (Application). Included in the Application was a proposed new revenue allocation and rate design that differs from the current, Commission-approved rate design now in effect. DRA and Protestants challenged aspects of SCE's rate design, and both parties offered alternative proposed rate designs through their respective witnesses.

¹ Protestants include the City of Avalon, the Chamber of Commerce, the Island's principal land owners, condominium associations and campgrounds which constitute a general cross section of all of the ratepayers.

After the conclusion of hearings, all parties (including TURN) met and conferred several times in an attempt to settle their differences over a just and reasonable revenue allocation and rate design to be adopted by the Commission and prospectively implemented. After extensive discussion and debate, those negotiations were ultimately successful, and the Joint Parties believe the proposed Settlement is just and reasonable, and otherwise in accordance with Commission precedent.

II.

THE COMMISSION SHOULD WAIVE THE TIMING REQUIREMENT IN RULE 12.1

Commission Rule of Practice and Procedure 12.1 provides that settlements must ordinarily be filed within 30 days of the last day of evidentiary hearings:

Parties may, by written motion any time after the first prehearing conference and within 30 days after the last day of hearing, propose settlements on the resolution of any material issue of law or fact or on a mutually agreeable outcome to the proceeding.

The Joint Parties diligently began rate design settlement discussions as soon as practicable after the close of evidentiary hearings. But due to counsels' vacation and work schedules, and the complex nature of the settlement subject matter, the parties were not able to agree on a final settlement until this date. As further discussed below, this settlement is in the public interest and furthers the Commission's general policy favoring alternative dispute resolution. In addition, the Settlement has been joined by all parties to this proceeding; therefore, no parties will be prejudiced by the Commission's waiver of the timing requirement. Accordingly, the Joint Parties respectfully request that the Commission deem this settlement timely filed and consider it on its merits.

III.

SUMMARY OF SETTLEMENT NEGOTIATIONS AND TERMS

A. Issues Covered During the Discussions

The Joint Parties discussed and reviewed the various parties' proposals regarding revenue allocation and rate design. A goal of the discussions was to correct the disparity between residential and non-residential cost recovery in the current rate design. Thus, the majority of the discussion centered on developing an allocation structure that provided equity across rate classes while sending a strong conservation signal during the high usage summer period. The Joint Parties recognized the goals of equitable cost recovery and conservation could be achieved by adjusting: (1) the amount of revenue recovered through fixed charges as opposed to volumetric charges; (2) the allocation of volumetric revenue recovered from the residential and non-residential classes and; (3) the differential between the summer and winter volumetric rates. By adjusting these parameters, the Joint Parties ensure the overall revenue allocation is representative of the usage distribution across rate classes, where 49% of the water is used by the residential class and the remaining 51% used by the non-residential classes. The overall revenue allocation in the Settlement results in 49% of revenues recovered from the residential class with the balance recovered from non-residential classes. When applied to SCE's forecasted sales and current revenue requirements, the Settlement results in an overall average rate for the residential class of \$30.40 per 1,000 gallons. The overall average for the non-residential class is \$30.00 per 1,000 gallons. The addition of the proposed revenue requirement results in overall averages of \$56.30 and \$55.50 per 1,000 gallons for the residential and non-residential classes, respectively. The following is a brief description of items covered during the settlement discussions.

a) Revenue allocation

The Joint Parties recognized revenue allocation played a very important role in developing an equitable rate design to recover costs in proportion to the distribution of customer class usage. Adjustments were made to the proportion of

revenue recovered from the fixed versus volumetric charge and to the allocation between classes. An increase in the fixed charge will ensure that residential ratepayers who only occupy their residences for part of the year will bear a more equitable share of the fixed costs. The seasonal revenue allocation was also used as a mechanism to send a strong conservation price signal in the summer months for all customer classes. Reduction in the baseline amounts for residential customers sends a strong conservation signal year round.

b) Duration of the summer season to align with the peak usage period

In reviewing average seasonal water usage and occupancy patterns, the Joint Parties recognized the peak usage period occurred in June, July, and August, coinciding with school vacations and the peak tourist season. This finding led to the conclusion that the current five-month summer season (May through September) should be reduced to four months (June through September) to align with the peak usage period on Catalina. Recovering the same amount of revenue in a four-month summer as was proposed for five-month summer season effectively increases the average summer rate over those proposed in SCE's opening testimony. However, the Joint Parties agreed that such a move would mitigate the overall rate increase impact for year-round customers when compared to SCE's original proposal by: (1) establishing a shorter period where high conservation pricing would be in effect; (2) providing a lower average winter rate for a greater portion of the year and; (3) having the higher priced rates occur during the tourism season where some costs could be passed through to island visitors.

c) Determination of baseline allowances and tier usage distributions

The Joint Parties discussed Protestants' and SCE's proposals for determination of baseline allocations. After much discussion, it was recognized that Protestants' goals with respect to providing a stronger seasonal conservation price signal, bill stability, and revenue recovery across classes proportional to the usage distribution could be achieved through the revenue allocation process. The Joint Parties then agreed to adopt SCE's proposal for baseline determination methodology and tier usage distribution as described in the Application.

d) The definition of a Multifamily Accommodation

The definition of a Multifamily Accommodation was discussed to ensure the proper use of the proposed residential multifamily rate schedule, Schedule W-1-RM. The Joint Parties compared the definition provided in SCE's proposed rate schedule, Schedule W-1-RM, with the comparable definition of SCE's Rule 1 definition applicable to electric service. The Rule 1 definition applicable to electric service provides a more detailed description of the types of accommodations that qualify as multifamily accommodations as compared to the definition listed in the proposed rate schedule for water service. The Joint Parties agree to adopt the Rule 1 definition applicable to electric service for water service and to modify it slightly to more accurately reflect Multifamily Accommodations on Catalina Island. In addition, a definition for Single-Family Dwelling or Accommodation is included to supplement the definition of Multifamily Accommodation.

A comparison of the average monthly bills associated with current rates and settlement rates is shown in Table 1. The average bills resulting from the settlement are shown at two different revenue requirement levels to illustrate the effects of the Settlement adjustments alone (Column C), and the effects of the Settlement adjustment with SCE's requested revenue requirement increase in the pending Catalina Water GRC (Column D). For example, a residential customer with an average monthly bill of \$74.04 under current rates and the current revenue requirement would have a bill of \$90.49 as a result of the revenue allocation and rate design changes proposed in this Settlement alone. Adding the full revenue requirement changes proposed in SCE's Application to the settlement rate designs would result in an average monthly bill of \$167.65 for this same residential customer. Similarly, a commercial customer with an average monthly bill of \$549.98 under current rates would have a bill of \$500.84 as a result of the Settlement revenue allocation and rate design changes. Adding the full revenue requirement adjustment proposed in SCE's Application to the settlement rate designs would result in an average monthly bill of \$927.84 for this same commercial customer.

Table III-1
Average Monthly Bill by Customer Type

(A)	(B)	(C)	(D)	(C)/(B)	(D)/(B)
Customer Type	Current Rate	Settlement Rates at Current Rev. Req.	Settlement Rates at Full Rev. Req.	Impact at Current Rev. Req.	Impact at Full Rev. Req.
Res	\$74.04	\$90.49	\$167.65	22%	126%
Res-Dual	\$195.58	\$206.30	\$382.18	5%	95%
Res-CARE	\$74.00	\$88.38	\$163.73	19%	121%
Res-CARE-Dual	\$65.16	\$77.58	\$143.73	19%	121%
Res-DE	\$89.35	\$106.39	\$197.09	19%	121%
Res-DE-Dual	\$105.99	\$117.23	\$217.17	11%	105%
Res-MM ¹	\$881.54	\$552.34	\$1,023.26	-37%	16%
Com	\$549.98	\$500.84	\$927.84	-9%	69%
Com-CARE	\$27.92	\$41.36	\$76.62	48%	174%
IRRI	\$345.00	\$326.67	\$605.19	-5%	75%
FIRE	\$44.76	\$49.11	\$90.98	10%	103%
Total	\$165.34	\$165.65	\$306.88	0%	86%

Note:

1) Monthly Bill shown are at the Master Meter Level

B. Issues that Remain to be Decided by the ALJ

The following items are excluded from this Settlement:

- (1) Schedule W-10 – General Metered Fresh Water Residential Service to Utility Employees
An agreement was not reached on the continued application of Schedule W-10 applicable to SCE employees. This issue is contested and the Parties addressed it in briefing.
- (2) SCE has agreed not to include annual revisions in water sales as part of this Application.
The Joint Parties agree, and the Settlement Agreement assumes, the sales forecast presented in SCE’s original Application is adopted and implemented with the Settlement rate design.

IV.

REQUEST FOR ADOPTION OF THE SETTLEMENT

The Settlement is consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record. This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results. This strong public policy favoring settlement also weighs in favor of the Commission resisting the temptation to alter the results of the negotiation process. As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest, it should be adopted without change.

This Settlement complies with Commission guidelines and relevant precedent for settlements. The general criteria for Commission approval of settlements are stated in Rule 12.1(d), as follows: “The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”

The Settlement meets the criteria for a settlement under Rule 12.1, as discussed below.

A. The Settlement is Reasonable in Light of the Record

Rate design and revenue allocation is essentially a zero sum game – in the water context, if commercial customers’ revenue allocation goes up, residential customers’ revenue allocation must go down. Protestants’ opening position was that commercial customers should pay less and residential customers should pay more than under SCE’s proposed revenue allocation. DRA’s opening position was the opposite, i.e., that residential customers should pay less and commercial customers should pay more than under SCE’s proposed revenue allocation. The Settlement is a fair compromise essentially in the middle of those two positions. In addition, the Settlement resolves other issues around rate design and revenue allocation that are unique to

Catalina Island, including issues surrounding multi-family units and campgrounds. Overall, the settlement is reasonable in light of the record.

B. The Settlement is Consistent with Law

In agreeing to the terms of the Settlement, the Joint Parties explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the Settlement without violating applicable statutes or prior Commission decisions.

C. The Settlement is in the Public Interest

The Settlement resolves long-standing disputes between Protestants and SCE regarding revenue allocation and rate design issues and also issues TURN and DRA raised regarding the alternative rate design proposals. Therefore, adoption of the Settlement by the Commission will likely result in the avoidance of future litigation and the conservation of scarce Commission resources. In addition, DRA and TURN, representing a broader group of California ratepayers, are signatories to the Settlement. Accordingly, the Settlement is in the public interest and the Joint Parties urge the Commission to adopt it in full.

V. CONCLUSION

WHEREFORE, the Joint Parties respectfully request that the Commission:

1. Adopt the appended Settlement as reasonable in light of the record, consistent with law, and in the public interest, and incorporate the new revenue allocation and rate design as part of its decision on the Application; and
2. Authorize SCE to implement changes in its tariffs in accordance with the terms of the Settlement.

Respectfully submitted,

JAMES M. LEHRER
RUSSELL ARCHER

/s/ Russell Archer

By: Russell Archer

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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Dated: December 12, 2011

Appendix A
Settlement Agreement

Settlement Agreement

This Settlement Agreement (“Agreement”) is made and entered into by and between Protestants¹, the Division of Ratepayer Advocates (“DRA”), The Utility Reform Network (“TURN”) and Southern California Edison Company (“SCE”) (collectively, “the Parties” and individually, “Party”). By the terms of this Agreement, the Parties agree on a mutually-acceptable outcome to certain issues related to revenue allocation and rate design at issue in the *Application of Southern California Edison Company (U338E) for Authority to, Among Other Things, Increase Its Authorized Revenues for Santa Catalina Island Water Operations, and to Reflect that Increase in Rates (A.10-11-009)* (“the Application”).

RECITALS

A. **WHEREAS**, SCE is an investor-owned public utility and is subject to the jurisdiction of the California Public Utilities Commission (“CPUC” or “Commission”) with respect to providing water service to its retail customers on Catalina Island;

B. **WHEREAS**, Protestants intervened as a party in SCE’s 2011 Water General Rate Case (“Water GRC”) (initiated by the Application) whose members include SCE ratepayers;

C. **WHEREAS**, DRA intervened as a party in SCE’s Water GRC and has a statutory obligation to represent and advocate for the interests of SCE’s Water ratepayers;

D. **WHEREAS**, TURN intervened as a party in SCE’s Water GRC and represents residential and small business customers throughout California;

¹ Protestants include the City of Avalon, the Chamber of Commerce, the Island’s principal land owners, condominium associations and campgrounds which constitute a general cross section of Catalina Water ratepayers.

E. **WHEREAS**, SCE is committed to implementing a fair and equitable revenue allocation and rate design for the water rates to be implemented through the Water GRC Commission decision;

F. **WHEREAS**, Protestants, DRA, and TURN offered competing proposals of fair and equitable revenue allocations and rate designs;

G. **WHEREAS**, after considerable debate, negotiation and compromise, Parties desire to resolve certain disputed revenue allocation and rate design issues without further litigation in this proceeding.

NOW THEREFORE, in consideration of the promises and covenants set forth below, the Parties agree as follows:

I. TERMS

A. Incorporation of Recitals

The Recitals set forth above are incorporated into this Agreement.

B. Summary of Rate Design Discussions

1. Three meetings were held to discuss revenue allocation and rate design issues related to SCE's GRC application. Participants included DRA, TURN, Protestants, and SCE. After much discussion and debate, the Parties reached a settlement agreement on revenue allocation and rate design.

2. The Parties discussed and reviewed the various parties' proposals regarding revenue allocation and rate design. A goal was to correct the disparity between residential and non-residential cost recovery in the current rate design. Thus, the majority of the discussion centered on developing an allocation structure that provided equity across rate classes while sending a strong conservation signal during the high usage summer period. The Parties recognized the goals of equitable cost recovery and conservation could be achieved by adjusting: (1) the amount of revenue recovered through fixed charges as opposed to volumetric charges; (2) the allocation of volumetric revenue recovered from the

residential and non-residential classes and; (3) the differential between the summer and winter volumetric rates.

C. Specific Terms

1. The Parties agree to adjust the parameters described in ¶B2 to ensure the overall revenue allocation is representative of the usage distribution across rate classes, where 49% of the water is used by the Residential class and the remaining 51% used by the non-Residential classes. The overall revenue allocation in the Settlement results in 49% of revenues recovered from the residential class with the balance recovered from non-residential classes. When applied to SCE's forecasted sales and current revenue requirements, the Settlement results in an overall average rate for the Residential class of \$30.40 per 1,000 gallons. The overall average for the non-Residential class is \$30.00 per 1,000 gallons. The addition of SCE's proposed revenue requirement in the Application results in overall averages of \$56.30 and \$55.50 per 1,000 gallons for the Residential and non-Residential classes, respectively.

2. Parties recognized that revenue allocation plays a very important role in developing an equitable rate design to recover costs in proportion to the distribution of customer class usage. Parties agreed on adjustments to properly proportion the revenue recovered from the fixed versus volumetric charge and to the allocation between classes. An increase in the fixed charge will ensure that residential ratepayers who only occupy their residences for part of the year will bear a more equitable share of the fixed costs. The seasonal revenue allocation was also used as a mechanism to send a strong conservation price signal in the summer months for all customer classes. Reduction in the baseline amounts for residential customers sends a strong conservation signal year round.

3. In reviewing average seasonal water usage and occupancy patterns, the Parties recognized the peak usage period occurred in June, July, and August,

coinciding with school vacations and the peak tourist season. This finding led to the agreement that the current five-month summer season (May through September) should be reduced to four months (June through September) to align with the peak usage period on Catalina. Recovering the same amount of revenue in a four-month summer season as was proposed for a five-month summer season effectively increases the average summer rate over those proposed in SCE's opening testimony. However, the Parties agree that such a move would mitigate the overall rate increase impact for year-round customers when compared to SCE's original proposal by: (1) establishing a shorter period where high conservation pricing would be in effect; (2) providing a lower average winter rate for a greater portion of the year and; (3) having the higher priced rates occur during the tourism season where some costs could be passed through to island visitors.

4. The Parties discussed Protestants' and SCE's proposals for determination of baseline allocations. After much discussion, it was recognized that Protestants' goals with respect to providing a stronger seasonal conservation price signal, bill stability, and revenue recovery across classes proportional to the usage distribution could be achieved through the revenue allocation process. The Parties agree to adopt SCE's proposal for baseline determination methodology and tier usage distribution as described in the Application.

5. The Parties discussed the definition of a Multifamily Accommodation to ensure the proper use of the proposed residential multifamily rate schedule, Schedule W-1-RM. The Parties compared the definition provided in SCE's proposed rate schedule, Schedule W-1-RM, with the comparable definition of SCE's Rule 1 definition applicable to electric service. The Rule 1 definition applicable to electric service provides a more detailed description of the

types of accommodations that qualify as multifamily accommodations compared to the definition listed in the proposed rate schedule for water service. The Parties agree to adopt the Rule 1 definition applicable to electric service for water service and to modify it slightly to more accurately reflect Multifamily Accommodations on Catalina Island. In addition, a definition for Single-family Dwelling or Accommodation is included to supplement the definition of Multifamily Accommodation.

6. Revenue Allocation

- a) Service charges shall be established to recover 30% of the authorized revenue requirement with the remaining 70% recovered through volumetric charges.
- b) Volumetric revenue recovery will be allocated 40% to the residential class and 60% to the non-residential classes.
- c) The resulting overall revenue allocation reflects a 49% cost recovery from the residential class, with the remaining 51% recovered through the non-residential classes.
- d) The sales forecast of 126 million gallons per year proposed in SCE's original Application is adopted.

7. Seasonal Rates

- a) The current five-month summer season will be reduced to a four-month summer season, which includes the months of June, July, August, and September.
- b) The first day of the summer season shall be June 1 of each year, with the first day of the winter season falling on October 1 of each year.
- c) The four-month summer season rates will be set to recover the same amount of revenue as the rates previously designed for a five-month summer season.

- d) The summer season volumetric rates will be set at approximately 135% of the average annual rate, with winter volumetric rates set at approximately 70% of the average annual volumetric rate.
8. Baseline Allowances and Multifamily Accommodation and Single-Family Dwelling or Accommodation Definitions
- a) SCE's proposed baseline allocation and tier level distribution from the Application shall be adopted for residential customers.
- b) The baseline allocation will be set using the guidance provided in Public Utilities Code Section 739.1.
- c) The resulting tier level distribution is approximately 51% in tier 1, 30% in tier 2, and 19% in tier 3.
- d) The first usage tier will consist of usage up to 2,000 gallons per billing cycle. The second tier will consist of usage between 2,001 gallons and 6,500 gallons per billing cycle, and the third will consist of all usage above 6,500 gallons.
- e) There is no seasonal difference in the baseline allowance. The agreed-to 2,000 gallons per billing cycle baseline allowance will be applied year-round.
- f) Baseline allocations for multifamily accommodations will be equal to the single family baseline allocation multiplied by the number of units served on the master meter.
- g) A Multifamily Accommodation and a Single-Family Dwelling or Accommodation for water service customers are defined as follows:

Multifamily Accommodation

An apartment building, condominium building, duplex, mobile home park, or any other group of permanent residential Single-Family Dwellings or Accommodations located in a single building or upon a single premises, and served by a single meter shall be defined as a "multifamily accommodation." A multifamily accommodation does

not include hotels, motels, residential hotels, guest or resort ranches, marinas, tourist camps, recreational vehicle parks, campgrounds, halfway houses, rooming houses, boarding houses, institutions, dormitories, rest or nursing homes, military barracks, or any enterprise that includes or rents to either transient tenants or transient accommodations. Multifamily residences which are rented to short term renters pursuant to a Conditional Use Permit issued by the City of Avalon may be considered as a multifamily accommodation.

Single-Family Dwelling or Accommodation

A house, apartment, flat, or any other permanent dwelling, which is primarily used for residential purposes.

h) Currently, 26 multifamily customer meter accounts are identified in the baseline in the Catalina water service territory and will be placed on the new Schedule W-1-RM once it is approved and effective. As additional multifamily accounts are identified and verified, SCE will place these accounts on Schedule W-1-RM. Customers will be added to the multifamily rate schedule in accordance with SCE's standard practice for rate changes under Water Rules 3 (c) and 12 (d).

9. Schedule W-1-R-DS Dual Service Option

- a) Schedule W-1-R-DS is applicable to separately metered single-family residential customers with automatic fire suppression sprinkler systems installed in their homes and served through a single meter.
- b) Schedule W-1-R-DS provides a reduced meter charge relative to the charges applicable to standard service under Schedule W-1-R. The reduced meter charge accounts for the standby nature of the required incremental meter capacity associated

with the fire suppression system. Dual Service meter charges are set at 80% of the standard connected meter service charge.

- c) Schedule W-1-R-DS will initially reflect the current population of Dual Service customers. If customers request service for a connection size that is not reflected in the tariff, SCE will determine an appropriate Dual Service meter charge using the methodology outlined in SCE's opening testimony, which is based on Appendix B of Standard Practice U-7-W.
- d) Dual Service customers will be subject to the same volumetric rates as standard service customers.

10. Creation of Separate Customer Classifications

- a) Separate customer classifications will be created to account for the different types of customer served: Residential (Schedule W-1-R); Commercial (Schedule W-1-GS); Irrigation (Schedule W-3); and Private Fire Protection (Schedule W-4)
- b) The Residential class includes the following rate schedules:
 - a. Schedule W-1-R - General Metered Fresh Water Service-Residential Service is a new rate schedule applicable to fresh water service to separately metered, single-family residential customers;
 - b. Schedule W-1-R-DS - General Metered Fresh Water Service-Residential Dual Service is a new rate schedule applicable to fresh water service to separately metered, single-family residential customers with automatic fire sprinkler systems served through a single meter;
 - c. Schedule W-1-RM - Master Metered Fresh Water Service-Residential Multifamily Accommodation is a new rate schedule applicable to fresh water service to a master metered multifamily accommodation where each single-family residence is not separately metered;

- d. Schedule W-1-R-CARE - Santa Catalina Island California Alternate Rates for Energy (“CARE”) Residential Water Service is a new rate schedule applicable to fresh water service to separately metered, eligible residential customers and contains specific discounted CARE rates. In addition, CARE will continue to apply to certain eligible non-residential customers; thus a CARE Discount Special Condition has been added to Schedule W-1-GS;
- c) The Commercial class includes the following rate schedules:
 - a. Schedule W-1-GS - General Metered Fresh Water Service General Service is a new rate schedule applicable to fresh water service to separately metered general service customers where the fresh water is used for purposes other than for residential, private fire protection or irrigation purposes;
 - d) The remaining classes, Irrigation and Private Fire Protection service, include the following rate schedules:
 - a. Schedule W-3 - Water Service for Irrigation is a new rate schedule applicable to water service through supply lines that provide water solely for irrigation purposes; and
 - b. Schedule W-4 - Dedicated Water Service for Private Fire Protection Systems is applicable to water service through supply lines that provide water solely for private fire protection systems.

II. ISSUES EXCLUDED FROM THIS SETTLEMENT

The following items are not addressed in this Settlement:

- (1) Schedule W-10 – General Metered Fresh Water Residential Service to Utility Employees - An agreement was not reached on the continued application of Schedule W-10 applicable to SCE employees. This issue is contested and the Parties addressed this in briefing.
- (2) SCE has agreed not to request annual revisions in water sales as part of this Application. The Parties agree, and the Settlement Agreement assumes, the sales forecast presented in SCE’s original Application is adopted and implemented with the Settlement rate designs.

III. ENTIRE AGREEMENT

This Agreement embodies the entire understanding and agreement of the Parties with respect to the matters described herein, and it supersedes all prior and contemporaneous oral or written agreements, negotiations, statements, representations, or understandings among the Parties with respect to those matters. The Agreement constitutes a confidential settlement offer under Rule 12.6 of the California Public Utilities Commission Rules of Practice and Procedure, California Evidence Code section 1152, and Federal Rule of Evidence 408, and therefore may not be used as evidence in any proceedings of any kind, except in an action alleging a breach of this Agreement.

IV. NO PRECEDENTIAL VALUE

This Agreement represents the agreement between the Parties resolving certain actual and legal issues as specified herein. Pursuant to Rule 12.5 of the Commission’s Rules of Practice and Procedure, unless the Commission expressly provides otherwise, this Agreement does not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding. By entering into this Agreement, no Party waives any right to assert in any other proceeding any defense under any applicable law, including whether any such law or regulation is, in fact, applicable to the transactions, activities, or entities identified in this Agreement. Additionally, nothing in this

Agreement affirms or otherwise admits that there exists or has existed any violation of or non-compliance with any applicable law or Commission decision, and SCE specifically denies any violation of or non-compliance with any such applicable law or Commission decision. Except as provided for herein, each Party expressly reserves its right to advocate in other proceedings positions, principles, assumptions, defenses, arguments, and methodologies which may be different than those underlying this Agreement.

V. REASONABLENESS

The Parties consider this Agreement to be reasonable, consistent with law, and in the public interest.

VI. CONSTRUCTION

The Parties have cooperated in the preparation of this Agreement and have had a full opportunity to negotiate its terms and conditions. Accordingly, the Parties expressly waive any common law or statutory rule of construction that ambiguities should be construed against the drafter of this Agreement. The Parties agree, covenant, and represent that the language in all parts of this Agreement shall be in all cases construed as a whole, according to its fair meaning.

VII. MODIFICATION AND AMENDMENT

This Agreement may be amended, changed, or modified only upon written agreement executed by the Parties. No waiver of any provision of this Agreement will be valid unless in writing and signed by the Party against whom such waiver is charged.

VIII. INTEGRATION

The Parties intend that this Agreement shall be interpreted and treated as a unified, integrated agreement.

IX. EFFECT OF SUBJECT HEADINGS

Subject headings are included for reference only and are not intended to affect the meaning of the contents or the scope of this Agreement.

X. CHOICE OF LAW

This Agreement shall be governed by and construed in accordance with California law, notwithstanding otherwise applicable conflicts of law principles. Each provision of this Agreement shall be interpreted in such a manner as to be valid and enforceable under California law.

XI. SEVERABILITY

The terms and provisions of this Agreement are severable and should any term or provision hereof be declared or determined to be void, voidable, or unenforceable under any applicable law, such void, voidable, or unenforceable term or provision shall not affect or invalidate any other term or provision of this Agreement, which shall continue to govern the relative rights and duties of the Parties as though the void, voidable, or unenforceable term or provision were not a part of this Agreement. In addition, it is the intention and agreement of the Parties that all terms and conditions hereof be enforced to the fullest extent permitted by the law.

XII. COUNTERPARTS

This Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which, taken together, shall constitute a single instrument. The Agreement may be executed by signature via facsimile or PDF transmission and either shall be deemed the same as an original signature.

XIII. FORCE MAJEURE

Force majeure events that materially affect SCE's ability to implement this Agreement as planned, such as: (i) acts of nature (*e.g.*, landslides, earthquakes, storms, hurricanes, floods); (ii) riots, terrorism, war, civil disturbances or sabotage; or (iii) changes in law, shall excuse SCE's obligations under this Agreement and/or SCE's delayed or modified performance of obligations under this Agreement.

XIV. JURISDICTION TO ENFORCE

The Parties agree that the CPUC retains jurisdiction to enforce the terms of this Agreement and resolve any disputes regarding the Parties' performance under the Agreement, in accordance with the Dispute Resolution Procedures set forth in Section III below, in the event the Parties are unable to resolve the dispute through Good Faith Negotiations and Mediation as defined therein.

XV. TERMINATION OF AGREEMENT

If the Commission fails to approve this Agreement as reasonable and adopt it unconditionally without modification, the Parties will renegotiate the Agreement in good faith with regard to any CPUC-ordered changes in order to preserve the balance of benefits and burdens. In the event such negotiations are unsuccessful, any Party may terminate this Agreement in its sole discretion. If the Agreement is terminated, the

signatories shall be released from any and all obligations and representations set forth in the Agreement and shall be restored to their positions prior to having entered into the Agreement. Any modification of or amendment to the Agreement, except as described in Section IX, shall give each Party the right to terminate the Agreement.

XVI. DISPUTE RESOLUTION PROCEDURES

The Parties agree to resolve any and all disputes, claims, or controversies arising out of, concerning, or relating to the terms of this Agreement, or to either Party's performance or failure of performance under the Agreement ("Dispute") using the following three-step dispute resolution process. The Parties agree to conduct all dispute resolution for any Dispute in the County of Los Angeles, California.

A. Good Faith Negotiations: Within thirty (30) days after one Party has provided the other Party written notice of a Dispute, a representative (with full and complete settlement authority) from each Party shall meet and confer in person in a good-faith effort to resolve the Dispute informally. These good faith efforts to informally resolve the Dispute shall persist for a period of at least thirty (30) days (or a shorter time frame upon mutual agreement of the Parties).

B. Mediation via CPUC's ADR Program: In the event the Parties are unable to resolve the Dispute by Good Faith Negotiations, either Party may then submit the Dispute to the CPUC by formal written request for mediation under the CPUC's Alternative Dispute Resolution Program ("Mediation"). The Parties acknowledge and agree that, although the Administrative Law Judge ("ALJ") is generally assigned by the CPUC under its Alternative Dispute Resolution Program, each Party shall have the opportunity to request (at most twice) a different ALJ than the one assigned by the CPUC in connection therewith. The Parties shall cooperate in scheduling mediation proceedings. The Parties covenant that they will participate in the Mediation in good faith. All offers, promises, conduct and statements, whether oral or written, made in the course of

Mediation by either Party, its agent, employee, or attorney, and by the ALJ or any CPUC employee, are confidential, privileged and inadmissible for any purpose, including impeachment, in any other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation.

C. Appeal to CPUC: In the event the Mediation does not resolve the Dispute within forty-five (45) days after the initial written request for Mediation (or such longer time as the Parties may mutually agree), either Party may initiate further proceedings before the CPUC. The Mediation may continue after the commencement of further proceedings before CPUC if the Parties so desire. Unless otherwise agreed by the Parties, the ALJ that presided over the Mediation shall be disqualified from serving as the ALJ in further proceedings.

XVII. REGULATORY APPROVAL

The Parties agree to use their best efforts to obtain Commission approval of the Agreement. To that end, the Parties agree to jointly request that the Commission: (1) approve the Agreement without change; and (2) find that the Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

XVIII. NOTICES

Each notification that either Party gives under or in connection with this Agreement shall be in writing and shall be deemed effective (a) upon personal delivery, or (b) upon successful transmission of the notice by facsimile, or (c) five business days after mailing by certified mail, return receipt requested. Notices shall be addressed to the Parties as follows:

XIX. PERFORMANCE

The Parties agree to perform diligently and in good faith all actions required hereunder, including, but not limited to, the execution of any other documents, and the taking of any actions, reasonably required to effectuate the terms of the Agreement, as well as the preparation of exhibits for, and presentation of witnesses at, any hearings required to obtain the CPUC's approval and adoption of the Agreement. The Parties will not contest in this proceeding or in any other forum, or in any matter before the CPUC, the recommendations contained in the Agreement. The Parties will use best efforts to ensure that the Agreement is approved by the CPUC as soon as possible.

The Parties represent that they have read this Agreement and fully understand all of its terms; that they have executed this Agreement without coercion or duress of any kind; and that they understand any rights they may have and sign this Agreement with full knowledge of any such rights. The Parties further represent that they have had the

opportunity to thoroughly discuss all aspects of this Agreement with their respective legal counsel.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates stated below.

/s/ Akbar Jazayeri

Southern California Edison Company
Akbar Jazayeri
Vice President of Regulatory Operations, SCE

/s/ Joseph P. Como

Division of Ratepayer Advocates
Joseph P. Como
Acting Director, DRA

/s/ Christine Mailloux

The Utility Reform Network
Christine Mailloux
Staff Attorney, TURN

/s/ Norris Bishton

Protestants
Norris Bishton
Attorney for Protestants

Appendix A

Table – A-1: Average Monthly Bills by Customer Type Under Current Rate Structures (\$)

Customer Type	Meter/Pipe Size									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	65.72	127.00	158.61	580.14	526.24					\$74.04
Res-Dual	62.41		127.03	273.65	743.05					\$195.58
Res-CARE	74.00									\$74.00
Res-CARE-Dual	42.30		88.01							\$65.16
Res-DE	90.30		75.54							\$89.35
Res-DE-Dual			105.99							\$105.99
Res-MM	181.43		1,058.62	496.25	2,173.92					\$881.54
Com	139.75		491.10	1,390.64	1,587.80	976.00		367.16	866.38	\$549.98
Com-CARE	27.92									\$27.92
IRRI	199.67		170.05	789.44	1,811.16	184.49				\$345.00
FIRE		9.54	12.27	16.39	21.86	45.69	62.16	103.23	153.55	\$44.76
Total	\$77.66	\$114.14	\$295.33	\$739.34	\$1,044.94	\$451.19	\$62.16	\$163.36	\$488.24	\$165.34

Table – A-2: Average Monthly Bills by Customer Type Under Proposed Rate Structures & Present Rate Revenue Requirements (\$)

Customer Type	Meter/Pipe Size									Total	% Diff.
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.		
Res	81.30	149.74	185.91	598.14	603.94					\$90.49	22%
Res-Dual	79.59		137.63	296.81	738.07					\$206.30	5%
Res-CARE	88.38									\$88.38	19%
Res-CARE-Dual	56.02		99.14							\$77.58	19%
Res-DE	106.80		100.48							\$106.39	19%
Res-DE-Dual			117.23							\$117.23	11%
Res-MM	143.49		711.60	326.35	1,212.54					\$552.34	-37%
Com	155.78		457.91	1,171.49	1,359.36	998.93		536.92	1,168.42	\$500.84	-9%
Com-CARE	41.36									\$41.36	48%
IRRI	195.64		195.67	711.48	1,591.92	269.77				\$326.67	-5%
FIRE		11.44	14.72	19.66	26.21	54.78	65.63	108.99	184.10	\$49.11	10%
Total	\$92.67	\$134.60	\$280.27	\$620.34	\$891.95	\$474.10	\$65.63	\$206.48	\$646.27	\$165.65	0%

Table – A-3: Average Monthly Bills by Customer Type Under Proposed Rate Structures and Requested Revenue Requirements (\$)

Customer Type	Meter/Pipe Size									Total	% Diff.
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.		
Res	150.62	277.40	344.42	1,108.10	1,118.84					\$167.65	126%
Res-Dual	147.44		254.96	549.87	1,367.33					\$382.18	95%
Res-CARE	163.73									\$163.73	121%
Res-CARE-Dual	103.78		183.67							\$143.73	121%
Res-DE	197.85		186.14							\$197.09	121%
Res-DE-Dual			217.17							\$217.17	105%
Res-MM	265.83		1,318.30	604.59	2,246.32					\$1,023.26	16%
Com	288.60		848.31	2,170.28	2,518.33	1,850.60		994.68	2,164.58	\$927.84	69%
Com-CARE	76.62									\$76.62	174%
IRRI	362.43		362.50	1,318.07	2,949.16	499.76				\$605.19	75%
FIRE		21.20	27.26	36.42	48.55	101.49	121.59	201.92	341.07	\$90.98	103%
Total	\$171.67	\$249.36	\$519.23	\$1,149.22	\$1,652.40	\$878.31	\$121.59	\$382.52	\$1,197.26	\$306.88	86%

Table – A-4: Present Rate Revenue Requirements (\$)

Customer Type	Meter/Pipe Size									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	1,150,234	14,623	83,969	29,206	66,351	0	0	0	0	1,344,383
Res-Dual	1,943	0	87,361	25,363	54,058	0	0	0	0	168,724
Res-CARE	140,680	0	0	0	0	0	0	0	0	140,680
Res-CARE-Dual	547	0	968	0	0	0	0	0	0	1,515
Res-DE	28,355	0	1,840	0	0	0	0	0	0	30,194
Res-DE-Dual	0	0	1,073	0	0	0	0	0	0	1,073
Res-MM	3,503	0	60,806	51,789	59,206	0	0	0	0	175,305
Com	297,838	0	311,273	261,301	808,548	42,440	0	5,703	12,410	1,739,514
Com-CARE	351	0	0	0	0	0	0	0	0	351
IRRI	83,118	0	14,548	22,671	67,634	2,865	0	0	0	190,836
FIRE	0	137	530	1,651	8,492	2,630	29,929	3,924	2,209	49,501
Total	1,706,569	14,760	562,369	391,981	1,064,289	47,935	29,929	9,627	14,619	\$3,842,077

Table – A-5: Proposed Rate Revenues at Requested Revenue Requirements (\$)

Customer Type	Meter/Pipe Size									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	2,130,896	27,090	155,560	54,106	122,920	0	0	0	0	2,490,571
Res-Dual	3,600	0	161,842	46,986	100,147	0	0	0	0	312,575
Res-CARE	260,620	0	0	0	0	0	0	0	0	260,620
Res-CARE-Dual	1,013	0	1,794	0	0	0	0	0	0	2,807
Res-DE	52,529	0	3,408	0	0	0	0	0	0	55,937
Res-DE-Dual	0	0	1,988	0	0	0	0	0	0	1,988
Res-MM	6,490	0	112,648	95,944	109,684	0	0	0	0	324,765
Com	551,767	0	576,657	484,080	1,497,897	78,624	0	10,565	22,991	3,222,580
Com-CARE	651	0	0	0	0	0	0	0	0	651
IRRI	153,982	0	26,952	41,999	125,297	5,308	0	0	0	353,538
FIRE	0	254	982	3,059	15,731	4,872	55,445	7,269	4,093	91,704
Total	3,161,548	27,344	1,041,830	726,174	1,971,675	88,804	55,445	17,834	27,084	\$7,117,737

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commissioner's Rules of Practice and Procedure, I have this day served a true copy of JOINT MOTION FOR APPROVAL OF SETTLEMENT OF RATE DESIGN ISSUES on all parties identified in the attached service list(s).

Transmitting the copies via e-mail to all parties who have provided an e-mail address.
First class mail will be used if electronic service cannot be effectuated.

Executed this **12th day of December, 2011**, at Rosemead, California.

/s/ Alejandra Arzola
Alejandra Arzola
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Ave.
Post Office Box 800
Rosemead, California 91770



California Public
Utilities Commission

CPUC Home

CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

**PROCEEDING: A1011009 - EDISON - FOR AUTHORI
FILER: SOUTHERN CALIFORNIA EDISON COMPANY
LIST NAME: LIST
LAST CHANGED: JUNE 13, 2011**

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Information Only

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AVALON, CA 90704-2010

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2244 WALNUT GROVE AVENUE, PO BOX 800

Exhibit A-33

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[TOP OF PAGE](#)
[BACK TO INDEX OF SERVICE LISTS](#)

Exhibit B

To the Settlement Agreement-Rates

CURRENT RATES			
AL 82-W-A approved rates effective Jan. 1, 2011			
W-1 (General Service - All)		W-4 (Private Fire Protection)	
<u>Meter Size</u>	<u>\$/meter/month</u>	<u>Pipe Size</u>	<u>\$/pipe/month</u>
5/8 in.	24.21	5/8 in.	6.23
3/4 in.	33.93	3/4 in.	8.74
1 in.	43.65	1 in.	11.24
1.5 in.	58.29	1.5 in.	15.01
2 in.	77.72	2 in.	20.01
3 in.	162.47	3 in.	41.83
4 in.	221.04	4 in.	56.91
6 in.	367.06	6 in.	94.51
8 in.	545.98	8 in.	140.58
Volumetric Rates		Volumetric Rates	
(\$/thousand gallons)		(\$/thousand gallons)	
	Summer	Winter	
	(May-Sept)	(Oct-Apr)	
0 - 2,500 gallons (T1)	10.23	9.11	N/A
2,501 - 10,000 gallons (T2)	27.48	20.81	
Over 10,000 gallons (T3)	37.61	28.02	

SETTLED RATES								
(Per Rate Design Settlement and \$4.13 million Revenue Requirement)								
W-1-R (Residential) W-10 (DE) W-1-RM (Residential Multi-Family)			W-1-RDS (Residential Dual Service)			W-4 (Private Fire Protection)		
Meter Size	\$/meter/month	% change	Meter Size	\$/meter/month	% change	Pipe Size	\$/pipe/month	% change
5/8 in.	43.21	78%	5/8 in.	43.21	78%	5/8 in.	8.77	41%
3/4 in.	60.56	78%				3/4 in.	12.30	41%
1 in.	77.90	78%	1 in.	62.32	43%	1 in.	15.82	41%
1.5 in.	104.04	78%	1.5 in.	83.23	43%	1.5 in.	21.13	41%
2 in.	138.72	78%	2 in.	110.97	43%	2 in.	28.17	41%
3 in.	289.97	78%				3 in.	58.89	41%
4 in.	347.39	57%				4 in.	70.55	24%
6 in.	576.88	57%				6 in.	117.16	24%
8 in.	974.44	78%				8 in.	197.89	41%
Volumetric Rates* (\$/thousand gallons)			Volumetric Rates* (\$/thousand gallons)			Volumetric Rates (\$/thousand gallons)		
	Summer	Winter		Summer	Winter			
	(June-Sept)	(Oct-May)		(June-Sept)	(Oct-May)			
0 - 2,000 gallons (T1)	15.12	8.90	0 - 2,000 gallons (T1)	15.12	8.90		N/A	
2,001 - 6,500 gallons (T2)	29.72	17.27	2,001 - 6,500 gallons (T2)	29.72	17.27			
Over 6,500 gallons (T3)	44.31	25.65	Over 6,500 gallons (T3)	44.31	25.65			
	% change			% change				
T1	48%	-2%	T1	48%	-2%			N/A
T2	8%	-17%	T2	8%	-17%			
T3	18%	-8%	T3	18%	-8%			

* Includes CARE surcharge of \$0.41 per thousand gallons

SETTLED RATES (Per Rate Design Settlement and \$4.13 million Revenue Requirement)								
W-1-GS (Commercial) W-3 (Irrigation)			W-1-R-CARE** (Residential-CARE)			W-1-RDS-CARE** (Residential Dual Service-CARE)		
Meter Size	\$/meter/month	% change	Meter Size	\$/meter/month	% change	Meter Size	\$/meter/month	% change
5/8 in.	43.21	78%	5/8 in.	34.56	43%	5/8 in.	34.56	43%
3/4 in.	60.56	78%	3/4 in.	48.45	43%			
1 in.	77.90	78%	1 in.	62.32	43%	1 in.	49.85	14%
1.5 in.	104.04	78%	1.5 in.	83.23	43%	1.5 in.	66.59	14%
2 in.	138.72	78%	2 in.	110.97	43%	2 in.	88.78	14%
3 in.	289.97	78%	3 in.	231.98	43%			
4 in.	347.39	57%	4 in.	277.91	26%			
6 in.	576.88	57%	6 in.	461.51	26%			
8 in.	974.44	78%	8 in.	779.56	43%			
Volumetric Rates* (\$/thousand gallons)			Volumetric Rates (\$/thousand gallons)			Volumetric Rates (\$/thousand gallons)		
	Summer	Winter		Summer	Winter		Summer	Winter
	(June-Sept)	(Oct-May)		(June-Sept)	(Oct-May)		(June-Sept)	(Oct-May)
All usage	36.75	18.39	0 - 2,000 gallons (T1)	11.77	6.79	0 - 2,000 gallons (T1)	11.77	6.79
All usage	36.75	18.39	2,001 - 6,500 gallons (T2)	23.44	13.49	2,001 - 6,500 gallons (T2)	23.44	13.49
All usage	36.75	18.39	Over 6,500 gallons (T3)	35.12	20.19	Over 6,500 gallons (T3)	35.12	20.19
	% change			% change			% change	
T1	259%	102%	T1	15%	-25%	T1	15%	-25%
T2	34%	-12%	T2	-15%	-35%	T2	-15%	-35%
T3	-2%	-34%	T3	-7%	-28%	T3	-7%	-28%

* Includes CARE surcharge of \$0.41 per thousand gallons

** CARE customers receive a discount of 20% off the monthly meter charge and volumetric rates

** Volumetric rates exclude the CARE surcharge

Exhibit C

To the Settlement Agreement-Results of Operation

Southern California Edison Company
Results of Operation for Catalina Water Operations
(Nominal \$000)

Line No.	Item	Settlement
1.	TOTAL OPERATING REVENUES	4,130
2.	OPERATING EXPENSES:	
3.	Other	2,228
4.	Subtotal Other	2,228
5.	Uncollectibles 1/	9
6.	Administrative & General	573
7.	Franchise Requirements 1/	41
8.	Revenue Credits	(154)
9.	Subtotal	2,697
10.	Escalation	144
11.	Depreciation	667
12.	Taxes Other Than On Income	214
13.	Taxes Based On Income	(439)
14.	Total Taxes	(225)
15.	TOTAL OPERATING EXPENSES	3,284
16.	NET OPERATING REVENUE	846
17.	RATE BASE	10,709
18.	RATE BASE RECOVERED FROM ELECTRIC CUSTOMERS 2/	8,796
19.	RATE OF RETURN	7.90%

1/ 0.229% for Uncollectible expenses and 1% for Franchise Fees

2/ \$8.796 of Catalina Water rate base recovered from electric customers to be grossed-up for FF&U

Exhibit D

To the Settlement Agreement-Revised Rate Design Settlement Appendix A

Revised Rate Design Settlement Appendix A

Table – A-1: Average Monthly Bills (\$) by Customer Type Under Current Rates, Present Rate Revenue Requirement of \$3.842M and Settled 125.65 Million Gallon Sales Forecast

Customer Type	Meter/Pipe Size									Average Monthly Bill
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	65.72	127.00	158.61	580.14	526.24					\$74.04
Res-Dual	62.41		127.03	273.65	743.05					\$195.58
Res-CARE	74.00									\$74.00
Res-CARE-Dual	42.30		88.01							\$65.16
Res-DE	90.30		75.54							\$89.35
Res-DE-Dual			105.99							\$105.99
Res-MM	181.43		1,058.62	496.25	2,173.92					\$881.54
Com	139.75		491.10	1,390.64	1,587.80	976.00		367.16	866.38	\$549.98
Com-CARE	27.92									\$27.92
IRRI	199.67		170.05	789.44	1,811.16	184.49				\$345.00
FIRE		9.54	12.27	16.39	21.86	45.69	62.16	103.23	153.55	\$44.76
Average	\$77.66	\$114.14	\$295.33	\$739.34	\$1,044.94	\$451.19	\$62.16	\$163.36	\$488.24	\$165.34

Table – A-2: Average Monthly Bills (\$) by Customer Type Under Settled Rate Structures, Present Rate Revenue Requirement of \$3.842 Million and Settled 125.65 Million Gallon Sales Forecast

Customer Type	Meter/Pipe Size									Average Monthly Bill	% Diff. from Table A-1
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.		
Res	81.30	149.74	185.91	598.14	603.94					90.49	22%
Res-Dual	79.59		137.63	296.81	738.07					206.30	5%
Res-CARE	88.38									88.38	19%
Res-CARE-Dual	56.02		99.14							77.58	19%
Res-DE	106.80		100.48							106.39	19%
Res-DE-Dual			117.23							117.23	11%
Res-MM	143.49		711.60	326.35	1,212.54					552.34	-37%
Com	155.78		457.91	1,171.49	1,359.36	998.93		536.92	1,168.42	500.84	-9%
Com-CARE	41.36									41.36	48%
IRRI	195.64		195.67	711.48	1,591.92	269.77				326.67	-5%
FIRE		11.44	14.72	19.66	26.21	54.78	65.63	108.99	184.10	49.11	10%
Average	\$92.67	\$134.60	\$280.27	\$620.34	\$891.95	\$474.10	\$65.63	\$206.48	\$646.27	165.65	0%

Table – A-3: Average Monthly Bills (\$) by Customer Type Under Settled Rate Structures, Settled Revenue Requirement of \$4.130 Million and Settled 125.65 Million Gallon Sales Forecast

Customer Type	Meter/Pipe Size									Average Monthly Bill	% Diff. from Table A-1
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.		
Res	87.39	160.95	199.84	642.94	649.17					97.27	31%
Res-Dual	85.55		147.93	319.05	793.35					221.75	13%
Res-CARE	95.00									95.00	28%
Res-CARE-Dual	60.22		106.57							83.39	28%
Res-DE	114.79		108.00							114.36	28%
Res-DE-Dual			126.01							126.01	19%
Res-MM	154.24		764.90	350.80	1,303.36					593.72	-33%
Com	167.45		492.21	1,259.24	1,461.18	1,073.75		577.13	1,255.93	538.35	-2%
Com-CARE	44.45									44.45	59%
IRRI	210.29		210.33	764.77	1,711.16	289.97				351.14	2%
FIRE		12.30	15.82	21.13	28.17	58.89	70.55	117.16	197.89	52.79	18%
Average	\$99.61	\$144.68	\$301.27	\$666.80	\$958.75	\$509.61	\$70.55	\$221.95	\$694.67	178.06	8%

Table – A-4: Present Rate Revenue Requirement (\$) Under Settlement Rate Structures and Settled 125.65 Million Gallon Sales Forecast

Customer Type	Meter/Pipe Size									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	1,150,234	14,623	83,969	29,206	66,351	0	0	0	0	1,344,383
Res-Dual	1,943	0	87,361	25,363	54,058	0	0	0	0	168,724
Res-CARE	140,680	0	0	0	0	0	0	0	0	140,680
Res-CARE-Dual	547	0	968	0	0	0	0	0	0	1,515
Res-DE	28,355	0	1,840	0	0	0	0	0	0	30,194
Res-DE-Dual	0	0	1,073	0	0	0	0	0	0	1,073
Res-MM	3,503	0	60,806	51,789	59,206	0	0	0	0	175,305
Com	297,838	0	311,273	261,301	808,548	42,440	0	5,703	12,410	1,739,514
Com-CARE	351	0	0	0	0	0	0	0	0	351
IRRI	83,118	0	14,548	22,671	67,634	2,865	0	0	0	190,836
FIRE	0	137	530	1,651	8,492	2,630	29,929	3,924	2,209	49,501
Total	1,706,569	14,760	562,369	391,981	1,064,289	47,935	29,929	9,627	14,619	\$3,842,077

Table – A-5: Proposed Rate Revenue (\$) at Settled Revenue Requirement of \$4.130 million and Settled 125.65 Million Gallon Sales Forecast

Customer Type	Meter/Pipe Size									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Res	1,236,387	15,718	90,259	31,394	71,320	0	0	0	0	1,445,077
Res-Dual	2,089	0	93,904	27,262	58,107	0	0	0	0	181,362
Res-CARE	151,217	0	0	0	0	0	0	0	0	151,217
Res-CARE-Dual	588	0	1,041	0	0	0	0	0	0	1,629
Res-DE	30,478	0	1,978	0	0	0	0	0	0	32,456
Res-DE-Dual	0	0	1,154	0	0	0	0	0	0	1,154
Res-MM	3,766	0	65,360	55,668	63,641	0	0	0	0	188,435
Com	320,146	0	334,587	280,872	869,109	45,619	0	6,130	13,340	1,869,803
Com-CARE	378	0	0	0	0	0	0	0	0	378
IRRI	89,343	0	15,638	24,369	72,700	3,080	0	0	0	205,129
FIRE	0	148	570	1,775	9,128	2,827	32,170	4,218	2,375	53,209
Total	1,834,391	15,866	604,490	421,340	1,144,004	51,526	32,170	10,348	15,714	\$4,129,847