

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Southern California Edison
Company (U 338-E) to Establish a
Memorandum Account to Record and Track
System-Wide Pipeline Assessment Costs for
the Catalina Water Utility.

Application 20-04-010

OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE

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Pursuant to Rule 13.11 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), and consistent with the schedule established in the August 25, 2020 Administrative Law Judge's Email Ruling, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits its brief on Southern California Edison Company's (SCE) *Application of Southern California Edison Company to Establish a Memorandum Account to Record and Track System-Wide Pipeline Assessment Costs for the Catalina Water Utility* (Application).

I. BACKGROUND

SCE's Application seeks authorization of a Catalina Water Pipeline Assessment Memorandum Account (CWPAMA) to track and record costs to assess and map both decommissioned and in-service water distribution pipelines on Santa Catalina Island.¹ SCE claims that in December, 2019, it identified issues associated with polychlorinated biphenyls (PCBs) and asbestos in the lining and exterior wrap of decommissioned pipe abandoned near the

¹ Application (A.)20-04-010 of Southern California Edison Company to Establish a Memorandum Account to Record and Track System-Wide Pipeline Assessment Costs for the Catalina Water Utility (April 13, 2020) (Application), p. 1.

Two Harbors Pipeline.² SCE states that due to the island’s rugged terrain, it has not confirmed the full extent of below-ground decommissioned pipe.³

SCE states that the system-wide assessment will help to facilitate removal of the decommissioned pipe containing hazardous materials, as well as to characterize in-service pipeline that may require future replacement. SCE currently has no single, comprehensive record characterizing and mapping its Catalina Water Utility pipeline.⁴

II. ARGUMENT

A. The Commission Should Deny SCE’s Request to Establish the CWPAMA.

Memorandum (memo) account treatment of the proposed costs in SCE’s Application is both unnecessary and inappropriate. The CWPAMA is unnecessary because SCE can preserve the ability to seek cost recovery through capitalization of the system assessment costs.⁵ Further, it is inappropriate to track SCE’s system-wide assessment through a memo account as SCE’s request does not meet the requirements of Standard Practice (SP) U-27-W.

1. SCE Can Seek Recovery of Reasonable System Assessment Costs Through Capitalization.

Rather than using a memo account to track costs of system assessment and mapping, SCE should capitalize these costs and present them to the Commission for recovery as a rate base addition following a reasonableness and prudence review.⁶ SCE states in testimony that absent a memo account, utilities are precluded from recovering “unanticipated, though reasonably incurred costs due to the retroactive ratemaking prohibition.”⁷ This statement is inaccurate in the

² *Id.*, p. 5; Exhibit SCE-01, Testimony Supporting Southern California Edison's Application A.20-04-010 (July 16, 2020) (SCE-01 Testimony), p. 2:24-25.

³ Application, p. 2.

⁴ *See id.*, p. 7.

⁵ *See* A.20-04-010, *Public Advocates Office Report on Southern California Edison’s Request to Establish a Memorandum Account to Record and Track System-Wide Pipeline Assessment Costs for the Catalina Water System* (July 30, 2020) (Cal Advocates’ Report), p. 1-10:1-2.

⁶ Cal Advocates’ Report, pp. 1-5:24, 1-6:1-2.

⁷ *See* SCE-01, p. 7:21-23.

context of SCE’s present Application, however, because the costs in question can be capitalized—as SCE recognizes throughout the Application and in testimony.

a) SCE recognizes that system assessment costs are capital costs.

SCE’s rebuttal testimony mischaracterizes Cal Advocates’ position as stating that Cal Advocates asserts that memo accounts cannot be used to track capital costs.⁸ Cal Advocates has not made such a claim, and does not dispute the fact that capital costs meeting all of the criteria for memo account treatment can be tracked in a memo account.⁹ The issue is not whether capital costs can be tracked in a memo account, but rather that in this case a memo account is unnecessary to preserve the ability to seek recovery of capital costs.¹⁰ While SCE’s rebuttal on this point is misdirected, it serves to affirm that the costs in question are capital costs. Nowhere in its Application or testimony does SCE identify the costs that it proposes to track in the CWPAMA as “expenses” or items likely to be expensed.

Capital investments are “expected to produce an economic benefit beyond the current year.”¹¹ The benefits SCE attributes to the system-wide assessment meet this criteria. SCE’s testimony states that the assessment’s updated map data and improved facilities documentation will, among other benefits, support the management of its capital assets and environmental remediation efforts.¹²

SCE’s high-level breakdown of estimated costs for assessment and mapping includes \$600,000 for engineering, \$200,000 for environmental compliance, and a \$100,000 contingency.¹³ Because all costs reasonably and prudently incurred to bring an asset to a

⁸ See A.20-04-010, Exhibit SCE-02, SCE Rebuttal Testimony (August 14, 2020) (SCE-02, Rebuttal Testimony), p. 3:21

⁹The Commission’s criteria for memo accounts are set forth in Standard Practice (SP) U-27-W, to be discussed in Part II.A.2 of this brief.

¹⁰ The issue of the proposed costs failing to meet the standards for memo account treatment is discussed in Part II.A.2.

¹¹ Cal Advocates’ Report, p. 1-5:16.

¹² SCE-01, p. 10:13-14; p. 11:19-20.

¹³ Application, p. 8.

condition where it can be used are capitalized as part of the asset,¹⁴ these system assessment costs can be capitalized and deferred to SCE's next Catalina Water utility rate case.¹⁵

b) Requesting recovery of capitalized costs in a general rate case allows for the same recovery of reasonable and prudent costs but offers greater transparency.

SCE claims that the CWPAMA, similar to environmental mitigation or disaster-related memo accounts authorized by the Commission, incentivizes SCE's timely action on Catalina Water Utility's pipeline assessment and hazardous waste mitigation issues.¹⁶ Without the memo account, SCE suggests that a timely response would be disincentivized due to lack of ability to seek cost recovery.¹⁷ Further, SCE requests a CWPAMA effective date of more than two months before filing its Application, in order to track assessment costs incurred between January 28 – April 12, 2020.¹⁸

First, the record does not support SCE's assertion that its current actions are in any way a timely response to a new and exigent situation, calling for immediacy.¹⁹ Nevertheless, SCE's concerns about the ability to seek recovery of project-related costs, whether incurred before or after filing of the Application, are unwarranted. The system assessment costs should be capitalized and addressed in SCE's next rate case, an approach which offers ratepayers more transparency than would tracking costs in a memo account.²⁰ Indeed, SCE previously incurred capital costs for removal of material containing PCBs from its "Million Gallon Tank" (MGT) in

¹⁴ See *Utility General Rate Case – A Manual for Regulatory Analysts*. Maryam Ghadessi, Principal Author, CPUC Policy & Planning Division (Nov. 13. 2017) (PPD Rate Case Manual), p. 21 (noting example of when operations and maintenance expenses should be treated as capital costs).

¹⁵ Cal Advocates Report, pp. 1-5:24, 1-6:1-2.

¹⁶ See SCE-01 Testimony, p. 7:4-6.

¹⁷ *Ibid.*

¹⁸ Application, p. 3. See Part B. of this brief for discussion of appropriate effective date should the Commission approve SCE's memo account request.

¹⁹ Relevant historical issues are discussed below in Part B.

²⁰ See Cal Advocates Report, p. 11:3-8.

2015, without a memo account, and presumably will seek recovery of these costs in its next rate case as well.²¹

c) Memo account treatment exposes ratepayers to inequitable risk-shifting that they would otherwise not experience with capitalized costs reviewed in a rate case.

It appears that SCE considers the memo account as an approach that reduces the uncertainty of cost recovery.²² However, it is precisely the uncertainty of cost recovery that fosters discipline and prudent cost management in utility decision-making.²³ Especially in the case of a capital project, a memo account enables the utility to disproportionately shift the risk normally borne by the utility in general rate cases that actual project costs may exceed forecasts. With memo account treatment, all forecasting risk for the utility is eliminated since a utility is not bound to any particular forecast or budget. Thus, all forecasting risk is transferred to ratepayers who do not receive the commensurate return that is normally required by a risk-return relationship.

2. The Requested Memo Account Does Not Meet the Requirements of Standard Practice U-27-W.

The Commission's Water Division initially determined that SCE's request for a memo account in AL 116-W did not meet the criteria for authorizing a memo account in accordance with the Commission's Standard Practice (SP) U-27-W.²⁴ Under SP U-27-W, requests for new memorandum accounts must meet the following criteria:

- i. The expense is caused by an event of an exceptional nature that is not under the utility's control;
- ii. The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next scheduled rate case;

²¹ See Cal Advocates Report, Attachment A, Advice Letter (AL) 116-W, p. 2.

²² Cal Advocates Report, p. 1-6:14-16.

²³ Cal Advocates Report, p. 1-6:12-14

²⁴ See Cal Advocates Report, p. 1-11:19-22.

- iii. The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and
- iv. The ratepayers will benefit by the memo account treatment.²⁵

SCE's Application, as initially filed, did not address SP U-27-W criteria or discuss whether the proposed CWPAMA meets the criteria.²⁶ SCE first addressed SP U-27-W in response to Cal Advocates' protest to the Application.²⁷ SCE's reply to the protest, testimony, and rebuttal testimony discussing SP U-27-W nevertheless fail to demonstrate that CWPAMA meets any of the SP U-27-W criteria other than that the costs are substantial in relationship to Catalina's revenue requirement.

The underlying causes of the particular costs described in this case—chiefly, the need for comprehensive assessment and mapping of Catalina Water utility pipeline²⁸, as well as the existence of coal-tar lined pipe in the system, are ongoing, long-standing concerns within SCE's control to address. They are neither exceptional events nor beyond SCE's control. While the assessment project itself as well as subsequent remediation projects could benefit ratepayers, there is no indication that ratepayers will benefit from memo account treatment of assessment costs. Reasonableness review of the capitalized costs in a rate-case setting provides greater transparency for ratepayers and increased incentive to prudently manage costs.²⁹

²⁵ SP U-27-W is based on criteria established in Decision (D.) 08-03-020 (March 13, 2008).

²⁶ The Application includes one reference to SP U-27-W in a pro-forma paragraph on page two of Appendix A, Preliminary Statement S - Catalina Water Pipeline Assessment Memorandum Account, stating "Disposition of the amounts recorded in the CWPAMA shall be requested in accordance with General Order 96-B, Water Industry Rule 7.3.3(7) and **Standard Practice U-27-W**; SCE's next General Rate Case application; or other ratesetting request designated by the Commission."

²⁷ See A.20-04-010, SCE Reply to Protest of the Public Advocates Office (May 22, 2020) (SCE Reply to Protest), pp. 5-8.

²⁸ See Application, p. 2 (stating that the primary reason for the CWPAMA request is that "that there is no single set of records fully mapping and characterizing the entirety of the Catalina water distribution infrastructure and decommissioned pipe that remains on the island").

²⁹ Cal Advocates Report, p. 1-6:11-14.

a) The assessment and mapping costs under SCE's proposed CWPAMA are not due to events of an exceptional nature outside the utility's control.

SCE's need to perform system-wide assessment of decommissioned and in-service pipeline is not an exceptional event outside the utility's control, but rather a result of years of inadequately responding to a known, ongoing problem. The steps SCE has undertaken and currently intends to take to identify and remove PCB-containing decommissioned pipe on Catalina Island are not in response to a recent discovery or unanticipated event.

SCE acquired the Catalina Water utility in 1962 and installed the Two Harbors Pipeline (Pipeline) and Million Gallon Tank (MGT) in 1967.³⁰ The carbon steel pipe SCE installed had "coal-tar enamel interior lining and a coal-tar wrap exterior coating" per industry practices of the time.³¹ SCE notes that installation of these components, coal-tar enamel (CTE) containing PCBs had been widely used for decades to protect steel water pipelines and water storage tanks from corrosion.³² In 1976, Congress banned use of PCBs under the Toxic Substances Control Act (TSCA).

In 2005, SCE performed testing on the MGT, detecting PCBs in the tank lining and in sediment inside the tank.³³ Subsequent testing also found PCBs in the CTE lining of the Pipeline.³⁴ AL-116-W does not describe what actions SCE took in response to the test results at that time. During inspections and sampling in 2014, SCE "discovered that sections of the Pipeline removed from service during routine maintenance and repairs were not properly disposed and had been discarded near the pipeline."³⁵ Additionally, in 2015 the MGT was temporarily taken out of service in order to remove the CTE lining and replace it with non-PCB material.³⁶

³⁰ See Cal Advocates' Report, p. 1-9; AL-116-W, p. 2.

³¹ See AL 116-W, p. 2.

³² *Ibid.*

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ AL 116-W, p. 3.

³⁶ AL 116-W, p. 2.

SCE's Application and testimony assert that discovery of a potential TSCA violation (in the form of improperly discarded decommissioned pipe containing PCBs), SCE's voluntary disclosure of the potential violation, and the resulting need for SCE to comply with EPA requirements on a short timeline are exceptional events not within SCE's control.³⁷ SCE's claim in testimony that it discovered the potential violation in December 2019, however, is not consistent with information in AL 116-W stating that SCE had discovered decommissioned pipeline not disposed of properly (i.e., in accordance with TSCA requirements) in 2014.³⁸ Therefore, SCE has had the opportunity to determine an appropriate course of action for a number of years, if not decades.

In addition, comprehensive water utility system records and maps, including records of pipeline location and materials, are already a Commission requirement under Part VII of GO 103-A.³⁹ Therefore, costs related to system assessment and mapping should be routine and ongoing, not exceptional or beyond the utility's control.

b) SCE should have foreseen system-wide assessment costs before filing the Catalina Water Utility rate case in 2010.

The Commission requires water utilities to maintain comprehensive and up-to-date maps and records of all system facilities pursuant to General Order (GO) 103-A.⁴⁰ SCE states that "there is no single set of records fully mapping and characterizing the entirety of the Catalina water distribution infrastructure and decommissioned pipe that remains on the island."⁴¹ SCE has

³⁷ See SCE-01 Testimony, pp. 8-9.

³⁸ Absent an adequate explanation for this contradiction, it is potentially misleading, and may justify a Rule 1.1 violation finding. See Application, p. 5 (stating that SCE "identified an issue associated with the existence of above-and belowground...PCB-asbestos-containing decommissioned pipe near the Two Harbors Pipeline,"); SCE-01 Testimony, p. 2:24-25 (stating that in December 2019, SCE "identified a potential TSCA violation due to the possible presence of PCBs in coal tar materials on segments of decommissioned pipe"), p. 4:14-16 (stating that "the discovery date [of potential violation] was December 12, 2019"); but see AL-116-W, p. 3 (stating that during 2014 inspections and sampling, SCE "discovered that sections of the Pipeline removed from service during routine maintenance and repairs were not properly disposed and had been discarded near the Pipeline").

³⁹ See General Order (GO) 103-A (Sept. 10, 2009), Part VII.4.A-B.

⁴⁰ *Ibid.*

⁴¹ See Application, p. 2.

owned and operated the Catalina Water utility for almost 60 years, since 1962, and GO 103-A has been in effect for at least a decade. It is improbable and unacceptable that, as suggested in its Application, SCE would only recently observe a need to “address this deficiency” in system maps and records and “to fully map and characterize in-service pipeline and decommissioned pipe on the island that has not yet been mapped and characterized.”⁴²

Despite language in SCE’s Application suggesting deficiencies, SCE affirms that its library of maps and records for the Catalina Water Utility complies with GO 103-A requirements.⁴³ GO 103-A specifically requires that the utility maintain records of the “location, size and material of each service line.”⁴⁴ This requirement was unchanged from the 1994 revision of GO 103. As discussed above in Part 2.a, SCE acknowledges discovery of PCBs in the lining of the MGT and pipeline in 2005. Therefore, any need to assess and update records of the location and composition of pipeline in the system should have been foreseeable long before SCE filed the last Catalina Water rate case in November 2010.⁴⁵

SCE has had numerous opportunities to assess its plant infrastructure, update its records, maps, and drawings as required by GO 103-A. Costs to perform such an assessment could have been included in prior rate case proceedings. SCE may also include capital costs to update its records, maps, and drawings in its upcoming GRC.⁴⁶

c) SCE’s system assessment cost estimate, though significant, lacks transparency and adequate supporting detail.

SCE’s estimated costs of \$0.9 million for pipeline assessment, consisting of \$600,000 for engineering costs, \$20,000 for environmental costs, and a \$100,000 contingency,⁴⁷ appear to be

⁴² See Application, p. 2.

⁴³ See SCE-02 Rebuttal Testimony, p. 15:19-20.

⁴⁴ See Cal Advocates’ Report, p. 1-8:11; GO 103-A, Part VII.4.A.(2). This provision was unchanged from the Commission’s previous revision of GO 103 in D.94-03-043.

⁴⁵ SCE-02 Rebuttal Testimony, p. 8, lines 9-11 and p. 11, lines 2-3. See also Application (A.)10-11-009 of Southern California Edison for Authority to, Among Other Things, Increase Its Authorized Revenues for Santa Catalina Island Water Operations, And to Reflect That Increase in Rates (Nov. 15, 2010) (Catalina 2010 GRC).

⁴⁶ Cal Advocates Report, p. 1-9:13-17.

⁴⁷ Application, p. 8.

substantial in comparison to the Catalina Water utility's current \$4.13 million revenue requirement.⁴⁸ SCE's estimate is not broken down into costs for the proposed project activities, which seem far more extensive than what could reasonably be covered by the \$.9 million estimated total.⁴⁹ SCE explains only that "[e]ngineering services will be provided by third-party engineering consultants and experts," and that "[e]nvironmental support services will entail completing required surveys, environmental monitoring, and related support."⁵⁰

SP U-27-W provides that the estimated expenses (or costs, in this case) "must be of a substantial nature." While SCE's request appears to meet this requirement, the lack of supporting detail illustrates some of the risk that memo accounts shift to ratepayers. In contrast to the forecasting requirements and scrutiny of costs proposed to be included in a rate case proceeding, the utility has no affirmative obligation to stay within a forecasted budget when granted an open-ended memo account to track costs for later recovery. Furthermore, a memo account can provide the extraordinary protection of being able to recover typically capitalized costs even if no capital project is ever completed.⁵¹

Accordingly, while SCE's cost estimate in the Application could be considered "substantial" for purposes of meeting SP U-27-W criteria, the lack of supporting detail reveals the casual approach to cost projection and decreased risk that a memo account affords the utility.

⁴⁸ *Ibid.*

⁴⁹ *Id.*, p. 6. Project activities proposed to be tracked under the CWPAMA include: compiling existing physical and electronic records; performing desktop drawing review by geographic region on the island; identifying the location and accessibility (above-ground, partially buried, buried), length, and diameter of in-service pipelines and decommissioned pipe; performing field assessment for pipeline areas with missing/incomplete records and/or areas that cannot be verified through desktop drawing review; completing field sampling of distribution infrastructure and decommissioned pipe (including surrounding soils); coordinating biological/archaeological surveys and monitoring in environmentally sensitive areas; notifying agencies and preparing permit application package for potholing or other intrusive methods as needed; developing representative map/diagram indicating in-service pipeline and decommissioned pipe locations and categories, material composition, and accessibility (above-ground, partially buried, buried).

⁵⁰ *Id.*, pp. 7-8.

⁵¹ See D.19-06-010.

d) Approval of Project Costs in a General Rate Case Offers Much Greater Ratepayer Benefit than Memo Account Treatment.

SCE fails to demonstrate how memo account treatment of the project costs will benefit ratepayers.⁵² The Commission decision establishing the SP U-27-W criteria makes clear that the ratepayer benefit requirement involves a showing that ratepayers will benefit *by the memo account treatment* of the costs, not merely the source of the costs.⁵³

In this case, particularly because the system assessment involves capital costs, memo account treatment could negatively affect ratepayers. SCE asserts that memo account treatment of costs incentivizes cost control because the costs are ultimately subject to review for reasonableness.⁵⁴ However, a more effective incentive to control cost is created by the traditional ratemaking process in a general rate case where a reasonable capital budget is established within which a utility must operate. If a utility achieves project completion below budget, the savings accrue to the utility until its next general rate case, which creates a powerful incentive for the utility to operate efficiently. Should a capital project be completed above budget, the utility maintains the opportunity to seek recovery of additional costs in a general rate case following the same type of reasonableness review that SCE asserts would be applied to a memo account.

Establishing a reasonable capital budget in a general rate case that can be subsequently adjusted for the prudence of actual costs incurred creates a much more powerful incentive for a utility to control costs. Additionally, the general rate case process, in contrast to memo account treatment, offers a more transparent and comprehensive review of potential ratepayer impacts within the framework of an evidentiary record and robust decision-making process. Thus, it is of greater ratepayer benefit to have the additional certainty and better access to information that is provided in a general rate case.

⁵² Cal Advocates Report, p. 1-4:12-14. Whether or to what extent the project itself may have ratepayer benefit is a separate issue beyond the scope of this Application.

⁵³ SP U-27-W as set forth in Decision (D.) 08-03-020 (March 13, 2008).

⁵⁴ See SCE-02, Rebuttal Testimony, pp. 12:21-22, 13:1-2.

B. If the Commission Authorizes the CWPAMA, the Effective Date Should Be No Earlier than April 13, 2020, the Filing Date of SCE’s Application.

SCE’s Application requests an effective date for the CWPAMA of January 28, 2020, the date that SCE filed AL-116-W requesting authority to establish a “Catalina Water Utility Hazardous Substances Memorandum Account” (CWUHSMA).⁵⁵ The CWUHSMA described in AL 116-W was for tracking costs of decommissioned pipeline assessment, identification, and removal, proper hazardous material disposal, and environmental remediation.⁵⁶ The total cost estimate for the project was \$28 million, almost seven times the \$4.13 million total revenue requirement approved in the Catalina Water Utility’s last rate case.⁵⁷ Water Division reviewed AL-116-W and issued a Notice of Suspension on February 26, 2020, along with informal recommendations via email.⁵⁸

SCE claims that “in response to feedback from Water Division,” it “narrowed the scope of the memorandum account request only to include system-wide assessment related activities to be performed in 2020.”⁵⁹ SCE reasons that because it “followed the guidance provided by Water Division and reasonably narrowed its request, SCE should not lose the benefit of the effective date of January 28, 2020, as requested in Advice 116-W.”⁶⁰ This assertion is neither supported by the record nor by legal authority.

1. SCE Cannot Assert Reliance on Water Division’s Recommendation as the Basis for a January 28, 2020 Effective Date.

SCE’s assertion that Water Division advised SCE to narrow the scope of the request for Application purposes is contradicted by evidence in the record. In the email cover letter with the February 26, 2020 Notice of Suspension, Water Division staff stated that “given the high significant costs associated with the proposed project relative to the utility’s current authorized

⁵⁵ *Id.*, Attachment A (AL 116-W).

⁵⁶ Cal Advocates Report, p. 1-11.

⁵⁷ *Id.*, Attachment A, AL 116-W, p. 5.

⁵⁸ Cal Advocates Report., p. 1-1:14-15.

⁵⁹ *See* SCE-01 p. 14:4-6.

⁶⁰ SCE-02, Rebuttal Testimony, p. 16:20-22.

revenue requirement, the (Water Division) recommends that the project and memorandum account request be reviewed through a formal Application.”⁶¹ Water Division further noted that since SCE planned to file a GRC for Catalina Water later in 2020, the proposed environmental remediation project and memorandum account request could be included as part of SCE’s rate case filing, so that all of the capital improvement projects for the Catalina Water Utility system could be reviewed in the same Application.⁶² There was no recommendation to narrow the scope.

Thus, apart from filing an Application, SCE did not follow Water Division’s recommendations. SCE’s suggestion that it relied on Water Division guidance and should be rewarded with the early effective date for following Water Division’s recommendation⁶³ is inaccurate as well as meritless. SCE is solely responsible for its decision to file an Application rather than correcting deficiencies in AL 116-W.⁶⁴ Moreover, SCE’s Application indicates a substantially different project with a fraction of the estimated cost from what SCE described in AL 116-W.

2. The Scope of AL 116-W is Materially Different from SCE’s Application.

Despite SCE’s insistence that the Application is a pared-down version of the advice letter, the project activities listed in the Application do not correlate to the project scope of AL 116-W.⁶⁵ Both documents include the words “identification” and “assessment,” but estimated costs for these activities do not correlate.⁶⁶ System mapping is nowhere to be found in the scope or the project costs identified in AL 116-W.⁶⁷

Even allowing for minor points of overlap between the different memo accounts SCE proposes in AL 116-W and the Application, SCE would be unable to use CWPAMA to record any pipe removal, hazardous waste disposal, or environmental mitigation costs it incurred while

⁶¹ See Cal Advocates Report, p. 1-1:17-20.

⁶² Cal Advocates’ Report, p. 1-1:16-23.

⁶³ See SCE-01 Testimony, p. 14:4-6

⁶⁴ Cal Advocates Report, p. 1-11:19-20

⁶⁵ *Id.*, p. 1-11:22-24.

⁶⁶ *Cf.* AL 116-W, Attachment B, Cost Estimates; Application, pp. 6-8.

⁶⁷ *Id.*, p. 1-2:10-11.

disposition of AL 116-W was pending.⁶⁸ Therefore, it is unclear what if any ‘benefit’ SCE would gain from the earlier effective date.⁶⁹ A January 28, 2020 effective date might have been appropriate had SCE revised AL 116-W and resubmitted it for additional review by Water Division, but the relief SCE requests in the Application bears little to no resemblance to the request in its advice letter.⁷⁰

3. SCE provides no authority for the claim that the Commission can grant relief that pre-dates the filing of the Application in which relief is requested.

SCE relies on Public Utilities Code §1731(a) as the source of the Commission’s authority to establish the January 28, 2020 effective date,⁷¹ and cites several instances in which the Commission, on the basis of § 1731(a), has granted requests for a memo account effective date that preceded the Commission’s final order or decision on a pending Application. None of the authorities cited, however, supports SCE’s request for an effective date that precedes the filing of the Application itself.⁷²

III. CONCLUSION

For the foregoing reasons, Cal Advocates requests that the Commission deny SCE’s Application seeking authorization of a memo account for a system-wide assessment of Catalina Water Utility pipeline. Cal Advocates further requests that if the Commission authorizes the memo account, the effective date should be no earlier than April 13, 2020.

⁶⁸ See AL 116-W, Attachment B, Cost Estimates (noting that cost estimate for aboveground decommissioned pipe includes only assessment and removal of pipe to meet a February 10, 2020 deadline).

⁶⁹ See SCE-01 Testimony, p. 13:2-3.

⁷⁰ See Cal Advocates Report, p. 1-12:1-5.

⁷¹ See SCE-01 Testimony, p. 12: 9-20.

⁷² See, e.g., Application (A.) 16-09-001, Administrative Law Judge’s Ruling Granting Southern California Edison Company’s Motion to Establish a Memorandum Account (December 15, 2017) (during SCE’s 2018 General Rate Case (GRC) proceeding, granting SCE’s October 2017 motion requesting a General Rate Case Revenue Requirement Memorandum Account to record any change in revenue requirements between January 1, 2018 and the effective date of Commission’s final decision in the GRC).

Respectfully submitted,

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