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August 5, 2022

Agenda ID #20844
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 21-06-007:

This is the proposed decision of Administrative Law Judge Marcelo Poirier. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's September 15, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:smt

Attachment

Decision PROPOSED DECISION OF ALJ POIRIER (Mailed 8/5/2022)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) to Establish a Memorandum Account to Record Certain Remediation Costs Associated with Decommissioned Pipe for the Catalina Water Utility.

Application 21-06-007

**DECISION AUTHORIZING ESTABLISHMENT OF THE
CATALINA WATER DECOMMISSIONED PIPE
MEMORANDUM ACCOUNT**

Summary

This decision grants the request of the Southern California Edison Company to establish a memorandum account to record the certain remediation costs associated with decommissioned pipe in the Catalina Water Utility system and sets the effective date for the memorandum account as June 4, 2021. This decision does not provide authority for rate recovery, which will require Commission authorization in a separate proceeding. This decision closes the proceeding.

1. Background

On June 4, 2021, Southern California Edison Company (SCE) filed Application (A.) 21-06-007 requesting authority to establish a Catalina Water Decommissioned Pipe Memorandum Account (CWDPMA) to record costs associated with: (1) planning and project development activities necessary for the remediation of below-ground decommissioned pipe facilities characterized during a system-wide assessment of SCE's water distribution infrastructure on

Santa Catalina Island (Catalina Island) and (2) analysis and remediation of soil associated with previously removed above-ground decommissioned pipe. SCE served its testimony in support of A.21-06-007 on June 4, 2021.

The Catalina Water Utility is a Class C utility serving approximately 2,000 customer accounts throughout Catalina Island. SCE has operated it since 1962. Most of the components of the Catalina Water Utility were installed in the 1960s and 1970s. Portions of the water pipe on Catalina Island have been found to contain non-liquid polychlorinated biphenyls (PCBs) in the interior lining and/or exterior wrap. In early 2020, SCE removed 1,535 feet of above-ground decommissioned pipe to meet the requirements under the Toxic Substance Control Act (TSCA) and disposed of the above-ground decommissioned pipe in compliance with TSCA requirements.

In 2020, SCE began collecting soil samples at the former locations of the removed above-ground decommissioned pipe segments to aid soil remediation efforts. SCE also conducted a system-wide assessment starting in 2020 to fully map and characterize in-service pipe and below-ground decommissioned pipe on Catalina Island. The assessment indicated over four miles of remaining below-ground decommissioned pipe and approximately eight miles of in-service pipe as containing PCBs exceeding the TSCA regulatory limit. Sampling and analysis are still pending for one and a third mile of in-service pipe.

SCE asserts that portions of both the decommissioned and in-service pipe require remediation to comply with TSCA regulations. In 2021, SCE planned to conduct additional soil sampling and analysis to perform required soil remediation activities at these locations.

SCE contends that the establishment of the CWDPMA is necessary to record costs associated with: (1) planning and project development activities necessary for the remediation of below-ground decommissioned pipe and (2) analysis and remediation of soil associated with previously removed above-ground decommissioned pipe. SCE indicates that it only seeks to establish the CWDPMA to record costs for possible future rate recovery and does not seek recovery of costs or a change in the Catalina Water Utility rates at this time. SCE asserts that its request to establish the memorandum account satisfies the five-prong criteria outlined in Standard Practice (SP) U27W. SCE requests that the Commission set an effective date of June 4, 2021, which was the filing date of A.21-06-007, for the CWDPMA.

The Public Advocates Office at the Commission (Cal Advocates) filed a timely protest on July 12, 2021. Cal Advocates requested the inclusion of two following additional issues within the scope beyond those identified by SCE: (1) whether A.21-06-007 should be consolidated with the current SCE Catalina Water Utility general rate case proceeding (GRC), A.20-10-018; and (2) whether the capital costs referenced in A.21-06-007, which SCE states are excluded from the CWDPMA, should be included in A.20-10-018.

A prehearing conference was held on August 3, 2021, with SCE and Cal Advocates participating. The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on August 26, 2021. The Scoping Memo declined to include the two additional issues proposed by Cal Advocates and limited the scope of the proceeding to the following two issues:

1. Should the Commission authorize SCE to establish the CWDPMA to record and track costs associated with SCE's:
 - (a) below-ground decommissioned pipe planning and project development activities and
 - (b) soil remediation

activities associated with previously removed, above-ground decommissioned pipe.

- i. Does SCE meet the requirements for establishing a memo account in accordance with Standard Practice U27W?
2. If the Commission authorizes the memo account, should it set an effective date of June 4, 2021, for the CWDPMA?

Cal Advocates served its responsive testimony on October 8, 2021.

SCE served its rebuttal testimony on October 27, 2021. On November 3, 2021, SCE filed a notice of compliance with Rule 13.9 meet and confer and settlement status update wherein it indicated that no settlement was reached and one day of evidentiary hearings was necessary. Evidentiary hearings were held on November 10, 2021. SCE and Cal Advocates filed concurrent opening briefs on December 3, 2021, and concurrent reply briefs on December 17, 2021.

2. Discussion

There are two issues for the Commission to determine in this proceeding. The first issue is whether the Commission should authorize SCE to establish the CWDPMA to record and track costs associated with SCE's: (1) below-ground decommissioned pipe planning and project development activities and (2) soil remediation activities associated with previously removed, above-ground decommissioned pipe. This first issue calls for a determination as to whether SCE has met the requirements for establishing a memorandum account set forth in SP U27W. The second issue is what should be the effective date of the CWDPMA if authorized by the Commission.

2.1. Authorization to Establish the CWDPMA

The first issue under consideration is whether the Commission should authorize SCE to establish the CWDPMA. SP U27W requires that, in order to qualify for memorandum account treatment, costs must be due to events of an

exceptional nature that: (1) are not under the utility's control, (2) could not have been reasonably foreseen in the utility's last general rate case (GRC), (3) will occur before the utility's next scheduled GRC, (4) are of a substantial nature such that the amount of money involved is worth the effort of processing a memorandum account, and (5) have ratepayer benefits.¹

SCE contends that the Commission should authorize the CWDPMA because SCE has met the requirements set forth in SP U27W for establishing memorandum accounts.² Cal Advocates argues that the Commission should deny SCE's request to establish the CWDPMA, contending that SCE has not met the requirements of SP U27W.

2.1.1. Control of the Costs

The first requirement under SP U27W is that the costs for which the utility is seeking memorandum account treatment are not under utility's control.

2.1.1.1. SCE Position

SCE contends that the first requirement is met because the activities and associated costs SCE proposes to record in the CWDPMA are not under its control. SCE asserts that the activities and associated costs are necessary to comply with regulatory requirements, and "are not activities and costs SCE can ignore, avoid, or defer."³

SCE claims that the TSCA and the United States Environmental Protection Agency's (US EPA) regulations establish requirements and restrictions related to the storage and disposal of PCB waste, mandating disposal within one year of

¹ Standard Practice U27W, at 6 (available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K002/90002198.pdf>)

² SCE Opening Brief, at 5.

³ SCE Opening Brief at 8.

the date it became waste. To comply with these US EPA regulations, SCE states it has moved expeditiously to remove the waste on Catalina Island and has taken prompt actions “to identify and properly dispose of the above-ground decommissioned pipe containing PCBs on Catalina.”⁴ SCE also indicates it completed a system-wide assessment, “identifying, mapping, and characterizing over 70 miles of in service and below-ground decommissioned pipe[.]”⁵ Based on the results of the systemwide assessment, SCE asserts it must initiate planning and project development activities to remediate: (1) the below-ground decommissioned pipe and (2) the soil associated with previously removed, above-ground decommissioned pipe.⁶

SCE disputes Cal Advocates’ argument that the costs are within the control of SCE because of its historical inaction. SCE argues that although it may have had knowledge of PCB-containing pipe on Catalina, SCE did not and could not have known the costs associated with corrective actions that it could have included in the pending Catalina Water Utility GRC. SCE contends that the completion of the system-wide assessment was necessary to determine: (1) the extent of the decommissioned water facilities containing PCBs and (2) the scope of activities and associated costs to be included in the CWDPMMA to remediate the below-ground decommissioned pipe and contaminated soils associated with previously removed above-ground decommissioned pipe.⁷

SCE further argues that its request is consistent with Commission precedent that a “utility’s prior knowledge of regulatory requirements is not a

⁴ *Id.* at 9.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ SCE Opening Brief at 10.

valid basis for denying a memorandum account to track costs for activities associated with those requirements.”⁸ SCE cites to Decision (D.) 21-02-009, the decision authorizing SCE to establish the Catalina Water Pipeline Assessment Memorandum Account (CWPAMA) to support its position, arguing that this situation is based on the same underlying facts and is an extension of the activities tracked in the CWPAMA. Based on that nexus, SCE argues that Cal Advocates has not substantiated a different result in this proceeding.⁹

2.1.1.2. Cal Advocates Position

Cal Advocates asserts SCE has not met the first requirement under SP U27W. Cal Advocates argues that SCE’s insistence that it cannot avoid or delay the remediation activities is inconsistent with “its historical avoidance or deferment of the activities it is now undertaking.”¹⁰ Cal Advocates contends that SCE was responsible for installing, maintaining, and decommissioning the pipes and had decades to evaluate and address the issue of PCB-contaminated pipe and soils within the Catalina Water Utility system.¹¹

Cal Advocates argues that SCE should have known when it discovered decommissioned pipe containing PCBs in 2014 that potential TSCA issues would be expensive to assess and remediate. Cal Advocates states that the discovery in 2014 afforded SCE “significant discretion and control over both the timing of the current Catalina water general rate case and its decommissioned [pipe] related

⁸ SCE Opening Brief at 10; D.16-06-056 at 136-139.

⁹ SCE Opening Brief at 11; SCE Reply Brief at 4; D.21-02-009 at 7.

¹⁰ Cal Advocates Opening Brief at 4.

¹¹ *Ibid.*

activities and expenditures,” contradicting the decision to wait until 2021 to request authorization of the CWDPMA.¹²

2.1.1.3. Discussion

We find that the first requirement under SP U27W is met because the costs for which SCE is seeking memorandum account treatment in the CWDPMA are not under its control. As we found in D.21-02-009, SCE is subject to TSCA and U.S. EPA regulations regarding the disposal of PCB waste.¹³ SCE must properly dispose of the waste and perform the associated remediation activities. The scope of these activities was not apparent until the systemwide assessment was completed in March 2021. The associated costs that the CWDPMA will record are necessary for SCE to comply with those regulatory requirements and therefore not in the utility’s control.

2.1.2. Foreseeability of the Costs in the Last GRC

The second requirement under SP U27W is that the costs for which the utility is seeking memorandum account treatment could not have been reasonably foreseen in the utility’s last GRC.

2.1.2.1. SCE Position

SCE asserts that the second criterion is met because the Catalina Water Utility’s pending GRC application was filed in October 2020 while the system-wide assessment was still underway and that Phase 1 of the assessment was not complete until March 2021, five months after the submission of the GRC application.¹⁴ SCE contends when it filed the GRC, it did not yet know that only four miles of the 26 miles of below-ground decommissioned pipe contained

¹² Cal Advocates Opening Brief at 5.

¹³ D.21-02-009 at 7.

¹⁴ SCE Opening Brief at 12.

PCBs that required design, engineering, and remediation activities. SCE argues that if had included a preliminary forecast without the benefit of the assessment, the “costs would have been higher and reflective of unnecessary work.”¹⁵ SCE further argues that if it delayed the filing of the GRC until after all the cost forecast issues associated with TSCA issues were resolved would require a substantial delay of the GRC, further delaying the resolution of the many other complicated issues addressed in the GRC.¹⁶

2.1.2.2. Cal Advocates Position

Cal Advocates contends that the foreseeability requirement under SP U27W is not met because SCE knew of above-ground, decommissioned pipe segments containing PCBs prior to the December 2019 discovery of potential TSCA violations and the voluntary US EPA disclosure.¹⁷ Cal Advocates argues that SCE had notice because SCE discovered that some portions of the Catalina Water Utility infrastructure contained PCBs in 2014. Cal Advocates also alleges that SCE “reasonably knew or should have known upon discovery in 2014 that the [pipe] segments contained PCBs” and would need removal or remediation. Cal Advocates questions why SCE did not do additional testing on the system at that time to determine the scope of PCB contamination.¹⁸ Cal Advocates also objects to SCE’s argument that it gained more specific information regarding the remediation costs due on the completion of the system-wide assessment,

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ Cal Advocates Opening Brief at 5.

¹⁸ Cal Advocates Opening Brief at 6.

claiming that some costs (engineering and permitting) were foreseeable prior to the 2020 Catalina Water Utility GRC filing.¹⁹

2.1.2.3. Discussion

We find that the second requirement under SP U27W is met because the costs for which SCE is seeking memorandum account treatment could not have been reasonably foreseen in the Catalina Water's last GRC. The completion of the system-wide assessment was necessary to accurately define the extent of decommissioned pipe that required design, engineering, and remediation activities. That system-wide assessment was not completed until March 2021, five months after the submission of the latest GRC application. The necessity of completing the system-wide assessment is validated by its finding that only four miles of the 26 miles of below-ground decommissioned pipe contained PCBs. This is a substantial reduction in the amount of pipe that would require design, engineering, and remediation activities due to the PCB contamination. Therefore, we find that the filing of the instant application for memorandum account authorization was reasonable.

2.1.3. Timing of the Costs

The third requirement of SP U27W is that the costs for which the utility is seeking memorandum account treatment will occur before the utility's next scheduled GRC.

2.1.3.1. SCE Position

SCE asserts that the third requirement is met because it will incur costs before its next GRC application is filed and a decision authorizing the work would be issued. SCE claims it has already started incurring costs to perform the work within the scope of the proposed CWDPMMA and will continue to incur

¹⁹ *Ibid.*

costs prior to the next GRC.²⁰ SCE indicates that the filing date of the next GRC application for the Catalina Water Utility is not predetermined, and therefore, uncertain. SCE contends that waiting until the next GRC would result in: (1) not meeting current regulatory requirements or (2) incurring expenses with no cost recovery ability due to the Commission's prohibition of retroactive ratemaking.²¹ SCE also disputes Cal Advocates' argument that SCE could recover the capitalized costs within the scope of the CWDPMA application in the next GRC, arguing that the costs at issue are expenses, not capital. SCE indicates that it is only requesting the memorandum account for expenses and that capital cost recovery will be addressed in a subsequent application.²²

2.1.3.2. Cal Advocates Position

Cal Advocates asserts that the third requirement is not met because SCE is responsible for the inability for the Commission to review the costs in a GRC. Cal Advocates argues that SCE chose to wait until December 2019 to address the PCB-contaminated decommissioned pipe and decided to file its Catalina Water GRC in October 2020.²³ Cal Advocates questions SCE's decision making on the timing of the GRC filing given the: (1) large cost estimate of the pipe removal/remediation project, and (2) the other revenue requirement challenges in both the current and previous GRCs.²⁴

²⁰ SCE Opening Brief at 13.

²¹ *Ibid.*

²² SCE Opening Brief at 14.

²³ Cal Advocates Opening Brief at 7.

²⁴ *Ibid.*

2.1.3.3. Discussion

We find that the third requirement of SP U27W is met because the costs for which SCE is seeking memorandum account treatment will occur before the Catalina Water's next GRC. We agree that SCE must incur these costs before filing its next GRC application to meet current regulatory requirements with limitations to cost recovery due to the Commission's prohibition of retroactive ratemaking. While SCE does have substantial control over the timing of its Catalina Water GRC applications, we find it reasonable that SCE chose not to delay the filing of the GRC until all the details of the pipe removal and remediation were set. Furthermore, the GRC covers many issues, and there has already been a significant gap between GRCs.

2.1.4. Nature of the Costs

The fourth requirement of SP U27W is that the costs for which the utility is seeking memorandum account treatment are substantial in nature such that the amount of money involved is worth the effort of processing a memorandum account.

2.1.4.1. SCE Position

SCE asserts that the fourth requirement is met because of the "magnitude of the estimated costs for the CWDPMA Scope in comparison to the authorized revenue requirement for the Catalina [W]ater utility."²⁵ SCE estimates the cost to complete the tasks within the scope of the CWDPMA at \$1.7 million, while the current authorized revenue requirement for the Catalina Water Utility is \$4.130 million. Therefore, SCE contends that estimated costs to complete the tasks within the scope of the CWDPMA are substantial.

²⁵ SCE Opening Brief at 13.

2.1.4.2. Cal Advocates Position

Cal Advocates does not contest that the costs to complete the tasks within the scope of the CWDPMA are substantial, but expresses concerns that “segregating the costs of the PCB remediation project into smaller projects for accounting purposes increases the risk of double-counting, as similar costs may be inadvertently tracked in and presented for recovery from more than one account.”²⁶ Due to this risk of double-counting, Cal Advocates argues that the costs associated with the overall PCB remediation project should be treated and tracked as one project.²⁷

2.1.4.3. Discussion

We find that the fourth requirement of SP U27W is satisfied because the costs associated with scope of the CWDPMA are substantial in nature when considered in the context of Catalina Water Utility’s current authorized revenue requirement. The estimated cost to perform the tasks within the scope of the CWDPMA is \$1.7 million, which is approximately 40 percent of the Catalina Water Utility’s \$4.130 million authorized revenue requirement. This cost is substantial for the Catalina Water Utility such that the amount of money involved is worth the effort of processing a memorandum account.

2.1.5. Ratepayer Benefit

The fifth requirement of SP U27W is that the costs for which the utility is seeking memorandum account treatment have ratepayer benefits.

2.1.5.1 SCE Position

SCE asserts that the fifth requirement is met because the costs associated with the activities within the scope of the CWDPMA are required due to

²⁶ Cal Advocates Opening Brief at 8.

²⁷ *Ibid.*

environmental regulations that were enacted to benefit customers and that customers benefit from the expeditious compliance with these regulations.²⁸ SCE claims that the CWDPMA will facilitate the “timely completion of pre-construction activities required to develop a reasonable project scope and cost estimate to remediate TSCA-regulated below-ground decommissioned pipe facilities in the Catalina water system, as well as the remediation of contaminated soil associated with previously removed, above-ground decommissioned pipe.”²⁹

SCE argues that the CWDPMA will benefit ratepayers by allowing the pre-construction work to go forward at this time, while still requiring a cost reasonableness review prior to any recovery by SCE. To support its position, SCE cites instances where the Commission authorized memorandum accounts to track costs associated with complying with regulations.³⁰

SCE argues that Cal Advocates’ assertions regarding memorandum accounts are without merit, stating that memorandum accounts are a well-established ratemaking mechanism that provides the Commission with comprehensive oversight of costs and that Cal Advocates’ objection to the use of such an account in this case ignores established Commission policy.³¹ SCE argues that memorandum accounts are an important ratemaking tool to allow recovery of additional costs needed to serve customers that were beyond a utility’s control and not identified during the GRC.³²

²⁸ SCE Opening Brief at 15.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ SCE Opening Brief at 16.

³² *Ibid.*

SCE disputes Cal Advocates' assertion that memorandum accounts reduce transparency, arguing that it disregards the adequacy of the Commission's review process and the process it affords due process to customers. SCE also contests Cal Advocates' argument that memorandum accounts reduce cost control discipline, arguing that the CWDPMA will only record and track costs and that "[a]uthorizing a memorandum account does not afford a utility license to incur costs in an uncontrolled or undisciplined manner."³³ SCE emphasizes that all costs recorded in the CWDPMA account are subject to a reasonableness review by the Commission prior to recovery and that this review process will ensure the appropriate discipline for SCE to control costs.

2.1.5.2. Cal Advocates Position

Cal Advocates asserts that memorandum account treatment of the costs described in the application has no ratepayer benefit. Cal Advocates argues that the standard for ratepayer benefit should not be that the actions associated with costs proposed for memorandum account treatment are beneficial, but rather that the memorandum account treatment itself would benefit ratepayers. Cal Advocates asserts that SCE is to blame for the delay in addressing the PCB issues in the Catalina Water Utility system and "should not be permitted to shift responsibility for economic consequences of the delay onto ratepayers with a memorandum account at this point."³⁴ Cal Advocates argues that granting "memorandum account treatment would ensure that SCE can seek recovery for expenditures that were reasonably foreseeable and should have been anticipated in its current general rate case."³⁵

³³ SCE Opening Brief at 19.

³⁴ Cal Advocates Opening Brief at 9.

³⁵ *Ibid.*

2.1.5.3. Discussion

We find that the fifth requirement of SP U27W is met because the costs for which the utility is seeking memorandum account treatment have ratepayer benefits. Ratepayers will benefit from the authorization of the CWDPMA because it allows for the remediation process associated with the PCB-contaminated below-ground decommissioned pipe and soil to move ahead due to the tracking and recording of costs, while still preserving the ability of the Commission to review the reasonableness of those costs prior to any recovery by SCE.

2.1.6. Authority to Establish the CWDPMA is Granted

Based on the foregoing, we authorize SCE to establish the CWDPMA. We find that SCE has adequately met the five requirements of SP U27W to qualify for memorandum account treatment to record certain remediation costs associated with decommissioned pipe in the Catalina Water Utility system.

We acknowledge Cal Advocates' contention that the consideration of the overall PCB remediation project should be done as one project, but that does not appear feasible under the current circumstances.³⁶ Although an all-inclusive application or review in a GRC may provide more effective cost control, memorandum accounts are a well-established ratemaking mechanism at the Commission, and the use in this proceeding is adequately justified under the circumstances. We expect the remediation costs associated with decommissioned pipe to be consistent with the estimates in this application, and the costs will be subject to a reasonableness review prior to recovery.

³⁶ *Ibid.*

2.2. Effective Date of the CWDPMA

2.2.1. SCE

SCE contends that if the Commission authorizes SCE to establish the CWDPMA, it should set the effective date of the memorandum account as June 4, 2021, the date SCE filed this application. SCE argues that such a finding is consistent with Public Utilities Code Section 1731(a) and Commission precedent.³⁷

2.2.2. Cal Advocates

Cal Advocates opposes authorization of the CWDPMA but does not express a position on the effective date of the CWDPMA, if authorized.

2.2.3. Discussion

Based on Commission precedent and statutory authority, we find it appropriate to establish the CWDPMA's effective date as June 4, 2021, which is the date SCE filed the application. The granting of the CWDPMA effective as of the application's filing date does not constitute retroactive ratemaking. The memorandum account shall be dissolved after recovery is sought.

2.3. Additional Matters

Cal Advocates raises several arguments in its briefs regarding cost recovery that are outside the scope of issues set in the Scoping Memo for this proceeding.³⁸ Since these issues are outside the scope of the proceeding, we do not address them in this decision.

³⁷ SCE Opening Brief at 21.

³⁸ Cal Advocates Opening Brief at 10.

3. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Marcelo L. Poirier in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Rules. Comments were filed on _____ and reply comments were filed on _____.

4. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Marcelo L. Poirier is the assigned ALJ in this proceeding.

Findings of Fact

1. SCE's Catalina Water Utility is a Class C water utility serving approximately 2,000 customer accounts throughout Catalina Island.
2. SCE has operated the Catalina Water system since 1962.
3. SCE identified a potential TSCA violation related to the decommissioned pipe segments in December 2019 and submitted a disclosure of the violation to the US EPA on December 13, 2019.
4. The TSCA imposes restrictions on the time, location and conditions for the storage and disposal of PCBs.
5. SCE filed its last GRC application for the Catalina Water System in October 2020.
6. A system-wide assessment to fully map and characterize in-service pipe and below-ground decommissioned pipe on Catalina Island was completed in March 2021.
7. The system-wide assessment determined that only four miles of the 26 miles of below-ground decommissioned pipe contained PCBs.

8. On June 4, 2021, SCE filed an application requesting authority to establish a CWDPMA to record certain remediation costs associated with decommissioned pipe in the Catalina Water Utility.

9. The current estimate of the cost to complete the tasks within the scope of the CWDPMA are \$1.7 million, while the current authorized revenue requirement for the Catalina Water Utility is \$4.130 million.

10. The below-ground decommissioned pipe planning and project development activities, as well as soil remediation activities associated with previously removed, above-ground decommissioned pipe on Catalina Island are necessary due to the presence of PCBs in portions of those facilities.

Conclusions of Law

1. The US EPA regulates the use and disposal of PCBs under the TSCA.

2. The remediation costs associated with decommissioned pipe in the Catalina Water Utility meet the requirements of SP U27W because they are due to events of an exceptional nature that: (1) are not under the utility's control, (2) could not have been reasonably foreseen in the utility's last general rate case, (3) will occur before the utility's next scheduled GRC, (4) are of a substantial nature such that the amount of money involved is worth the effort of processing a memorandum account, and (5) have ratepayer benefits.

3. SCE has satisfied the requirements of SP U27W to establish a memorandum account treatment to record certain remediation costs associated with decommissioned pipe in the Catalina Water Utility system.

4. SCE's request to establish the CWDPMA should be approved.

5. Establishing the memorandum account does not provide an approval of the proposed costs.

6. Pursuant to Public Utilities Code Section 1731(a), the CWDPMA should be effective as of the application's filing date, June 4, 2021.

7. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company is authorized to establish the Catalina Water Decommissioned Pipe Memorandum Account for its Catalina Water System and is authorized to file Tier 1 Advice Letter to establish Catalina Water Decommissioned Pipe Memorandum Account.

2. The effective date of the authorized the Catalina Water Decommissioned Pipe Memorandum Account shall be June 4, 2021.

3. Application 21-06-007 is closed.

This order is effective today.

Dated _____, at Fresno, California.