



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

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Application of Southern California Edison
Company (U 338-E) for Authority to Recover
Costs, Amongst Other Things, to its Class C
Water Utility and Smaller Gas Utility

Application 26-03-____

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
FOR AUTHORITY TO, AMONG OTHER THINGS, RECOVER COSTS FOR ITS
CLASS C WATER UTILITY AND SMALL GAS UTILITY**

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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
FOR AUTHORITY TO, AMONG OTHER THINGS, RECOVER COSTS FOR ITS CLASS C
WATER UTILITY AND SMALL GAS UTILITY**

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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
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WATER UTILITY AND SMALL GAS UTILITY**

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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 Recover
Costs to its Class C Catalina Water Utility

Application 26-03-____

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
FOR AUTHORITY TO, AMONG OTHER THINGS, RECOVER COSTS FOR ITS CLASS C
WATER UTILITY AND SMALL GAS UTILITY**

I.

INTRODUCTION

Pursuant to the California Public Utilities Commission’s (Commission’s or CPUC’s) Rules of Practice and Procedure¹ and applicable Commission decisions, Southern California Edison Company (SCE) respectfully submits this *Application for Authority To, Among Other Things, Recover Costs for its Class C Water Utility and Small Gas Utility*. This Application requests recovery in rates for certain costs that SCE incurred in the course of providing water and gas services to customers on Santa Catalina Island (Catalina, or the Island).

Specifically, SCE requests that the Commission authorize SCE to recover pertinent costs recorded in the following memorandum accounts:²

- Catastrophic Event Memorandum Account (CEMA);
- Catalina Water Pipeline Assessment Memorandum Account (CWPAMA);
- Catalina Water Decommissioned Pipe Memorandum Account (CWDPPMA);
- Catalina Water Rationing Memorandum Account (CWRMA); and

¹ Unless otherwise specified, the use of the term “Rules” in this Application is intended to refer to the Commission’s Rules of Practice and Procedure.

² SCE also seeks approval of related tariff changes.

- Lead and Copper Rule Memorandum Account (LCMA).

A. Summary Of Request

SCE requests that the Commission approve the following as just and reasonable:

- (1) COVID-19 costs as recorded to the CEMA for both the Water and Gas utilities;³ storm event Water-related costs as recorded to the CEMA; pipeline assessment Water-related costs as recorded to the CWPAMA; costs to remove decommissioned Water pipe as recorded to the CWDPMA; Stage 1 mandatory conservation Water-related costs as recorded to the CWRMA; and lead and copper testing Water-related costs recorded to the LCMA. The total incremental Operations and Maintenance (O&M) costs are \$6.207 million. (The breakdown is as follows: \$5.779 million for Water and \$0.428 million for Gas). These amounts do not include interest or Franchise Fees and Uncollectables (FF&U). *For all of the referenced memorandum accounts, the Labor costs that SCE seeks to recover are for premium labor time, not standard labor time.* The table below breaks down the incremental O&M amounts for each specific memorandum account.

³ For efficiency and judicial economy, SCE includes both SCE Water and SCE Gas costs recorded to the CEMA for COVID-19 in this Application. This is due to the fact that SCE's Water and Gas utilities share employees. As further discussed in Chapter II of SCE's testimony supporting this Application, SCE took special precautions to protect the public and SCE employees and to comply with public health guidelines during the COVID-19 global pandemic. These safety-driven measures did not differ by utility. The costs were allocated to SCE Water and SCE Gas in a manner consistent with labor allocations approved in recent SCE Water and Gas General Rate Case (GRC) decisions.

Table I-1
Memorandum Account Names and Incremental O&M Amounts⁴
(Nominal \$ thousands)

| Description | Incremental O&M |
|--|--------------------------------|
| Water | |
| Catastrophic Event Memorandum Account (CEMA) - COVID-19 | \$ 2,570 |
| Catastrophic Event Memorandum Account (CEMA) - Storm Events | \$ 863 |
| Catalina Water Pipeline Assessment Memorandum Account (CWPAMA) | \$ 765 |
| Catalina Water Decommissioned Pipe Memorandum Account (CWDPMA) | \$ 1,462 |
| Catalina Water Rationing Memorandum Account (CWRMA) | \$ 17 |
| Lead and Copper Rule Memorandum Account (LCMA) | \$ 102 |
| Subtotal | \$ 5,779 |
| Gas | |
| Catastrophic Event Memorandum Account (CEMA) - COVID-19 | \$ 428 |
| Total | \$ 6,207 |

- (2) Interest accrued at the standard Commercial Paper rate through December 2025 in the amount of \$866.7 thousand (\$791.0 thousand for Water and \$75.7 thousand for Gas), as well as ongoing interest until the authorized memorandum accounts balances are fully recovered.
- (3) FF&U expenses until the authorized memorandum account balances are fully recovered. FF&U expenses are to be calculated based on the then-current Water and Gas franchise fee rates and the uncollectible rates pursuant to the methodology adopted in SCE’s 2025 Electric GRC decision. These rates are then multiplied by the Water and Gas revenue requests to determine the FF&U expenses and are added to the Water and Gas revenue requirements.
- (4) A *reduction* in the Water revenue requirement in the amount of approximately \$93.3 thousand for 2024 due to the Earnings Test. Standard Practice (SP) U-27-W⁵ requires an

⁴ O&M amounts shown do not include interest accrued, forecast interest, nor FF&U. Including interest accrued through December 31, 2025, forecast interest through 2031 (for Water) and 2028 (for Gas) and forecast FF&U, the total amount is \$7.926 million (\$7.382 million for Water and \$0.544 million for Gas). See Chapters III and V of SCE’s testimony in support of this Application.

⁵ SP U-27-W aims to provide guidance and procedures to the CPUC’s Water Division, the public, and water and sewer utilities for preparing and processing rate offsets and establishing and amortizing memorandum

Continued

Earnings Test to ensure that a utility is not over-earning should the requested revenues be adopted. Earnings Tests for Water and Gas for all other applicable years besides 2024 for Water demonstrate that the requested Water and Gas revenue produce Rates of Return (RoRs) below authorized RoRs.

- (5) In light of the unique affordability challenges for Water customers on Catalina, and strictly on a non-precedential basis,⁶ SCE proposes to recover the recorded balances in the relevant Water memorandum accounts over a five-year period beginning 30 days after a final decision in this proceeding. A five-year recovery period is consistent with the revenue requirement phase-in set forth in Decision (D).23-12-007, which approved SCE's most recent Water GRC.⁷
- (6) SCE proposes to recover the recorded balance in the relevant Gas memorandum account over two years beginning January 1, 2027.
- (7) Rate design proposals that – among other changes – seek to recover this Application's requested revenue increases from non-residential customers. *In other words, SCE's proposed rate design is intended to maintain customers' residential rates as authorized in SCE's last Water and Gas GRC decisions. The requested rate design is aimed at ensuring that SCE's proposed revenue increases do not lead to a rate increase for SCE's Water and Gas residential customers.*
- (8) The establishment of a new one-way balancing account for SCE Water to track Water revenue pursuant to the proposed addition of: (1) a requirement for new applicants requesting water service to pay for the cost of completing a water distribution planning study; and (2) a new special rate for the use of non-potable water. SCE's request seeks to then take any funds

accounts. SP U-27-W does not apply to energy utilities. However, SCE has applied this SP to SCE Gas in this Application because the Application concerns, among other things, a small gas utility and to help ensure consistency with the proposals and supporting evidence for SCE Water.

⁶ See SP U-27-W, Section G – Recovery Periods, Part 56.b. The Commission's typical amortization period for Water memorandum account balances is between 12 and 36 months.

⁷ D.23-12-007, pp. 55-56 and Conclusion of Law 92.

received from this new study charge and non-potable water special rate and apply them to (i.e., act as an offset to) the incremental Water revenue requirement authorized in this Application. This offset would occur via the annual advice letter to implement new rates.⁸ In essence, SCE's proposal here functions similarly to how Other Operating Revenue (OOR) serves to partially offset the approved revenue requirement in an electric GRC. Depending on the amount of funds collected in any given year from these new revenue sources, this proposal should help mitigate the proposed Water rate increase in this Application.

B. Background and Context for this Application

SCE filed its last Water GRC (A.20-10-018) in October 2020 for a Test Year 2022 and for two attrition years (2023 and 2024). SCE received the final Water GRC decision (D.23-12-007) in December 2023. SCE filed its last Gas GRC (A.23-12-011) in December 2023 for a Test Year 2025 and three attrition years (2026 – 2028). SCE received the final Gas GRC decision (D.25-06-010) in June 2025. Below, we explain the relevant context of the Water and Gas utilities' recent GRCs.

1. Water

In the Water GRC decision, the Commission ordered the following:

- A five-year phase-in of the GRC-related revenue requirement increase commencing in 2024;
- Recovery of memorandum account balances beginning in 2026 over a 10-year period; and
- Recovery of the deferred revenues from the five-year phase-in beginning in 2025 over a 15-year period.⁹

⁸ Even in the absence of the relief requested in this Application, pursuant to D.23-12-007, SCE will file an annual advice letter to adjust Water rates for the beginning of each year (i.e., January 1st) through 2039.

⁹ The Commission declined to implement SCE's request to transfer approximately \$30.5 million in costs to electric customers. See D.23-12-007, p. 99, Conclusion of Law 85.

In authorizing the revenue and rate increase, the Commission noted that Affordability Ratios (ARs)¹⁰ for residential customers are a concern, but also stated that such rate increases are necessary to pay for water system costs and there is no other readily available option to recover costs.¹¹ Due to affordability concerns, the Commission encouraged SCE, in advance of future GRCs, to carefully consider the alternative recovery sources presented in the proceeding, in particular the visitor boat fee.¹²

Under a traditional GRC schedule, SCE would have filed its next Water GRC for a Test Year of 2025 or 2026. However, given the complex nature of the SCE Water 2020 GRC Application, the extended time to complete that proceeding, and the extended five-year phase-in ending in 2028, SCE anticipates it will file its next Water GRC for a Test Year of 2029 or 2030. In the interim, SCE plans to file applications and/or advice letters for cost recovery that are narrow in scope, on an as-needed basis. This cost recovery Application, for example, is limited to the recovery of recorded memorandum account balances.

2. Gas

In the Gas GRC decision, the Commission adopted a Settlement Agreement, with modifications, between the Public Advocates Office (Cal Advocates) and SCE. In that decision, the Commission authorized revenue increases for years 2025 through 2028 that were agreed to in the Settlement Agreement and supported by an uncontested sales forecast developed in 2023. The sales forecast was based on a ramp-up in propane usage for the microturbines.¹³ The resulting average monthly bill increase in the Gas GRC decision for non-residential customers was estimated (based on the decision) to be approximately 7.9 percent for 2025 and 4.4 percent for 2026; this would be followed

¹⁰ The AR metric quantifies the percentage of a representative household's income that would be used to pay for an essential utility service, after non-discretionary expenses such as housing and other essential utility service charges are deducted from the household's income. The higher an AR, the less affordable the utility service.

¹¹ D.23-12-007, pp. 77-78.

¹² D.23-12-007, p. 70.

¹³ SCE Gas serves SCE Electric propane gas that fuels microturbines that generate electricity for SCE Electric customers on the Island.

by estimated reductions of 2.7 percent for 2027 and 2.1 percent for 2028.¹⁴ The non-residential average bill decreases in 2027 and 2028 were driven by large increases in the sales forecasts for the microturbines in those years. A larger sales forecast for the microturbines results in more revenue collected from SCE Electric and correspondingly less revenue needing to be collected from other customers.

After the Settlement Agreement in the Gas GRC was filed, SCE revised the 2025 and 2026 sales forecast for the microturbines' propane usage upward by a significant amount. As a result, the estimated monthly bill impact implemented in 2025 resulted in a *reduction* of approximately 1.5 percent for residential and non-residential customers, as opposed to the estimated, authorized 7-to-8% increase.¹⁵ Also, the estimated monthly bill impact implemented in 2026 for non-residential (and residential) customers is *still lower* than the estimated 2025 average monthly bills in the Gas GRC decision.

SCE anticipates its microturbine propane usage to continue to be higher than what was estimated in SCE's last Gas GRC Application. We thus anticipate lower average monthly bills for residential and non-residential customers compared to the estimated average monthly bills included in the Gas GRC decision.

C. Cost Recovery Proposal

For SCE Water, on a strictly non-precedential basis, SCE proposes to recover the memorandum account balances over a five-year period. In making this proposal, SCE is particularly focused on the unique affordability challenges that exist for Water customers on Catalina. As the Commission stated in D.23-12-007, in 2022, SCE Water faced an AR₂₀¹⁶ of 9.26 percent.¹⁷ The projected rate increases authorized in D.23-12-007 would increase the AR₂₀ for CARE Catalina customers to 10.34 percent in

¹⁴ D.25-06-010, Table 2, p. 24. Average monthly bill increases for residential customers were forecast to increase by approximately 7.2 percent for 2025, 4.5 percent for 2026, 0.7 percent for 2027, and 1.0 percent for 2028.

¹⁵ Advice 270-G Table 4, pp. 7-8.

¹⁶ AR₂₀ represents households with income at the 20th percentile in a given geography. This metric essentially measures the impact of utility charges for lower-income households.

¹⁷ D.23-12-007, p. 77.

2024, with a further projected climb to 13.51 percent in 2028. For non-CARE customers, the AR₂₀ in 2024 was 16.25 percent, and is projected to be 32.79 percent in 2028.¹⁸

The Commission also explained that “any percentage above 10 percent reflects an inflection point where water affordability concerns are more severe than most of the rest of the state.”¹⁹ Furthermore, the Commission encouraged SCE, in advance of future GRCs, to seriously consider the alternative recovery sources discussed in the 2022 Test Year GRC proceeding, especially the visitor boat fee.²⁰ Given the affordability concerns and direction from the Commission, SCE investigated alternative revenue sources such as a cross-channel boat fee and several other rate design changes. For the reasons described in Chapter VI of the supporting testimony, SCE does not propose a cross-channel boat fee at this time. However, we are proposing to recover the incremental revenue at issue in this Application only from non-residential customers, and we also propose new sources of offsetting revenue.

Conceptually, SCE believes the non-residential (mostly commercial) customers have a reasonable ability to pass on a rate increase to their own customers. In many if not most instances, these customers are tourists visiting Catalina, and not residents. In Chapter VI of its supporting testimony, SCE describes the rate design and alternative revenue options we evaluated, the rate design and new revenue sources we propose to recover the costs, and the other revenue options we evaluated and ultimately determined were not suitable to propose at the current time. The rate design SCE proposes would allow SCE to recover its costs *without increasing the AR₂₀* for residential customers. Additionally, with the proposed two new sources of revenue, SCE anticipates the proposed Water revenue and rate increase in this Application can be further mitigated.

For SCE Gas, we propose recovering the memorandum account balance over a two-year period to mitigate a relatively larger rate increase. This would “smooth out” the increase compared to recovering over a typical 12-month amortization period. In a manner similar to SCE’s Water proposal, SCE proposes recovering the memorandum account balance from non-residential customers. These

¹⁸ D.23-12-007, pp. 77-78.

¹⁹ *Id.*

²⁰ D.23-12-007, p. 70.

categories of customers appear to have the ability in most instances to pass the increase on to their own customers (who, as stated above, are largely tourists).

D. Exhibits Supporting SCE's Request

SCE's Application is accompanied by detailed supporting testimony. Among other subjects, the prepared testimony addresses the following:

- Explains each of the specific memorandum accounts and justifies the reasonableness of the costs recorded therein. Where relevant, the testimony cites to appropriate authority. For example, when SCE's witness is discussing the reasonableness of the CEMA costs that SCE recorded for COVID-19-driven efforts, the testimony notes that *the Commission has already approved similar COVID-19 employee sequestration and other costs for SCE's electric utility in CEMA cost recovery proceedings.*²¹
- Outlines the calculation and results of Commission-endorsed earnings tests to demonstrate the incrementality of the costs for which recovery is sought.
- Presents the interest expenses.
- Discusses the revenue requirements and ratemaking proposals, including a plan to minimize rate impacts and essentially keep rates for residential customers flat.

II.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Other Authority (Rule 2.1)

SCE files this Application pursuant to Section 701 of the California Public Utilities Code; Rules 2.1 and 3.2 of the Commission's Rules of Practice and Procedure; and prior decisions, orders and resolutions of the Commission and other relevant authorities. This application has been verified by an SCE officer in conformance with Rules 1.11 and 2.1.

²¹ See D.23-11-089, OP 3. The Commission concluded that "we consider SCE's COVID-19 expenses incremental, reasonable, and properly recoverable." D.23-11-089, pp. 24-25.

B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

Rule 2.1(a) requires that all applications to state the exact legal name of each applicant and the location of principal place of business, and if an applicant is a corporation, trust, association, or other organized group, the State under the laws of which such applicant was created or organized.

The full legal name of the applicant herein is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, which are substantially within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary for its business.

SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are as follows:

Southern California Edison Company
Post Office Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone: (626) 302-1212

Rule 2.1(b) requires that all applications specify the name, title, address, telephone number, facsimile transmission number,²² and e-mail address of the person to whom correspondence or communications regarding the application are to be addressed.

Communications regarding this Application are to be addressed to the attention of both of the following:

²² SCE no longer uses facsimile transmittals in the ordinary course of its legal/regulatory affairs. A facsimile transmittal number can be provided if the Commission or any other stakeholder believe it is needed for purposes of communications in this proceeding.

| | |
|--|---|
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C. **Proposed Categorization, Need For Hearings, Issues To Be Considered, Procedural Schedule – Rule 2.1(c)**

1. **Proposed Categorization**

SCE proposes that this Application be categorized as a ratesetting proceeding pursuant to Commission Rules of Practice and Procedure 1.3(c),1.3(g), and 7.1(e)(2).

2. **Need for Hearings**

SCE currently does not believe that evidentiary hearings will be required in this matter. SCE requests that the presiding Administrative Law Judge and Assigned Commissioner for this proceeding make a finding at the appropriate time that evidentiary hearings are not necessary. SCE’s proposed procedural schedule provides for public participation hearings, so that Catalina customers can have their voice heard and placed in the record of this proceeding.

3. **Safety Considerations – Rule 2.1(c)**

This proceeding is an application to recover in rates certain costs that were duly recorded in appropriate memorandum accounts. Thus, while the underlying activities that led to the costs had safety implications because they aided in the continued provision of safe and reliable service to Catalina water and gas customers, the application itself does not directly implicate safety considerations.

4. **Issues To Be Considered**

The ultimate need for hearings and the issues to be considered in such hearings (if any) will depend in large part on the degree to which other parties contest SCE's request and the nature of their dispute with SCE's positions. The principal issues presented in this Application are as follows:

- The reasonableness of the \$5.779 million in incremental Operation and Maintenance expenses that SCE recorded, related to the following: COVID-19 pandemic, CEMA Storm events, Catalina Water Pipeline Assessment Memorandum Account, Catalina Water Decommissioned Pipe Memorandum Account, Catalina Water Rationing Memorandum Account, and Lead and Copper Memorandum Account recorded to Catalina Water;
- The reasonableness of the \$0.428 million in incremental O&M expenses related to COVID-19 pandemic, recorded to Catalina Gas;
- The reasonableness of SCE recovering interest expenses of \$0.791 million recorded to the Water memorandum accounts, \$0.076 million recorded to the Gas memorandum account, and ongoing interest at the standard Commercial Paper rate until the memorandum account balances are fully recovered.
- The reasonableness of the FF&U for which SCE seeks recovery.
- The reasonableness of a reduction of \$0.093 million of Water revenue for year 2024 as a result of the Earnings Test.
- The reasonableness of SCE recovering a Water revenue requirement of \$7.382 million over a 5-year period.
- The reasonableness of SCE recovering a Gas revenue requirement of \$0.544 million over a 2-year period.
- The reasonableness of SCE's cost recovery strategies and rate design proposals.
- The reasonableness of the attendant tariff changes to effectuate SCE's request.

5. **Procedural Schedule**

***Table I-2
SCE Catalina Water and Gas Cost Recovery Application
Proposed Schedule***

| Event | Date |
|--------------------------------------|----------------------------|
| File Application and Serve Testimony | March 11, 2026 |
| Protests Filed | April 10, 2026 |
| Reply to Protests | April 20, 2026 |
| Supplemental Testimony ²³ | May 8, 2026 |
| Pre-Hearing Conference | May 20, 2026 |
| Scoping Memo | June 19, 2026 |
| Public Participation Hearings | July 8, 2026 |
| Intervenor Testimony | August 21, 2026 |
| Rebuttal Testimony | September 11, 2026 |
| Evidentiary Hearings (if needed) | Week of September 28, 2026 |
| Rule 12.1 Settlement Conference | October 7, 2026 |
| Opening Briefs Filed | October 23, 2026 |
| Reply Briefs Filed | November 6, 2026 |
| Proposed Decision | January 15, 2027 |
| Comments on Proposed Decision | February 4, 2027 |
| Reply Comments on Proposed Decision | February 9, 2027 |
| Final Decision | February-March 2027 |

²³ SCE will construct an incrementality test for 2025 for Water when its annual reports are completed near the end of April 2026. Only the LCMA actually incurred costs in 2025. SCE plans to then submit supplemental testimony at the designated date in early May 2026 to provide this additional information. SCE intends to make appropriate adjustments to the costs and proposed surcharges should the incrementality test demonstrate that any of the SCE Water costs recorded to the LCMA in 2025 are not incremental.

D. Organization and Qualification to Transact Business - Rule 2.2

In compliance with Rule 2.2²⁴ of the Commission's Rules of Practice and Procedure, a copy of SCE's Certificate of Restated Articles of Incorporation, effective on August 28, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. 23-12-011, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series M Preference Stock filed with the California Secretary of State on November 17, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. A.23-12-011, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series N Preference Stock filed with the California Secretary of State on May 8, 2024, and presently in effect, certified by the California Secretary of State, was filed with the Commission on May 15, 2024, in connection with Application No. A.24-05-007, and is incorporated herein by this reference.

Copies of SCE's latest Annual Report to Shareholders and Edison International's latest proxy statement sent to its stockholders have been filed with the Commission with an Energy Division Central Files Document Coversheet dated March 14, 2025, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Balance Sheet And Income Statement – Rules 2.3 and 3.2(a)(1)

Appendix A to this Application contains copies of SCE's Balance Sheet as of December 31, 2025, and Income Statement for the period ended December 31, 2025, the most recent period available.

²⁴ Rule 2.2 mandates that the applicant, in this case SCE, submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

F. Present And Proposed Rates – Rule 3.2(a)(2) And Rule 3.2(a)(3)

The presently effective rates proposed to be changed, and the changes proposed to be made thereto are addressed in Exhibit SCE-01. Proposed rate sheets reflecting our revenue allocation and rate design proposals are included in the appendices to the testimony SCE provides to support this Application.

If SCE’s rate request is approved by the Commission, SCE Water commercial customers would see, on average, an increase of their monthly bills of \$148.35 (11%) in 2027 and \$380.10 (23-24%) over the 2028 to 2031 period. SCE Water Irrigation customers would see, on average, an increase of their monthly bills of \$34.60 (8%) in 2027 and \$88.64 (16-17%) over the 2028 to 2031 period. SCE Gas commercial customers would see an approximate increase of \$96.20 (8%) on their monthly gas bills. The actual impact will vary based on usage and other factors.

SCE is proposing to phase-in the Water revenue requirement over a 5-year period and the Gas revenue requirement over a 2-year period. In the tables below, SCE is showing the impact of the proposed rate increase for SCE Water and SCE Gas. The proposed Water and Gas rate increases are calculated above current authorized rates.

***Table I-3
2027-2031 Average Monthly Water Bill Impact by Customer Class***

| Customer Class | 2027 | | | 2028 | | | 2029 | | | 2030 | | | 2031 | | |
|-----------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| | Auth. | Prop. | % Inc. |
| Non-residential | \$1,397 | \$1,545 | 11% | \$1,575 | \$1,955 | 24% | \$1,600 | \$1,980 | 24% | \$1,625 | \$2,005 | 23% | \$1,661 | \$2,041 | 23% |
| Irrigation | \$ 457 | \$ 491 | 8% | \$ 515 | \$ 604 | 17% | \$ 523 | \$ 612 | 17% | \$ 531 | \$ 620 | 17% | \$ 543 | \$ 632 | 16% |

Table I-4
2027-2028 Average Monthly Gas Bill Impact by Customer Class (For Non-Microturbine Customers)²⁵

| Customer Class | 2027 | | | 2028 | | |
|-----------------|----------|----------|--------|----------|----------|--------|
| | Auth. | Prop. | % Inc. | Auth. | Prop. | % Inc. |
| Non-residential | \$ 1,178 | \$ 1,274 | 8% | \$ 1,191 | \$ 1,287 | 8% |

G. Description Of SCE’s Property And Equipment, Original Cost Thereof, And Depreciation Reserve – Rule 3.2(a)(4)

SCE’s service territory is located throughout central and southern California, and includes approximately 200 incorporated communities as well as outlying rural territories. SCE is engaged in the business of generating, transmitting, and distributing electric energy in portions of central and southern California, including Catalina. SCE also provides water service to Catalina and gas service (via a small gas utility) to the City of Avalon on Catalina. For purposes of this Application, SCE operates a Class C Water utility and a small Gas utility on Catalina, including the City of Avalon (Water and Gas) and surrounding unincorporated area of the County of Los Angeles (Water).

Pursuant to Commission Order in Decision No. 49665, dated February 16, 1954, SCE has, since 1954, used straight-line remaining life depreciation for computing book depreciation expense for accounting and ratemaking purposes. The original cost and depreciation reserve applicable to SCE’s property and equipment (utility-wide) are shown in the Balance Sheet attached in Appendix A of this Application.

²⁵ SCE Electric is the customer for the microturbines. The microturbines use (on an annual basis) between about 70 to 90 percent of the amount of propane that all other non-residentials combined use. As such, adding one customer with such large usage to a monthly average bill calculation would skew the average bill upwards and not be reflective of the average non-residential customer.

H. Summary Of Earnings – Rule 3.2(a)(5)

In conformance with Rule 3.2(a)(5), Appendix B hereto contains SCE’s most recent Summary of Earnings.

I. Tax Depreciation – Rule 3.2(a)(7)

Pursuant to Commission Decision No. 59926, dated April 12, 1960, SCE uses accelerated depreciation for income tax purposes and “flows through” reductions in income tax to ratepayers within the Commission’s jurisdiction for property placed in service prior to 1981. Pursuant to Decision No. 93848 in Order Instituting Investigation (OII) No. 24, SCE uses the Accelerated Cost Recovery System (ACRS) in determining depreciation for federal income tax purposes and “normalizes” the depreciation timing differences to ratepayers for property placed in service after 1980 in compliance with the Economic Recovery Tax Act of 1981. Pursuant to Decision No. 86-01-061 in OII No. 86-11-019, Phase II, SCE uses the Modified Accelerated Cost Recovery System (MACRS) in determining depreciation for federal income tax purposes and, in compliance with the Tax Reform Act of 1986, continues to “normalize” depreciation timing differences to ratepayers for property placed in service after 1986.

J. Proxy Statement – Rule 3.2(a)(8)

Certain classes and series of SCE’s and Edison International’s (SCE’s parent company) capital stock are listed on a “National Securities Exchange” as defined in the Securities Exchange Act of 1934.

The March 14, 2025 Edison International and SCE’s joint proxy statement was provided to the Commission electronically in compliance with Ordering Paragraph 1 of Decision No. 88-01-063, Condition No. 5d, via email on April 15, 2025.

K. Statement Pursuant To Rule 3.2(a)(10)

Rule 3.2(a)(10) requires that the “The application of electrical, gas, heat, telephone, water, or sewer system corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it.” SCE’s application requests authorization to recover certain O&M expenses that were recorded to specific memorandum accounts. SCE is not seeking to recover for capital spending and is not seeking to add capital expenditures to rate base.

L. Service Of Notice – Rules 3.2(b), 3.2(c), 3.2(d)

As required by Rule 3.2(b), a notice stating in general terms the proposed increases in rates will be mailed to the designated officials of the state and the County of Los Angeles and City of Avalon. As required by Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective. Finally, pursuant to Rule 3.2(d), notice shall be furnished to SCE Water and Gas customers, affected by the proposed increase by including such notice with the regular or electronic bills sent to Water and Gas customers. SCE will be timely filing its proof of compliance with the Commission as required in Rule 3.2(e).

M. Service List

The official service list has not yet been established in this proceeding. SCE is thus serving this Application on the service list established by the Commission in SCE’s 2022 Test Year Water GRC (A.20-10-018), 2025 Test Year Gas GRC (A.23-12-011), and the GO 96-B service list.

III.

CONCLUSION

For the reasons stated herein, SCE respectfully requests the Commission grant the request set forth in this Application and supported by the accompanying direct testimony.

Respectfully submitted,

WILLIAM K. BRIGGS
KRIS G. VYAS

/s/ Kris G. Vyas

By: Kris G. Vyas

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March 11, 2026

RULE 1.11 VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 10th day of March, 2026 at Rosemead, California.

/s/ Michael Backstrom
Michael Backstrom
Senior Vice President, Regulatory Affairs

Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770

Appendix A

SCE Balance Sheet and Income Statement

Consolidated Statements of Income
Southern California Edison Company

| (in millions) | Years ended December 31, | | |
|--|--------------------------|-----------------|-----------------|
| | 2025 | 2024 | 2023 |
| Operating revenue | \$ 19,276 | \$ 17,547 | \$ 16,275 |
| Purchased power and fuel | 4,933 | 5,209 | 5,486 |
| Operation and maintenance | 4,999 | 5,064 | 4,071 |
| Wildfire-related claims, net of (recoveries) | (2,009) | 647 | 665 |
| Wildfire Fund expense | 144 | 146 | 213 |
| Depreciation and amortization | 3,233 | 2,865 | 2,633 |
| Property and other taxes | 662 | 620 | 566 |
| Asset impairment | 106 | — | 1 |
| Total operating expenses | 12,068 | 14,551 | 13,635 |
| Operating income | 7,208 | 2,996 | 2,640 |
| Interest expense | (1,207) | (1,575) | (1,356) |
| Other income, net | 447 | 493 | 497 |
| Income before income taxes | 6,448 | 1,914 | 1,781 |
| Income tax expense | 1,415 | 120 | 184 |
| Net income | 5,033 | 1,794 | 1,597 |
| Less: Preference stock dividend requirements | 144 | 175 | 123 |
| Net income available for common stock | \$ 4,889 | \$ 1,619 | \$ 1,474 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income
Southern California Edison Company

| (in millions) | Years ended December 31, | | |
|---|--------------------------|-----------------|-----------------|
| | 2025 | 2024 | 2023 |
| Net income | \$ 5,033 | \$ 1,794 | \$ 1,597 |
| Other comprehensive (loss) income, net of tax: | | | |
| Pension and postretirement benefits other than pensions | (3) | 3 | (4) |
| Other comprehensive (loss) income, net of tax | (3) | 3 | (4) |
| Comprehensive income | \$ 5,030 | \$ 1,797 | \$ 1,593 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

Southern California Edison Company

| (in millions) | December 31, | |
|--|------------------|------------------|
| | 2025 | 2024 |
| ASSETS | | |
| Cash and cash equivalents | \$ 98 | \$ 78 |
| Receivables, net of allowances for uncollectible accounts of \$353 and \$347 at respective dates | 1,455 | 2,160 |
| Accrued unbilled revenue | 1,236 | 845 |
| Inventory | 535 | 538 |
| Prepaid expenses | 118 | 102 |
| Regulatory assets | 3,290 | 2,748 |
| Wildfire Fund contributions | 138 | 138 |
| Other current assets | 743 | 415 |
| Total current assets | 7,613 | 7,024 |
| Nuclear decommissioning trusts | 4,535 | 4,286 |
| Other investments | 40 | 38 |
| Total investments | 4,575 | 4,324 |
| Utility property, plant and equipment, net of accumulated depreciation and amortization of \$15,060 and \$14,207 at respective dates | 63,131 | 59,047 |
| Nonutility property, plant and equipment, net of accumulated depreciation of \$113 and \$108 at respective dates | 188 | 199 |
| Total property, plant and equipment | 63,319 | 59,246 |
| Receivables, net of allowances for uncollectible accounts of \$49 and \$43 at respective dates | 38 | 62 |
| Regulatory assets (include \$3,092 and \$1,512 related to a VIE at respective dates) | 12,960 | 8,886 |
| Wildfire Fund contributions | 1,740 | 1,878 |
| Operating lease right-of-use assets | 1,155 | 1,174 |
| Long-term insurance receivables | 145 | 131 |
| Long-term insurance receivables due from affiliate | 226 | 303 |
| Other long-term assets | 2,074 | 2,317 |
| Total other assets | 18,338 | 14,751 |
| Total assets | \$ 93,845 | \$ 85,345 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

Southern California Edison Company

| (in millions, except share amounts) | December 31, | |
|---|------------------|------------------|
| | 2025 | 2024 |
| LIABILITIES AND EQUITY | | |
| Short-term debt | \$ 1,036 | \$ 553 |
| Current portion of long-term debt | 1,928 | 1,249 |
| Accounts payable | 2,353 | 2,078 |
| Wildfire-related claims | 585 | 60 |
| Accrued interest | 432 | 385 |
| Regulatory liabilities | 1,158 | 1,347 |
| Current portion of operating lease liabilities | 118 | 123 |
| Other current liabilities | 1,599 | 1,495 |
| Total current liabilities | 9,209 | 7,290 |
| Long-term debt (includes \$3,022 and \$1,468 related to a VIE at respective dates) | 31,255 | 29,266 |
| Deferred income taxes and credits | 10,712 | 8,697 |
| Pensions and benefits | 87 | 92 |
| Asset retirement obligations | 2,583 | 2,580 |
| Regulatory liabilities | 10,627 | 10,159 |
| Operating lease liabilities | 1,037 | 1,051 |
| Wildfire-related claims | 721 | 941 |
| Other deferred credits and other long-term liabilities | 3,684 | 3,518 |
| Total deferred credits and other liabilities | 29,451 | 27,038 |
| Total liabilities | 69,915 | 63,594 |
| Commitments and contingencies (Note 12) | | |
| Preference stock | 1,714 | 2,220 |
| Common stock, no par value (560,000,000 shares authorized; 434,888,104 shares issued and outstanding at respective dates) | 2,168 | 2,168 |
| Additional paid-in capital | 8,970 | 8,950 |
| Accumulated other comprehensive loss | (12) | (9) |
| Retained earnings | 11,090 | 8,422 |
| Total equity | 23,930 | 21,751 |
| Total liabilities and equity | \$ 93,845 | \$ 85,345 |

The accompanying notes are an integral part of these consolidated financial statements.

Appendix B

Authorized Summary of Earnings

EIX and SCE Summary of Earnings

Fourth Quarter and Year-end - December 31, 2025

Fourth Quarter Earnings Summary

| | Q4 2025 | Q4 2024 | Variance |
|---|----------------|-----------------|----------------|
| Basic Earnings Per Share (EPS) | | | |
| SCE | \$ 5.08 | \$ 1.11 | \$ 3.97 |
| EIX Parent & Other | (0.28) | (0.23) | (0.05) |
| Basic EPS | \$ 4.80 | \$ 0.88 | \$ 3.92 |
| Less: Non-core Items¹ | | | |
| SCE | \$ 2.94 | \$(0.17) | \$ 3.11 |
| EIX Parent & Other | — | — | — |
| Total Non-core Items | \$ 2.94 | \$(0.17) | \$ 3.11 |
| Core Earnings Per Share (EPS) | | | |
| SCE | \$ 2.14 | \$ 1.28 | \$ 0.86 |
| EIX Parent & Other | (0.28) | (0.23) | (0.05) |
| Core EPS | \$ 1.86 | \$ 1.05 | \$ 0.81 |

Key SCE EPS Drivers

| | |
|---------------------------------|----------------|
| Higher revenue | \$ 0.46 |
| Higher depreciation | (0.05) |
| Higher property and other taxes | (0.04) |
| Lower interest expense | 0.45 |
| Higher other income | 0.03 |
| Div on preference stock | 0.01 |
| Total core drivers | \$ 0.86 |
| Non-core items ¹ | 3.11 |
| Total | \$ 3.97 |

EIX EPS

| | |
|--------------------|------------------|
| Total core drivers | \$ (0.05) |
| Non-core items | — |
| Total | \$ (0.05) |

Takeaways

Fourth-quarter 2025 Core EPS increased year over year, primarily due to:

- ▲ SCE: A benefit to interest expense related to cost recoveries authorized under the Woolsey Settlement Agreement and higher revenue from the 2025 GRC final decision
- ▼ EIX Parent and Other: Preferred stock redemption loss due to recognition of original issuance costs

¹ See EIX Core EPS Non-GAAP Reconciliations and Use of Non-GAAP Financial Measures in Appendix
Note: Diluted earnings were \$4.81 and \$0.87 per share for the three months ended December 31, 2025 and 2024, respectively

Full Year Earnings Summary

| | 2025 | 2024 | Variance |
|---|-----------------|------------------|----------------|
| Basic Earnings Per Share (EPS) | | | |
| SCE | \$ 12.70 | \$ 4.20 | \$ 8.50 |
| EIX Parent & Other | (1.12) | (0.87) | (0.25) |
| Basic EPS | \$ 11.58 | \$ 3.33 | \$ 8.25 |
| Less: Non-core Items¹ | | | |
| SCE | \$ 5.13 | (1.59) | \$ 6.72 |
| EIX Parent & Other | (0.10) | (0.01) | (0.09) |
| Total Non-core Items | \$ 5.03 | \$ (1.60) | \$ 6.63 |
| Core Earnings Per Share (EPS) | | | |
| SCE | \$ 7.57 | \$ 5.79 | \$ 1.78 |
| EIX Parent & Other | (1.02) | (0.86) | (0.16) |
| Core EPS | \$ 6.55 | \$ 4.93 | \$ 1.62 |

Key SCE EPS Drivers

| | |
|---------------------------------|----------------|
| Higher revenue | \$ 1.80 |
| Higher O&M | (0.14) |
| Higher depreciation | (0.49) |
| Higher property and other taxes | (0.06) |
| Lower interest expense | 0.77 |
| Lower other income | (0.07) |
| Income taxes | (0.11) |
| Div on preference stock | 0.08 |
| Total core drivers | \$ 1.78 |
| Non-core items ¹ | 6.72 |
| Total | \$ 8.50 |

EIX EPS

| | |
|-----------------------------|------------------|
| Total core drivers | \$ (0.16) |
| Non-core items ¹ | (0.09) |
| Total | \$ (0.25) |

Takeaways

2025 Core EPS increased year over year, primarily due to:

- ▲ SCE: Higher revenue from the 2025 GRC final decision and benefits to interest expense related to cost recoveries authorized under the TKM and Woolsey Settlement Agreements
- ▼ EIX Parent and Other: Higher interest expense and preferred stock redemption loss due to recognition of original issuance costs

¹ See EIX Core EPS Non-GAAP Reconciliations and Use of Non-GAAP Financial Measures in Appendix
 Note: Diluted earnings were \$11.58 and \$3.31 per share for the twelve months ended December 31, 2025 and 2024, respectively