



COM/MBK/vj4 7/31/2026

FILED

07/31/26

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to Recover Costs, Amongst Other Things, to its Class C Water Utility and Smaller Gas Utility.

Application 26-03-003

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

Southern California Edison Company (SCE) began providing water service to Catalina Island in 1962 through water storage, wells, water treatment and distribution, and, more recently, desalination.¹ SCE also provides commercial and residential customers on Catalina Island with propane gas services. Both services, in addition to SCE's electric service on Catalina Island, are subject to this Commission's jurisdiction.

An in-person prehearing conference was held on June 16, 2026 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering

¹ See: <https://www.sce.com/customer-service-center/help-center/catalina-island>, available as of June 15, 2026.

the application, a protest filed by Cal Advocates², and discussion at the prehearing conference (PHC), I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also determined that one environmental and social justice issue has been raised in this application; the proceeding does raise issues of affordability for residential customers.

On April 13, 2026, SCE filed another application, A. 26-04-017 for Authority To, Revise and Increase the Safe Annual Yield, Revise Rule 3, and Allocate Water Per a Special Agreement for its Class C Water Utility. In that proceeding Cal Advocates' Protest included a proposal to consolidate the latter proceeding with this proceeding. SCE replied to that Protest on April 23, 2026. At the PHC parties were directed to file a motion and response in this proceeding to introduce the issue into this proceeding's record. After a brief discussion the issue was deferred for later ruling in one or both proceedings.³

There was a discussion at the PHC on the status of discovery. Although cooperation appears to be good between the parties despite some delays, parties were directed to report to the Presiding Officer on the next three Fridays the ongoing status of discovery via a joint procedural, non-substantive email.

2. Issues

The issues to be determined or otherwise considered are as Proposed by SCE and Cal Advocates' Protest:

As Proposed by Edison:

² Cal Advocates is the Public Advocates Office as defined by SB 854 (Chapter 51, Statutes of 2018).

³ Both proceedings are assigned to Commissioner Baker but are currently assigned to two separate judges.

1. The reasonableness of the \$5.779 million in incremental Operation and Maintenance (O&M) expenses that SCE recorded, related to the following:
 - a. COVID-19 pandemic,
 - b. Catastrophic Event Memorandum Account (CEMA) Storm events,
 - c. Catalina Water Pipeline Assessment Memorandum Account,
 - d. Catalina Water Decommissioned Pipe Memorandum Account,
 - e. Catalina Water Rationing Memorandum Account, and
 - f. Lead and Copper Memorandum Account recorded to Catalina Water.
2. The reasonableness of the \$0.428 million in incremental O&M expenses related to COVID-19 pandemic, recorded to Catalina Gas.
3. The reasonableness of SCE recovering interest expenses of \$0.791⁴ 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.
4. The reasonableness of the Franchise Fee and Uncollectible (FF&U) allowance which SCE seeks to recover.
5. The reasonableness of a reduction of \$0.093 million of Water revenue for year 2024 as a result of the Earnings Test.
6. The reasonableness of SCE recovering a Water revenue requirement of \$7.382 million over a 5-year period.
7. The reasonableness of SCE recovering a Gas revenue requirement of \$0.544 million over a 2-year period.

⁴ These and all other dollar-values in the scoping memo are subject to revision and updates by SCE. The values used here are from the original application and Cal Advocates' Protest.

8. The reasonableness of SCE's cost recovery strategies and rate design proposals.
9. The reasonableness of the attendant tariff changes to effectuate SCE's request.

As Proposed by Cal Advocates, the above issues should specifically consider

10. Whether the costs recorded to the CEMA for the Water and Gas utilities are incremental, reasonable, and properly recoverable.
11. Whether there are more appropriate cost recovery methods for the following SCE recovery requests:
 - a. Gas incremental O&M expenses of \$0.428 million related to COVID-19;
 - b. Gas revenue requirement of \$0.544 million over a two-year period;
 - c. Gas interest expenses of \$0.076 million, and ongoing interest at the Commercial Paper rate until memorandum account balances are recovered;
 - d. FF&U methodologies and forecasts, specifically the reasonableness of the proposed annual rate adopted from SCE's 2025 Electric general rate case decision; and
 - e. Rate designs that seek to recover revenue increases from non-residential customers.
12. In addition, other issues of fact, methodology or ratemaking policy may arise and should be timely addressed during the proceeding.

Other:

13. As discussed at the PHC parties should clearly address and discuss the previously proposed "Boat Fee."⁵
14. Impacts on environmental and social justice communities, including the extent to which affordability impacts the

⁵ See the proposed testimony of SCE witnesses in Ex. SCE-01 at pp 69 ff and elsewhere.

achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.

3. Need for Evidentiary Hearing

All the above issues are potentially contested, material issues of fact. Accordingly, we will allow parties to present evidence on these issues and evidentiary hearings are needed.

4. Schedule

The following schedule was distributed to parties by an April 24, 2025 ALJ Ruling and subsequently discussed with the parties at the PHC. It is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the application.

Event	Date
Application Filed	Wednesday, March 11, 2026
Protests	Monday, April 13, 2026
Prehearing Conference	Tuesday June 16, 2026
Intervenor Testimony	Friday, September 11, 2026
Public Participation Hearings ⁶	Thursday September 10, 2026 In-person on Catalina Island Tuesday September 15, 2026 Virtual
Rebuttal Testimony	Friday, September 25, 2026
Status Conference	Wednesday, October 14, 2026

⁶ ALJ Ruling dated July 2, 2026, these hearings will be held jointly with A. 26-04-017, another proceeding filed by SCE on additional issues concerning water service on Catalina Island.

Evidentiary Hearings ⁷	Start Monday, October 19, 2026 If Needed
Opening Briefs	Monday, November 23, 2026
Reply Briefs	Monday, December 14, 2026
Potential Settlement ⁸	No Later than Monday, December 14, 2026
Comparison Exhibit and Submission	Monday, December 21, 2026
Proposed Decision	Estimated by Friday, March 12, 2027 (No later than 90 days after submission)
Commission Decision	No sooner than 30 days after a Proposed Decision

The purpose of the October 14, 2026 status conference is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

The proceeding will stand submitted upon the filing of a Comparison Exhibit on December 21, 2026, unless the ALJ requires further evidence or

⁷ Parties proposed that if in-person hearings are held they should if possible be in the Commission's Los Angeles office facilities.

⁸ This date was discussed at the PHC and there was no objection by the parties.

argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁹

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

The schedule set forth in this Scoping Memo includes a date, December 14, 2026, for the submission of any proposed settlement. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing. Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in

⁹ <https://www.cpuc.ca.gov/PUC/adr/>

the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination¹⁰ that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by 30 days after the prehearing conference.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

¹⁰ Resolution ALJ-3579.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.¹¹

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 which requires service on the ALJ of both an electronic and a paper copy of filed or served documents is modified to require electronic service only.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide

¹¹ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Mathew Baker is the assigned commissioner and Douglas M. Long is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.

3. The question of consolidation with Application A 26-04-017 is deferred to a later Ruling by either the assigned commissioner or assigned ALJ.

4. Evidentiary hearing is needed.

5. Parties must not send hard copies of documents to the assigned ALJ, Commissioners or their personal advisors, unless specifically instructed to do so.

6. The presiding officer is Administrative Law Judge Douglas M. Long

7. The category of the proceeding is ratesetting.

Dated July 31, 2026 at San Francisco, California.

/s/ MATTHEW BAKER

Matthew Baker
Assigned Commissioner