
February 5, 2024

**ADVICE 141-W
(U 338-W)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
WATER DIVISION

SUBJECT: Implementation of Southern California Edison Company's Catalina Water General Rate Case Rate Base Offsets for its Supervisory Control and Data Acquisition Upgrades and Water Meter Replacements as Authorized in Decision 23-12-007

In accordance with Ordering Paragraph (OP) 8 of California Public Utilities Commission (Commission or CPUC) Decision (D.)23-12-007 (Decision), Southern California Edison Company (SCE) submits this Tier 2 advice letter to request rate base offsets for two capital forecast projects authorized in the Decision now that each project is used and useful.

PURPOSE

The purpose of this advice letter is to request rate base offsets for SCE's Supervisory Control and Data Acquisition (SCADA) Upgrade project and Water Meter Replacement program now that each project is used and useful.

BACKGROUND

SCE filed Application (A.)20-10-018 seeking Commission approval for a rate increase for Catalina Water including, but not limited to, recovery of capital expenditures for a SCADA Upgrade project and a Water Meter Replacement program. In conjunction with that Application, SCE met all necessary noticing requirements as provided for in the Commission's Rules of Practice and Procedure, Rule 3.2.

On December 14, 2023, the Commission issued the Decision, which authorized SCE to submit a rate base offset request via a Tier 2 advice letter for both its SCADA Upgrade

project and its Water Meter Replacement program once the assets are used and useful.¹

Water Industry Rule 7.3.3(8) specifies that a rate base offset request may be a Tier 2 advice letter if it meets the following requirements:

- (i) The rate base offset was previously approved by the Commission in a decision or resolution;
- (ii) The project scope is consistent with what the Commission approved;
- (iii) The Commission approval included a budget cap and the rate base offset request is at or below the budget cap.

The rate base offsets requested in this advice letter meet these requirements, as further described below.

SCADA UPGRADES

As stated in SCE's Application, SCE completed its SCADA Condition Assessment for Catalina Water in March 2016, which resulted in a recommendation to rehabilitate and update its system to enhance functionality and control of the system and data collection. The total project required updates at 11 Catalina Water facilities across the island that connected and added major equipment, installed software and process updates, installed monitoring sensors and process metering replacements and testing of the communication system. This project was completed and closed to plant in 2019. SCE requested in its Application to capitalize these costs as part of rate base in the amount of \$1.413 million. In the Decision, the adopted GRC-authorized revenue requirement included \$989,353 for the SCADA upgrades.² As such, the Commission authorized SCE to seek a rate base offset of \$423,647 for the remaining amount to be recovered from customers through a Tier 2 advice letter.³

WATER METER REPLACEMENT PROGRAM

As SCE described and the Commission recognized in the Decision, over 1,000 of SCE's water meters exceeded their maximum service periods in accordance with General Order (GO) 103-A.⁴ In accordance with the Decision, SCE is authorized to recover up to \$368,267 of meter replacement costs via a rate base offset submittal once the meter replacements are used and useful.⁵ Through the end of 2023, SCE completed and

¹ Decision, OP 8.

² Decision, p. 35, 47; Conclusion of Law (COL) 29.

³ Decision, pp. 34-35; OP 8.

⁴ The maximum period for meters in service is determined by the meter size that is installed at the property.

⁵ Decision, p. 43; OP 8.

closed to plant \$128,646 of direct costs for meter replacements that are now used and useful and is seeking recovery of this amount.⁶

PROPOSED REVENUE REQUIREMENT CHANGES

Table 1 provides the impact of including these two rate base offsets in SCE’s 2024 revenue requirement. Concurrent with the submittal of this advice letter, SCE submitted Advice 140-W to implement these rate base offsets in rates effective March 1, 2024.

Table 1: Impact of the Rate Base Offsets to SCE’s 2024 Authorized Revenue Requirement (\$000)

2024 Catalina Water GRC Adopted Revenue Requirement						
Millions of Dollars						
Line No.	Item	Total ¹	SCADA Plant Authorization ²	Water Meter Replacement Program Authorization ³	Cost of Capital at 7.87% AL 5120-E	Updated Total ⁴
1	Base Revenues	10.364	0.057	0.022	0.135	10.579
2	Expenses:					
3	Operation & Maintenance	6.718	0.001	0.000	0.002	6.721
4	Depreciation	1.157	0.014	0.004	-	1.175
5	Taxes	1.022	0.015	0.005	0.038	1.080
6	Revenue Credits	(0.143)	-	-	-	(0.143)
7	Total Expenses	8.754	0.029	0.010	0.039	8.833
8	Net Operating Revenue	1.610	0.028	0.013	0.095	1.746
9	Rate Base	21.644	0.379	0.168	0.000	22.191
10	Rate of Return	7.44%				7.87%

*Due to rounding, subtotals may not sum to the totals

1/ D.23-12-007, Findings of Facts 113, p. 92

2/ D. 23-12-007 p. 35

3/ D. 23-12-007 p. 43

4/ D. 23-12-007

-

The bill impacts associated with SCE’s request are included in the bill impacts submitted in Advice 140-W.

TIER DESIGNATION

Pursuant to OP 8 of the Decision, this advice letter is submitted with a Tier 2 designation.

⁶ The Decision’s authorized amount for meter replacements of \$368,267 is through 2024. Should SCE replace more meters in 2024, it will seek a subsequent rate base offset not to exceed the authorized amount taking into account the \$128,646 included in this request.

EFFECTIVE DATE

SCE requests that this advice letter become effective on March 1, 2024.

NOTICE

Anyone wishing to protest this advice letter may do so only electronically. Protests must be received no later than 20 days after the date of this advice letter. Protests should be submitted to the CPUC Energy Division at:

Director, Water Division
California Public Utilities Commission
E-mail: water_division@cpuc.ca.gov

In addition, protests and all other correspondence regarding this advice letter should also be sent electronically to the attention of:

Connor Flanigan
Managing Director, State Regulatory Operations
Southern California Edison Company
E-mail: AdviceTariffManager@sce.com

and

Adam Smith
Director, Regulatory Relations
c/o Karyn Gansecki
Southern California Edison Company
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of GO 96-B, SCE is serving copies of this advice filing to SCE's Water GO 96-B and A.20-12-018 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4747. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

To view other SCE advice letters submitted to the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Christopher Benitez at (626) 238-4206 or by electronic mail at Christopher.Benitez@sce.com.

Southern California Edison Company

/s/ Connor Flanigan
Connor Flanigan

CF:cb:bvs

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: Southern CA Edison

Date Mailed to Service List: Feb 05, 2024

CPUC Utility #: WTC 338

Protest Deadline (20th Day): Feb 25, 2024

Advice Letter #: 141-W

Review Deadline (30th Day): Mar 06, 2024

Tier 1 2 3 Compliance

Requested Effective Date: Feb 05, 2024

Authorization

Rate Impact: \$

Description: Implementation of Southern California Edison Company's 2022 General Rate Case Rate Base Offset for its Supervisory Control and Data Acquisition Upgrades and Water Meter Replacements as Authorized in Decision 23-12-007

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Darrah Morgan

Utility Contact 2: Brent Valencia Santos

Phone: (626) 302-2086

Phone 2: (626) 302-4747

Email: advicetariffmanager@sce.com

Email 2: advicetariffmanager@sce.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____
