

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



AUG 06 2010

August 4, 2010

REVENUE & TARIFFS DEPT.

File No. 602-19

Akbar Jazayeri
Vice President, Regulatory Operations
Southern California Edison Company
PO Box 800
Rosemead, CA 91770

Dear Mr. Jazayeri:

Enclosed is a copy of the utility's Advice Letter No. 79-W, Rate Design Proposal and General Rate Increase for Service Provided to Santa Catalina Island Water customers, which you have withdrawn per your letter of August 3, 2010.

As a reminder, withdrawn tariff sheets shall be retained in the utility's file of canceled and superseded sheets, and sheet numbers and advice letter numbers of withdrawn filings shall not be reused.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Josie R. Babaran".

JOSIE R. BABARAN
Staff Service Analyst
Water & Sewer Advisory Branch

Enclosures

July 7, 2010

ADVICE 79-W
(U 338-W)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
WATER DIVISION

SUBJECT: Rate Design Proposal and General Rate Increase for Service
Provided to Santa Catalina Island Water Customers

In compliance with Resolution W-4665 (the Resolution), Southern California Edison Company (SCE) hereby submits the following changes to its tariff schedules for water service provided to customers on Santa Catalina Island (Catalina). The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

SCE requests California Public Utilities Commission (Commission) approval of SCE's proposed rates for water service on Catalina effective January 1, 2011. Proposed rates are designed to recover a revenue requirement of \$4.56 million, authorized in the Resolution. As a result of lower forecasted sales, the proposed rates reflect an increase of 9 percent over current rates.

BACKGROUND

SCE's Catalina water service operation is classified as a Class C water utility serving approximately 2,000 residential and commercial accounts on Catalina, located approximately 22 miles off the coast of Southern California in Los Angeles County. Currently authorized Catalina water rates were adopted by the Commission in the Resolution dated November 1, 2007.

RATE DESIGN PROPOSAL

SCE currently provides water service to Catalina customers under a single schedule. SCE proposes to establish four new rate classes based on the type of water service provided. Existing Schedule W-1 customers will be reclassified into Residential, Commercial, Irrigation, and Private Fire Protection customer classes. General guidelines for identification of rate classes in Standard Practice U-7-W, Appendix A, were used to

define the various classes of customers. Appendix A of Standard Practice U-7-W calls for Residential metered service to be provided under Schedule W-1-R.¹ Because there is no similar designation for Commercial W-1 service in Standard Practice U-7-W, SCE will introduce Schedule W-1-GS for Commercial and Irrigation service. The remaining classes include Irrigation and Private Fire Protection service, which are specified in Standard Practice U-7-W as Schedules W-3 and W-4, respectively.

The primary driver for the separation of Residential and Commercial/Irrigation classes is the fact that the much higher Commercial/Irrigation customer average usage led to a higher proportion of Commercial/Irrigation customers' usage being billed at upper tier rate levels, leading to a disproportionately high average volumetric charge for these customers. By separating the classes, SCE can equate the two classes' average volumetric charges, leading to an overall revenue allocation shift to Residential customers. While the System average rate increase is 9 percent, the average Residential rate increase is 36 percent while the average Commercial/Irrigation rate declines by 6 percent.

In addition, SCE proposes to eliminate the tiered rate structure for non-residential customers. A tiered rate is appropriate for customer classes (e.g., Residential) where usage is relatively consistent across the population of customers making up the class. The Catalina Commercial and Irrigation customer classes, however, do not share this characteristic, and the existing tiered structure is overly burdensome to larger businesses. For example, under a 3-tier structure designed to serve all Commercial customers, a gift shop would receive the same tier allocation as a large hotel. Because of the nature of each business, a gift shop's usage may remain in the first tier regardless of whether or not conservation measures were adopted. On the other hand, the large hotel may maximize conservation efforts and still record usage in the higher tiers simply due to the amount of water required to meet basic operational needs, resulting in a much greater cost per gallon.

SCE also proposes to introduce two new schedules applicable to Residential customers for "Dual Service" and "Multifamily" customers. The Dual Service rate schedule is a type of fire protection service intended for Residential customers who have also installed fire protection sprinklers and take service from a single connection. The incremental pipe capacity required by the fire protection system is considered standby capacity, and as such is charged a different rate than would the same capacity for standard Residential service through an adjusted meter charge.

The application of tiered allowances does not account for higher usage by master-metered multifamily residences. Currently, the same tiered allowance used for single-family residences is also applied to multifamily residences. As a result, a disproportionately high amount of multifamily residential usage is billed at upper tier rates. To remedy this situation, SCE proposes a Multifamily rate schedule applicable to master-

¹ Schedule W-10 will be used for service provided to company employees and retirees, as called for in Standard Practice U-7-W.

metered condominiums, apartments, and residential hotels that would adjust the allowances by tier to account for the multiple residences. The adjustment consists of multiplying the basic residential tier allowances by the number of units to calculate usage levels in each tier.

SCE's rate design methodology, included herein as Attachment B, follows guidelines established in the Resolution. To maintain the revenue recovery relationships established in the Resolution, SCE proposes to scale the current fixed meter rates and the volumetric rates in proportion to the increase in the overall revenues such that 20 percent of the revenues will be recovered through the fixed meter charges and the remaining 80 percent will be recovered through the volumetric rates. To encourage conservation of water resources, the volumetric rates are set to maintain an average summer price equal to 115 percent of the total average price and an average winter price equal to 80 percent of the total average price.

SCE proposes to continue to offer California Alternate Rates for Energy (CARE) and Domestic Employee (DE) discounts, and will incorporate the necessary surcharge to fund these discounts as a component of volumetric rates applicable to non-CARE water customers. The Catalina water CARE and DE surcharge is calculated by multiplying forecasted Schedule W-1-CARE and W-1-DE (proposed Schedule W-10) sales by proposed non-CARE rates. The result is then multiplied by 20 percent and 25 percent, respectively, for CARE and DE customers to arrive at a total forecast revenue deficiency. The forecast CARE and DE revenue deficiency is then divided by forecasted non-CARE water sales to determine the surcharge on a dollars per thousand gallon basis. The proposed water CARE and DE surcharge is \$0.51 per thousand gallons. Details of SCE's rate design proposal are shown in Attachment B.

CUSTOMER AND WATER SALES FORECAST PROPOSAL

Pursuant to Standard Practice U-7-W, SCE proposes to use expected annual water sales when adjusting water rates in attrition years, where expected annual water sales reflect the forecast of meters and sales volume for the period over which the proposed rates will be in effect. This practice is consistent with the Commission's treatment of electricity rate design and rate design in general where rates are designed on a prospective basis. SCE proposes an adjustment to the rate design methodology which would allow for annual customer and usage forecasts to be used in developing attrition year rate levels. The total customer and usage forecasts, discussed in Attachment C (Details of Water Sales Forecast), form the basis for the billing determinants used in rate design. The volumetric sales forecast reflects the water quantity SCE expects to deliver to its Catalina customers. SCE relies on historical sales data to determine customer and usage forecasts by season and usage tiers and service plan. SCE develops the forecast number of customers and sales volume by scaling the total forecast in Attachment C in proportion to the usage frequency distribution by season and usage tier recorded over the period ending April 2010.

TARIFF MODIFICATIONS

Consistent with the “Details of Rate Design” included in Attachment B, SCE includes, in Attachment A, the following new rate schedules:

- Schedule W-1-R, General Metered Fresh Water Service-Residential Service;²
- Schedule W-1-RDS, Residential Dual Service;
- Schedule W-1-RM, Master Metered Fresh Water Service Residential Multifamily Accommodation;
- Schedule W-1-GS, General Metered Fresh Water Service General Service;
- Schedule W-3, Water Service for Irrigation; and
- Schedule W-4, Dedicated Water Service for Private Fire Protection Systems.

In addition to the rate schedules described above, SCE requests to modify:

- Preliminary Statement, Section A-D to include the provision that SCE will pay no interest unless it is specifically provided for in the tariff schedules, or ordered by the Commission. SCE proposes to add to the Preliminary Statement, the same interest provision as was approved by the Commission for its electric Preliminary Statement, Part E. This Interest provision was approved by the Commission in the 1988 Resolution E-3094, and it is incorporated into the electric rules of both Pacific Gas and Electric Company and San Diego Gas & Electric Company;
- Schedule DE, Domestic Service to Utility Employees is renamed Schedule W-10, General Metered Fresh Water Residential Service to Utility Employees;
- Schedule W-1-CARE, Santa Catalina Island California Alternate Rates for Energy (CARE) Domestic Water Service is renamed Schedule W-1-R-CARE, Santa Catalina Island California Alternate Rates for Energy (CARE) Residential Water Service. This schedule will be applicable to the eligible Residential customers and will contain specific CARE rates. In addition, CARE will continue to apply to the eligible commercial customers; thus a CARE Discount Special Condition has been added to Schedule W-1-GS; and
- Rule 18 – Meter Tests And Adjustment Of Bills For Meter Error And Billing Error to include a provision entitled, “Adjustment of Bills for Billing Error.” Unlike SCE’s electric Rule 17 - Adjustment of Bills and Meter Tests, existing water rules have no provisions to accommodate adjusting a water bill for billing errors when such errors are inadvertently caused by the utility. SCE requests that the provision to adjust

² Existing Schedule W-1 customers will be reclassified into Residential, Commercial, Irrigation, and Private Fire Protection classes. Schedule W-1 has been modified and renamed Schedule W-1-R.

bills for billing errors be incorporated into Rule 18. In addition, the title of Rule 18 has been modified to include the reference to Billing Error.

INDEX OF ATTACHMENTS

In support of its 2011 Catalina water rates request, SCE includes the following documents:

Attachment A: Tariff Sheets
Attachment B: Details of Rate Design
Attachment C: Details of Water Sales Forecast

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Water Industry Rule 7.3.3, this advice letter is submitted with a Tier 3 designation.

EFFECTIVE DATE

SCE requests that its Catalina water service rates and tariffs become effective upon issuance of a final Commission resolution.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Water Division and SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

Director, Water Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: water_division@cpuc.ca.gov

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

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President, Regulatory Affairs
c/o Karyn Gansecki
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 929-5540
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 the interested parties shown on the attached GO 96-B and Resolution W-4665 service lists. Address change requests to the GO 96-B service list should be directed to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to any other service lists, please contact the Commission's Process Office at (415) 703-2021 or at [Process Office@cpuc.ca.gov](mailto:ProcessOffice@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Robert Thomas at (626) 302-3946 or by electronic mail at Robert.Thomas@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:rt:sq
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION DIVISION OF WATER AND AUDITS Advice Letter Cover Sheet	(Date Filed / Received Stamp by CPUC)
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AL # 79-W	Date Mailed to Service List: 7/7/10	Requested Effective Date: Upon issuance of a Commission resolution	Requested Tier: <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input checked="" type="checkbox"/> Tier 3
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Replacing AL#:	Authorization for Filing: Resolution W-4665	Compliance Filing? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Revenue Impact	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:5%; text-align: center;">\$</td> <td>\$375,055</td> </tr> <tr> <td style="width:5%; text-align: center;">%</td> <td>9%</td> </tr> </table>	\$	\$375,055	%	9%
\$	\$375,055							
%	9%							

<u>The public has 20 days from Date Mailed (above) to protest this advice letter. If you chose to protest or respond to the advice letter, send Protest and/or Correspondence within 20 days to:</u>	Director Division of Water and Audits 505 Van Ness Ave. San Francisco, CA 94102
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<u>and if you have email capability, also email to:</u>	water_division@cpuc.ca.gov
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<u>Your protest also must be served on the Utility</u>	(see attached advice letter for more information and grounds for protest)
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Company Name: Southern California Edison Company	CPUC Utility Number:
Address: 2244 Walnut Grove Avenue	WTA _____
City, State, Zip: Rosemead, CA 91770	WTB _____
	WTC <u>U 338-W</u>
	WTD _____
	SWR _____

	Contact Name:	Phone No.	Fax No.	Email Address:
Filer	James Yee	626-302-2509	626-302-4829	advicetariffmanager@sce.com
Alternate	Susan Quon	626-302-2930	626-302-4829	susan.quon@sce.com

Description:
In this space or on the back of this form:

1. Explain justification for requested Tier: Water Industry Rule 7.3.3
2. Describe service affected and how it is affected: Increase rates for water service to customers on Catalina and propose new rate design.
3. Describe differences from related Advice Letters (Similar service, replacement filing)

(FOR CPUC USE ONLY)

WTS Budget/Activity/Type _____/_____/_____	Process as: <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3 20th Day <input style="width: 50px;" type="text"/> 30th Day <input style="width: 50px;" type="text"/>
Project Manager: _____	Suspended on: _____
Analyst: _____	Extended on: _____
Due Date: _____	Resolution No.: _____
Completion Date: _____	AL/Tariff Effective Date: _____

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 650-W	Preliminary Statement Part A thru E	Revised 283-W
Original 651-W	Schedule W-1-GS	
Original 652-W	Schedule W-1-GS	
Original 653-W	Schedule W-1-GS	
Original 654-W	Schedule W-1-GS	
Original 655-W	Schedule W-3	
Original 656-W	Schedule W-4	
Original 657-W	Schedule W-4	
Revised 658-W	Schedule W-10	Original 90-W
Revised 659-W	Schedule W-1-R	Revised 527-W
Revised 660-W	Schedule W-1-R-CARE	Revised 624-W
Revised 661-W	Schedule W-1-R-CARE	Revised 624-W
		Revised 540-W
Original 662-W	Schedule W-1-RDS	
Original 663-W	Schedule W-1-RM	
Original 664-W	Schedule W-1-RM	
Revised 665-W	Rule 18	Original 43-W
Revised 666-W	Rule 18	Original 44-W
Revised 667-W	Rule 18	Original 45-W
Original 668-W	Rule 18	
Revised 669-W	Table of Contents	Revised 638-W
Revised 670-W	Table of Contents	Revised 639-W



PRELIMINARY STATEMENT

Sheet 1

A. TERRITORY SERVED BY THE COMPANY

The area in which service is or will be furnished by this Company under its main extension rule is described below, and is delineated on the service area map shown on the tariff sheet following:

Santa Catalina Island, Los Angeles County

B. TYPES AND CLASSES OF SERVICE

The types and classes of service furnished are set forth in each rate schedule under the designation "Applicability".

C. DESCRIPTION OF SERVICE

The characteristics of the service furnished are indicated in Rule 2, Description of Service.

D. PROCEDURE TO OBTAIN SERVICE

Service as described herein will be furnished to any person or corporation whose premises are within the Company's service area, provided application is made in accordance with Rule 3, Application for Service; credit is established as required in Rule 6, Establishment and Re-establishment of Credit; customer's piping and valves are installed as required in Rule 16, Service Connections, Meters, and Customer's Facilities, under "Customer's Responsibility"; a contract is signed in those certain circumstances specified in Rule 4, Contracts; and complying with the procedures set forth in Rule 14.1, Santa Catalina Island Fresh Water Rationing Plan.

In addition, fresh water service to new service connections or additional fresh water supply to existing service connections where a change in the customer's facilities or water use will result in an additional fresh water requirement shall be provided in accordance with the procedures set forth in Rule 3.D., Santa Catalina Island Fresh Water Allocation Plan.

Where an extension of the Company's mains is necessary, Rule 15, Main Extensions, applies; and if the project is of a temporary or speculative nature, Rule 13, Temporary Service, is applicable.

No interest will be paid by SCE unless it is specifically provided for in the tariff schedules, or ordered by the California Public Utilities Commission, except as otherwise provided by federal Public Law 97-177. (N)
|
(N)

Applicants for service and customers must also conform to and comply with the other established rules as provided herein.

(Continued)

(To be inserted by utility)
Advice 79-W
Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed Jul 7, 2010
Effective _____
Resolution W-4665



Schedule W-1-R-CARE Sheet 1
SANTA CATALINA ISLAND CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)
RESIDENTIAL WATER SERVICE (T)

APPLICABILITY

Applicable for domestic service to CARE households residing in a permanent single-family residence where a customer meets all the Special Conditions of this Schedule. This Schedule is not applicable to customers served under Schedule W-1-RM. (T)
(T)

TERRITORY

Santa Catalina Island, Los Angeles County. (T)

RATES

Quantity Rates:	<u>Per Meter Per Month</u>		(C)
	Summer Season	Winter Season	
	May through <u>September</u>	October through <u>April</u>	
Tier 1: First 2,000 gallons, per 1,000 gallons	\$ 16.14	\$ 12.39	
Tier 2: Between 2,001 and 6,500 gallons, per 1,000 gallons	\$ 32.22	\$ 24.71	
Tier 3: Over 6,500 Gallons, Per 1,000 gallons	\$ 48.30	\$ 37.03	

Service Charge for Schedules W-1-R:

For 5/8 x 3/4-inch meter	\$	25.19	
For 3/4-inch meter	\$	35.30	
For 1-inch meter	\$	45.41	
For 1-1/2-inch meter	\$	60.65	
For 2-inch meter	\$	80.86	
For 3-inch meter	\$	169.03	
For 4-inch meter	\$	229.97	
For 6-inch meter	\$	381.90	
For 8-inch meter	\$	568.04	

Service Charge for Schedules W-1-RDS:

For 5/8 x 3/4-inch meter	\$	25.19	
For 1-inch meter	\$	36.33	
For 1-1/2-inch meter	\$	48.52	
For 2-inch meter	\$	64.69	

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates. (C)
(L)

In addition to the Rates and Charges above, the PUCRF identified in Schedule UF-W also applies.

(Continued)

(To be inserted by utility)
 Advice 79-W
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Jul 7, 2010
 Effective _____
 Resolution W-4665

Schedule W-1-R-CARE Sheet 2
SANTA CATALINA ISLAND CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE)
RESIDENTIAL WATER SERVICE (T)

(Continued)

SPECIAL CONDITIONS (T)

1. CARE Household: A CARE Household is a household where the total gross income from all sources is less than shown on the table below based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and nontaxable. Persons who are claimed as a dependent on another person's income tax return are not eligible. These income limits are effective as of June 1, 2010. (L)

<u>No. of Persons In Household</u>	<u>Total Gross Annual Income</u>
1-2	\$31,300
3	36,800
4	44,400
5	52,000
6	59,600

For Households with more than six persons, add \$7,600 annually for each additional person. (L)

2. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this Schedule unless the Customer has completed an approved electric or gas service application for CARE. If a customer qualifies for CARE as an electric or gas service customer they are also eligible for Schedule W-1-CARE. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate at one residential location at any one time and the rate applies only to a customer's permanent primary residence. This Schedule is not applicable where, in the opinion of SCE, either the accommodation or occupancy is transient.
3. Under Schedule W-1-RM, Quantities, as indicated in the Rates Section above, by Tier, shall be determined by multiplying the applicable quantity, per Tier, by the number of units served.
3. Commencement of Rate: Eligible customer shall be billed on this Schedule commencing no later than one billing period after receipt and approval of the customer's application by SCE.
4. Verification: Information provided by the applicant is subject to verification by SCE. Refusal or failure of a customer to provide documentation of eligibility acceptable to SCE, upon request by SCE, shall result in removal from this Schedule.
5. Notice From Customer: It is the customer's responsibility to notify SCE if there is a change in their eligibility status.
6. Rebilling: Customers may be rebilled for periods of ineligibility under the applicable rate schedule.

(To be inserted by utility)
Advice 79-W
Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed Jul 7, 2010
Effective _____
Resolution W-4665



Schedule W-1-RDS
GENERAL METERED FRESH WATER SERVICE
RESIDENTIAL DUAL SERVICE

Sheet 1

APPLICABILITY

Applicable for fresh water service to separately metered single-family residential customers with automatic fire sprinkler systems served through a single meter.

TERRITORY

Santa Catalina Island, Los Angeles County.

RATES

Quantity Rates*:

	<u>Per Meter Per Month</u>	
	<u>Summer Season</u> May through <u>September</u>	<u>Winter Season</u> October through <u>April</u>
Tier 1: First 2,000 gallons, per 1,000 gallons	\$ 20.69	\$ 15.99
Tier 2: Between 2,001 and 6,500 gallons, per 1,000 gallons	\$ 40.79	\$ 31.40
Tier 3: Over 6,500 Gallons, Per 1,000 gallons	\$ 60.89	\$ 46.80

Service Charge:

For 5/8 x 3/4-inch meter	\$	31.48
For 1-inch meter	\$	45.41
For 1-1/2-inch meter	\$	60.65
For 2-inch meter	\$	80.86

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. Dual Service is defined as service to residential customers who require a larger meter size to accommodate the potential larger flow of water associated with an installed fire sprinkler system.
2. For the purpose of fire protection under this Schedule, SCE will supply only such water at such pressure as may be available from time-to-time as a result of its operation of the system. Section 774 of the Public Utilities Code limits the liability of SCE resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgment of notice of the provisions of Section 774 of the Public Utilities Code.
3. If customers request service for a meter connection size not reflected above, SCE will apply the sizing relationship established in Advice 89-W for the requested connection size to determine a service charge for the non-standard Dual Service connection, upon field verification of the base and connected pipe size.

* Includes CARE surcharge of \$0.51 per thousand gallons.

(To be inserted by utility)

Advice 79-W
Decision _____

1W33

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 7, 2010
Effective _____
Resolution W-4665



Schedule W-1-RM
MASTER METERED FRESH WATER SERVICE
RESIDENTIAL MULTIFAMILY ACCOMMODATION

Sheet 1

APPLICABILITY

Applicable to residential fresh water service to a master metered multifamily accommodation, where each single-family residence is not separately metered by SCE.

TERRITORY

Santa Catalina Island, Los Angeles County

RATES

Quantity Rates*:

	<u>Per Meter Per Month</u>	
	Summer Season	Winter Season
	May through <u>September</u>	October through <u>April</u>
Tier 1: First 2,000 gallons, per 1,000 gallons	\$ 20.69	\$ 15.99
Tier 2: Between 2,001 and 6,500 gallons, per 1,000 gallons	\$ 40.79	\$ 31.40
Tier 3: Over 6,500 Gallons, Per 1,000 gallons	\$ 60.89	\$ 46.80

Service Charge:

For 5/8 x 3/4-inch meter	\$ 31.48
For 3/4-inch meter	\$ 44.13
For 1-inch meter	\$ 56.76
For 1-1/2-inch meter	\$ 75.81
For 2-inch meter	\$ 101.08
For 3-inch meter	\$ 211.29
For 4-inch meter	\$ 287.46
For 6-inch meter	\$ 477.37
For 8-inch meter	\$ 710.05

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

- Multifamily accommodations are defined as customers residing in an apartment building, condominium unit, or residential hotel, on a single premises.
- Quantities, as indicated in the Rates Section above, by Tier, shall be determined by multiplying the applicable quantity, per Tier, by the number of units.

* Includes CARE surcharge of \$0.51 per thousand gallons.

(Continued)

(To be inserted by utility)
 Advice 79-W
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Jul 7, 2010
 Effective _____
 Resolution W-4665



Schedule W-1-RM
MASTER METERED FRESH WATER SERVICE
RESIDENTIAL MULTIFAMILY ACCOMMODATION

Sheet 2

(Continued)

SPECIAL CONDITIONS (Continued)

- 3. Notification: It is the responsibility of the customer to advise SCE within 15 days following any change in the number of single-family accommodations in a multifamily accommodation.
- 4. Miscellaneous Loads: Miscellaneous fresh water usage on the same meter such as general lighting, laundry rooms, general maintenance, and other similar usage incidental to the operation of a multifamily accommodation will be considered as domestic usage.
- 5. Nondomestic Enterprises: Fresh water used for nondomestic enterprises such as offices, stores, shops, restaurants, service stations, and other similar establishments will be separately metered and billed under applicable schedules.
- 6. Resale: The resale of fresh water is not allowed under this Schedule. Fresh water received from SCE may be provided to tenants as part of the rental charge, but may not be itemized separately, and rents shall not vary based on water consumption.

(To be inserted by utility)
Advice 79-W
Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed Jul 7, 2010
Effective _____
Resolution W-4665



Schedule W-10
GENERAL METERED FRESH WATER
RESIDENTIAL SERVICE TO UTILITY EMPLOYEES

Sheet 1 (T)
 (T)
 (T)

APPLICABILITY

Applicable to single-family residential metered fresh water service to utility employees in a single-family accommodation, separately metered by SCE. (T)
 (T)

TERRITORY

Santa Catalina island, Los Angeles County.

RATES

The bill as determined under a residential rate schedule for fresh water service which would otherwise be applicable, less 25% discount. (C)

SPECIAL CONDITIONS

1. This Schedule shall be available only to regular employees and to retired employees who were retired under utility's pension plan. This schedule is not applicable to new, part-time, intermittent, or contract employees, nor to regular employees on leave of absence in excess of thirty (30) days. (T)
2. This Schedule will apply only to the single-family accommodation which is the place of residence of the employee or retiree, where such eligible person is head of the household served (or that person's spouse), or where he or she lives with and constitutes the support of a mother, father, or other immediate family. (T)
3. Service under this Schedule is available only upon written application made by the employee or retiree, and the discount will be discontinued upon termination of eligibility of such person or upon cessation of payment of bills directly by the employee or retiree. (T)

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Schedule W-1-R
GENERAL METERED FRESH WATER SERVICE
RESIDENTIAL SERVICE

Sheet 1 (C)
 (C)

APPLICABILITY

Applicable to all single-family residential metered fresh water service, separately metered by SCE. (C)

TERRITORY

Santa Catalina Island, Los Angeles County.

RATES

Quantity Rates*:

	<u>Per Meter Per Month</u>		
	Summer Season	Winter Season	
	May through <u>September</u>	October through <u>April</u>	
Tier 1: First 2,000 gallons, per 1,000 gallons	\$ 20.69	\$ 15.99	(C)
Tier 2: Between 2,001 and 6,500 gallons, per 1,000 gallons	\$ 40.79	\$ 31.40	
Tier 3: Over 6,500 Gallons, Per 1,000 gallons	\$ 60.89	\$ 46.80	(C)

Service Charge:

For 5/8 x 3/4-inch meter	\$	31.48	(I)
For 3/4-inch meter	\$	44.13	
For 1-inch meter	\$	56.76	
For 1-1/2-inch meter	\$	75.81	
For 2-inch meter	\$	101.08	
For 3-inch meter	\$	211.29	
For 4-inch meter	\$	287.46	
For 6-inch meter	\$	477.37	
For 8-inch meter	\$	710.05	(I)

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITION

1. Residential service is the provision of water for domestic use at a dwelling premises, including water used on the premises for sprinkling of lawns; gardens and shrubbery; washing vehicles; and other similar and customary purposes pertaining to single or multiple dwellings. (D)
 (N)
 (N)

* Includes CARE surcharge of \$0.51 per thousand gallons.

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Schedule W-1-GS
GENERAL METERED FRESH WATER SERVICE
GENERAL SERVICE

Sheet 1

APPLICABILITY

Applicable to all metered fresh water service, separately metered by SCE, and used for business purposes. Customers served under a residential, private fire protection system, or irrigation rate schedule are not eligible for service under this Schedule.

TERRITORY

Santa Catalina Island, Los Angeles County.

RATES

Quantity Rates*:

	<u>Per Meter Per Month</u>	
	Summer Season	Winter Season
	May through <u>September</u>	October through <u>April</u>
All Usage	\$ 33.91	\$ 23.62

Service Charge:

For 5/8 x 3/4-inch meter	\$ 31.48
For 3/4-inch meter	\$ 44.13
For 1-inch meter	\$ 56.76
For 1-1/2-inch meter	\$ 75.81
For 2-inch meter	\$ 101.08
For 3-inch meter	\$ 211.29
For 4-inch meter	\$ 287.46
For 6-inch meter	\$ 477.37
For 8-inch meter	\$ 710.05

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITION

- General Service customers are defined as all service to any individually metered customer except those eligible for service on single-family and multifamily residential, fire water or irrigation schedules.

* Includes CARE surcharge of \$0.51 per thousand gallons.

(Continued)

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Schedule W-1-GS
GENERAL METERED FRESH WATER SERVICE
GENERAL SERVICE

Sheet 2

(Continued)

SPECIAL CONDITION (Continued)

2. CARE Discount: Customers who provide fresh water service and who meet the definition of a Group Living Facility, Agricultural Employee Housing, or Migrant Farm Worker Housing Center as defined in Section 3 below may qualify for a 20 percent discount off of their bill prior to application of the PUCRF identified in Schedule UF-W and any applicable user fees, taxes, and late payment charges. Customers eligible for the CARE Discount will not be required to pay the CARE Surcharge. An Application and Eligibility Declaration is required for service as defined in Section 3.b. below. Eligible customers shall be billed on this Schedule commencing no later than one billing period after receipt and approval of the customer's application by SCE. Customers may be rebilled on the applicable rate schedule for periods in which they do not meet the eligibility requirements for the CARE discount.

3. CARE Definitions:

a. Group Living Facility:

A non-profit facility such as transitional housing, short or long term care facility, or a group home for physically or mentally disabled persons either licensed by the appropriate state agency such as the Department of Social Services, the Department of Health Services, or the Department of Drug and Alcohol Programs or in the absence of a license, a facility that can provide, to the satisfaction of SCE, it is eligible to participate. All facilities must be operated by a corporation with 501(c)(3) IRS Status, whose primary purpose is to provide living facilities where 100% of the residents individually meet the Commission's CARE eligibility standard for a single-person household and where at least 70% of the facility's energy is used for residential purposes.

Homeless Shelters qualify as a group living facility if the homeless shelter has at least 6 beds, is open a minimum of 180 days a year, and 70% of the facility's energy is used for residential purposes. Each homeless shelter must also provide a conditional use permit and a copy of the Internal Revenue Service letter granting the shelter non-profit status to obtain the discount.

Common areas (e.g., laundry facilities, kitchens, and living spaces) of non-profit Group Living Facilities, regardless of metering arrangements, shall also qualify for the CARE provision as long as the facility meets the requirements of this Special Condition and Public Utilities Code Section 739.1.

A satellite facility may qualify as a Group Living Facility if the satellite facility is associated with a non-profit corporation ("motherhip") and the motherhip facility is licensed by the appropriate state agency as defined in this Special Condition. In addition, at least 70% of the energy consumed by the satellite facility must be used for residential purposes and the motherhip facility is SCE's customer of record for the satellite facility.

(Continued)

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Schedule W-1-GS
GENERAL METERED FRESH WATER SERVICE
GENERAL SERVICE
(Continued)

Sheet 3

SPECIAL CONDITION (Continued)

3. CARE Definitions: (Continued)

a. Group Living Facility: (Continued)

The following types of facilities do not qualify as Group Living Facilities: Public-owned, Government-owned and/or operated and government-subsidized facilities that provide lodging only, and student housing or student dormitories. A group living facility which otherwise qualifies for CARE under the qualifications set forth above shall not be deemed ineligible because compensation for room and board is provided to individual residents of the facility by a government agency under a disability, Supplemental Security Income (SSI), Social Security Administration, or other governmental Assistance Program.

b. Application and Eligibility Declaration for Group Living Facility:

An application and eligibility declaration, Form No. 14-526, is required for each request for service under this schedule. The facility must certify that 100% of the residents individually meet the Commission's CARE eligibility standard for a single-person household, that at least 70% of the facility's energy is used for residential purposes, and that the energy assistance produced by the discount is being used for the direct benefit of the residents of the facility. Residents of a homeless shelter automatically meet the eligibility standards. Renewal of a customer's eligibility declaration will be required on an annual basis. Information provided by the customer is subject to verification by SCE. Refusal or failure by the customer to provide documentation of eligibility acceptable to SCE, shall result in the denial or termination of the CARE discount.

c. Agricultural Employee Housing:

Employee Housing which is privately owned, defined in Section 17008 of the Health and Safety Code, and licensed and inspected by state and/or local agencies pursuant to Part I (commencing with Section 17000) of Division of the Health and Safety code and total energy used must be 100% residential and where 100% of the residents individually meet CARE income guidelines.

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Schedule W-1-GS

Sheet 4

GENERAL METERED FRESH WATER SERVICE
GENERAL SERVICE

(Continued)

SPECIAL CONDITION (Continued)

3. CARE Definitions: (Continued)

d. Application and Declaration for Agricultural Employee Housing:

An application and eligibility declaration, Form No. 14-620, is required for the individual facility. The applicant must be SCE's customer of record and verify that 100% of the residents meet the CARE income guidelines, excluding any employee operating or managing the facility who resides at the facility. The applicant is required to certify CARE eligibility annually by completing a new application and providing (1) how the discount will be used in the coming year for the direct benefit of the residents and (2) how the past year's discount was used for the direct benefit of the residents at the first recertification and each year thereafter. Information provided by the customer is subject to verification by SCE. Refusal or failure to provide documentation of eligibility acceptable to SCE shall result in the denial or termination of the CARE discount.

e. Migrant Farm Worker Housing:

- (1) Migrant Farm Worker Housing Centers operated by the Office of Migrant Service (OMS) per Section 50710.1 (e) of the California Health and Safety Code which states the presumed income levels of the occupants shall be deemed eligible for CARE.
- (2) Migrant Farm Worker Housing operated by non-profit entities meeting the 501 (3) IRS Status other than OMS where the occupants are deemed eligible for CARE as defined in Section e.(1) above.

f. Application of Migrant Farm Worker Housing Centers (MFHC):

An application, Form 14-771, is required for facilities defined in Sections e.(1) and (2) above. The applicant must be SCE's customer of record and is required to update Form 14-771 annually by completing a new application. The applicant must agree to use all CARE savings from a reduction in energy rate for the benefit of the occupations of the MFHC. The MFHC may be subject to rebilling if any of the service accounts in this application are no longer eligible for the CARE discount.

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Schedule W-3
WATER SERVICE FOR IRRIGATION

Sheet 1

APPLICABILITY

This Schedule is applicable to water service through supply lines that provide water solely for irrigation purposes.

TERRITORY

Santa Catalina Island, Los Angeles County.

RATES

Quantity Rates:

<u>Per Meter Per Month</u>	
Summer Season May through <u>September</u>	Winter Season October through <u>April</u>

All Usage	\$ 33.91	\$ 23.62
-----------	----------	----------

Service Charge:

For 5/8 x 3/4-inch meter	\$	31.48
For 3/4-inch meter	\$	44.13
For 1-inch meter	\$	56.76
For 1-1/2-inch meter	\$	75.81
For 2-inch meter	\$	101.08
For 3-inch meter	\$	211.29
For 4-inch meter	\$	287.46
For 6-inch meter	\$	477.37
For 8-inch meter	\$	710.05

The Service Charge is a readiness-to-serve charge applicable to all metered service which is added to the quantity charge computed at the Quantity Rates.

SPECIAL CONDITIONS

- Water used for irrigation service is defined as fresh water used solely for commercial agricultural, floricultural, or horticultural use.

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Schedule W-4
DEDICATED WATER SERVICE FOR PRIVATE
FIRE PROTECTION SYSTEMS

Sheet 1

APPLICABILITY

This Schedule is applicable to water service through supply lines that provide water solely for private fire protection systems. All other water service shall be charged under another applicable rate schedule which includes volumetric water charges.

TERRITORY

Santa Catalina Island, in Los Angeles County.

RATES

Per Service Connection
per Month

Service Charge:

For	5/8-inch diameter supply line	\$ 6.49
For	3/4- inch diameter supply line	\$ 9.10
For	1-inch diameter supply line	\$ 11.71
For	1-1/2-inch diameter supply line	\$ 15.64
For	2-inch diameter supply line	\$ 20.85
For	3-inch diameter supply line	\$ 43.59
For	4-inch diameter supply line	\$ 59.30
For	6-inch diameter supply line	\$ 98.48
For	8-inch diameter supply line	\$ 146.48

SPECIAL CONDITIONS

1. Subject to SCE approval, the installation of or changes to facilities for water service to a privately owned fire protection system shall be performed by SCE or under SCE's direction. The cost of the entire installation or change shall be paid for by the applicant. Additionally, SCE will charge a fee for review of the proposed installation or change prior to work being performed. This review fee will be assessed on a case-by-case basis according to the size of the proposed fire protection service system. Such fee shall not be subject to refund.
2. The expense of maintaining the private fire protection water service facilities on the applicant's premises (including the vault, meter and backflow device) shall be paid for by the applicant.
3. All facilities installed by the applicant, excluding the connection at the main and any service pipe located in a public-right-way, are the sole property of the applicant. SCE and its duly authorized agents shall have the right of ingress to, and egress from, the premises for all purposes relating to said facilities and the provision of water service.
4. No structure shall be built over or enclosing the private fire protection facilities and the customer shall maintain and safeguard the area occupied by the private fire protection facilities from traffic and other hazardous conditions. Exceptions may be made on a case-by-case basis for extenuating circumstances.

(Continued)

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Schedule W-4
DEDICATED WATER SERVICE FOR PRIVATE
FIRE PROTECTION SYSTEMS

Sheet 2

(Continued)

SPECIAL CONDITIONS (Continued)

5. The customer will be responsible for any damage to the private fire protection facilities whether resulting from the use or operation of appliances and facilities on customer's premises or otherwise.
6. A meter may be installed on the water service facilities used for private fire protection water service. Such meter will not necessarily correspond in size to the size of the water service pipe and is installed to detect and/or measure the unauthorized use of water.
7. Any unauthorized use of water by the private fire protection facilities may be charged at applicable tariff rates and may be grounds for SCE discontinuing private fire protection water service without liability to SCE. Unauthorized use of water is any use of water that is outside the intention of this rate schedule. SCE will take the following measures when such water unauthorized usage is detected:
 - a. Event 1: Upon the initial event that SCE verifies unauthorized usage, SCE will notify the customer that on the next event unauthorized usage is detected, the customer may be charged at applicable tariff rates.
 - b. Event 2: Upon the second occurrence of verified unauthorized usage, SCE will notify the customer that they may be charged at applicable tariff rates, and fire protection services may be discontinued and the account transferred to the applicable rate schedule for the customer's class of service.
8. SCE will supply to the privately owned fire protection system only such water at such pressure as may be available from time to time in the operation of SCE's system. Section 774 of the Public Utilities Code limits the liability of SCE resulting from a claim regarding the provision or maintenance of an adequate water supply, water pressure, equipment or other fire protection facility or service. Acceptance of service under this tariff is acknowledgement of notice of the provisions of Section 774 of the Public Utilities Code.

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Rule No. 18
METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR
AND BILLING ERROR

Sheet 1

(T)
(T)

A. Tests on Customer Request

1. Compliance by utility

The utility will within one week after request by a customer proceed to test the meter serving the customer's premises, except where service is rendered from open conduits such test may be deferred for a reasonable length of time when it would necessitate the interruption of service to any other customer. Such test of meters, other than displacement meters for which standards of accuracy are established in Rule No. 17, Measurement of Service, will consist of an acceptable method of verifying the accuracy of the meter.

2. Charge for Test

No charge will be made for the test of a meter made at the request of a customer, except where a customer requests a test within six months after installation of the meter or more often than once a year, in which cases the customer shall be required to deposit with the utility the following amount to cover the cost of each such test:

<u>Size of Meter</u>	<u>Amount of Deposit</u>
One inch or smaller	\$2.00
Larger than on inch.....	3.50

3. Test Procedure

Every meter tested at the request of a customer will be tested in the condition as found in the customer's service prior to any alteration or adjustment in order to determine the average meter error. This test will consist of testing at the three rates of flow as determined in Rule No. 17 under "Accuracy Requirements of Water Meters", and in addition, at twice the minimum test flow. The average meter error will be considered to be the algebraic average of the errors of the three highest test flows.

4. Return of Deposit

Any deposit made under paragraph 2, above, will be returned to the customer if the average meter error is found to be more than 2%

(Continued)

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Rule No. 18 Sheet 2
METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR (T)
AND BILLING ERROR (T)

(Continued)

4. Return of Deposit (Continued)

fast. The customer will be notified not less than five days in advance of the time and place of the test.

5. Location of Test

A customer will have the right to require the utility to conduct the test in such customer's presence or in the presence of a representative of such customer. Where the utility has no proper meter testing facilities available locally, the meter may be tested by a meter manufacturer or its agency, or by any other reliable organization equipped for water meter testing or by the utility's meter testing plant where located in some other community, in which latter case the utility upon demand of the customer will furnish the customer with a notarized statement certifying as to the method used in making the test and as to the accuracy of the meter.

6. Report of Test to Customer

A report showing the results of the test will be furnished to the customer within 15 days after the completion of the test.

B. Adjustment of Bills for Meter Error

1. Fast Meters

When, upon test, a meter is found to be registering more than 2% fast, the utility will refund to the customer the amount of the overcharge based on corrected meter readings for the period the meter was in use but not to exceed a period of six months.

2. Slow Meters

a. Commercial Service

When, upon test, a meter used for commercial (residential and business) service is found to be registering more than 25% slow, the utility may bill the customer for the amount of the undercharge based upon corrected meter readings for the period the meter was in service but not to exceed a period of three months.

(Continued)

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Rule No. 18 Sheet 3
METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR (T)
AND BILLING ERROR (T)

(Continued)

2. Slow Meters (Continued)

b. Other than Commercial Service

When, upon test, a meter used for other than commercial service, is found to be registering more than 5% slow, the utility may bill the customer for the amount of the undercharge based upon corrected meter readings for the period the meter was in service but not to exceed a period of three months.

3. Nonregistering Meters

The utility may bill the customer for water consumed while the meter was nonregistering, but not to exceed a period of three months, at the minimum monthly meter rate, or upon an estimate of the consumption based upon the customer's prior use during the same season of the year if conditions were unchanged, or upon an estimate based upon a reasonable comparison with the use of other customers during the same period receiving the same class of service under similar circumstances and conditions.

4. General

When it is found that the error in a meter is due to some cause, the date of which can be fixed, the overcharge or the undercharge will be computed back to but not beyond such date.

C. Adjustment of Bills for Billing Error. (N)

A Billing Error is an error by SCE which results in incorrect billing charges to the customer. Billing Errors may include incorrect meter reads or clerical errors by an SCE representative such as applying the wrong rate, wrong billing factor, or an incorrect calculation. Billing Error shall also include failure to deliver a bill, actual or estimated, in a timely manner in accordance with Rule 9.A.1.c. |

Estimated bills shall be considered a "Billing Error" if the estimated bills do not result from inaccessible roads, the customer, the customer's agent, other occupant, animal or physical condition of the property preventing access to SCE's facilities on the customer's Premises, other causes within control of the customer, or a natural or man-made disaster such as a fire, earthquake, flood, or severe storms. (N)

(Continued)

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Rule No. 18
METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR
AND BILLING ERROR

Sheet 4

(Continued)

C. Adjustment of Bills for Billing Error. (Continued)

Billing Error does not include a Meter Error or Unauthorized Use, switched or mismarked meters by other than SCE; inaccessible meter; failure of the customer to notify SCE of changes in the customer's equipment or operation; or failure of the customer to take advantage of a rate or condition of service for which the customer is eligible; or failure to issue a bill in accordance with Rule 9.A.1.c. due to a natural or man-made disaster such as fire, earthquake, flood, or severe storms.

Where SCE overcharges or undercharges a customer as the result of a Billing Error, SCE may render an adjusted bill for the amount of the undercharge, and shall issue a refund or credit to the customer for the amount of the overcharge for the period of the Billing Error, but not exceeding three years in the case of an overcharge, and, in the case of an undercharge, not exceeding three months.

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TABLE OF CONTENTS

Sheet 1

Cal. P.U.C.
 Sheet No.

TITLE PAGE	92-W	
TABLE OF CONTENTS - RATE SCHEDULES	669-W	(T)
TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS.....	625-W	
TABLE OF CONTENTS - RULES	670-W	(T)
TABLE OF CONTENTS - SAMPLE FORMS	670-W	(T)

PRELIMINARY STATEMENT:

A. Territory Served by the Utility	650-W	(T)
B. Types and Classes of Service	650-W	
C. Description of Service.....	650-W	
D. Procedure to Obtain Service	650-W	(T)
E. Symbols	284-W	
F. Income Tax Component of Contributions Provision	309-310-W	
G. Tax and Depreciation Change (TDC) Memorandum Account	330-331-W	
H. Water Related Costs and Fees (WRCF) Memorandum Account	337-338-W	
I. Water Contamination Litigation Expense Memorandum Account	351-W	
J. Water Quality Balancing Account.....	466-467-W	
K. Office of Drinking Water User Fees Balancing Account.....	468-469-W	
L. Deferred Revenue Requirement Tracking Account (DRRTA).....	418-W	
M. Purchased Power Expenses Memorandum Account (PPEMA).....	425-W	
N. Catalina Water CARE Memorandum Account	437-W	
O. Catalina Water Rationing Memorandum Account (CWRMA).....	582-W	

SERVICE AREA MAP.....	3-W
-----------------------	-----

RATE SCHEDULES

<u>Schedule No.</u>	<u>Title of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>	
14.1	Staged Mandatory Water Conservation and Rationing	583-584-585-586-587-W	
	588-589-590-W	
FWY	Fresh Water Yield.....	287-W	
TRA-W	Tax Reform Act of 1986, Surcharge Credit	255-W	
UF-W	Surcharge to Fund Public Utilities Commission		
	Reimbursement Fee	402-W	
W-1-GS	General Metered Fresh Water Service, General Service.....	651-652-653-654-W	(N)
W-3	Water Service for Irrigation	655-W	
W-4	Dedicated Water Service for Private Fire Protection Systems	656-657-W	(N)
W-10	General Metered Fresh Water Residential Service to Utility Employees	658-W	(T)
W-1-R	General Metered Fresh Water Service, Residential Service.....	659-W	(T)
W-1-R-CARE	Santa Catalina Island California Alternate Rates For Energy (CARE), Residential Water Service	660-661-W	(T)
W-1-RDS	General Metered Fresh Water Service, Residential Dual Service.....	662-W	(N)
W-1-RM	General Metered Fresh Water Service, Residential Multifamily Accommodation.....	663-664-W	
	663-664-W	(N)
W-SE	Service Establishment Charge.....	189-W	

LIST OF CONTRACTS AND DEVIATIONS

Cal. P.U.C.
 Sheet No.

List of Contracts and Deviations	6-W
--	-----

(Continued)

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TABLE OF CONTENTS

Sheet 2

(Continued)
 RULES

Rule No.	Title of Sheet	Cal. P.U.C. Sheet No.
1.	Definitions	210-W
2.	Description of Service	109-W
3.	Application for Service	288-289-290-291-292-293-294-295-W
4.	Contracts	11-W
5.	Special Information Required on Forms	496-497-498-499-W
6.	Establishment and Re-establishment of Credit	213-W
7.	Deposits	500-501-W
8.	Notices	270-271-W
9.	Rendering and Payment of Bills	552-553-554-555-W
10.	Disputed Bills	502-W
11.	Discontinuance and Restoration of Service	503-504-505-506-507-508-509-510-511-W
12.	Rates and Optional Rates	25-26-W
13.	Temporary Service	27-28-W
14.	Shortage of Supply and Interruption of Delivery	146-W
14.1	Santa Catalina Island Fresh Water Rationing Plan	591-592-593-594-595-596-597-W
15.	Main Extensions	191-192-315-194-195-316-197-198-199-200-201-W
16.	Service Connections, Meters and Customer's Facilities	257-317-318-260-261-262-263-W
17.	Measurement of Service	512-513-W
18.	Meter Tests and Adjustment of Bills for Meter Error and Billing Error	665-666-667-668-W (T)
19.	Service to Separate Premises and Multiple Units, and Resale of Water	228-W
20.	Water Conservation	598-W
21.	Fire Protection	514-W

SAMPLE FORMS

Form No.	Title of Sheet	Cal. P.U.C. Sheet No.
C-429	Main Extension Contract - Individuals	64-W
CSD-378	Application and Contract for Gas and/or Water Service	93-W
CSD-448	Main Extension Contract - Subdivisions Fire Flow Meets G.O. 103 Requirements	111-W
CSD-449	Main Extension Contract - Subdivisions Fire Flow Exceeds G.O. 103 Requirements	112-W
CSD-450	Main Extension Contract - Subdivisions Special Facilities and Distribution Plant Fire Flow Meets G.O. 103 Requirements	113-W
CSD-451	Main Extension Contract - Subdivisions Special Facilities and Distribution Plant Fire Flow Exceeds G.O. 103 Requirements	114-W
CSD-470W	15 Day Notice of Service Termination	636-W
14-176	Fire Hydrant Service Agreement	235-W
14-574.W	Water Statement	556-W
14-574.W.S.	Water Statement (Simplified).....	557-W
14-766	Catalina Water LPP Settlement Sample	374-W
14-767	Catalina Water LLP Month #11 Sample.....	375-W
14-815W	Tenant Rights	637-W

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Attachment B - Details Of Rate Design

Before the
Public Utilities Commission of the State of California

Rosemead, California

Details Of Rate Design

Table Of Contents

Section		Page
I.	DETAILS OF RATE DESIGN.....	1
A.	Introduction.....	1
1.	Rate Design Objectives.....	1
a)	Objective #1 – Equitable Cost Recovery	1
b)	Objective #2 – Conservation Price Signals.....	2
c)	Objective #3 – Other Policy Objectives.....	3
2.	Current Rates	3
B.	Proposed Rate Design Methodology	4
1.	Establishment Of Rate Classes And Baseline Allowances.....	4
2.	Customer And Sales Forecast	7
3.	Revenue Allocation And Rate Design	8
4.	Fire Protection Rate Options.....	11
5.	Discounted Rates	15
6.	Proposed Rate Revenues.....	15
7.	Bill Impacts.....	16

I.

DETAILS OF RATE DESIGN

A. Introduction

The purpose of this chapter is to explain the development and quantify the impact of Southern California Edison Company's (SCE's) proposed rate design for water service on Santa Catalina Island (Catalina). SCE's proposed rates for water service on Catalina are designed to recover \$4.56 million in revenue requirement as authorized in Resolution W-4665. This proposal represents a sales adjusted increase of 9 percent over the current total present rate revenues. SCE is requesting to implement the proposed rates on January 1, 2011.

1. Rate Design Objectives

In addition to recovering a specific revenue requirement, utility rate designs should be developed such that they are equitable, help accomplish public policy goals, and are consistent with other common rate design practices to ensure an efficient review by other parties, including regulators. Discussed below is a summary of these main objectives. Additional rate design details are contained in later sections of this chapter.

a) Objective #1 – Equitable Cost Recovery

SCE provides water service to nearly 2,000 customers primarily with residential or commercial designations. Residential customers make up the majority of accounts representing 77% of service connections and 49% of total usage. Commercial and Irrigation customers make up the next largest group at 19% of service connections and 51% of total usage. The balance of service connections, approximately 4%, consists of private fire protection. Currently, all customers are served on a single Schedule W-1 and share a common baseline allowance.

The disparity in usage between residential and commercial customers under a single tiered W-1 schedule results in a disproportionate share of cost recovery being allocated to the higher usage (i.e. non-residential) customers. Specifically, while the residential customer class comprises 49% of the total usage, it only provides 38% of the usage revenues. Likewise, while comprising 80% of the service connections, residential customers currently pay just 63% of the total fixed meter charges. The current distribution of sales and revenues by customer class are shown in Table B-1 below.

Table B-1
Current Rate Distributions of Sales and Revenue by Class

Customer Class	Percent of Total Usage	Percent of Total Fixed Revenue	Percent of Total Vol. Revenue	Percent of Total Revenue
Residential	49%	63%	38%	43%
Commercial/Irrigation	51%	19%	62%	53%
Private Fire Protection*	0%	18%	0%	4%
Total	100%	100%	100%	100%

* As of April 30, 2010, SCE stopped charging Private Fire Protection customers for this service until Schedule W-4 is adopted.

1 To provide a more equitable distribution of revenue recovery, SCE proposes to
2 divide W-1 service customers into separate classes distinguished by the type of customer served:
3 Residential (W-1-R); Commercial (W-1-GS); and Irrigation (W-3) classes of customers. The proposed
4 revenue allocations to each of these customer classes are based on cost to serve principles. For example,
5 since each gallon of water used by customers within different customer classes costs the same, SCE's
6 revenue allocation recovers the same cost per gallon (on average) from each class of customer.

7 b) Objective #2 – Conservation Price Signals

8 While the customer class revenue allocation should reflect average cost to serve,
9 the conservation policy objective is achieved by a tiered rate structure within the Residential customer
10 class. SCE's proposed rates are designed to provide the same class average cost per gallon recovery
11 combined with a tiered rate structure to provide a significant price signal that rewards conservation. As
12 a policy principle without a specific cost basis, the tiered price differentials are subjective in nature. The
13 current price ratio between the highest and lowest priced tiers is roughly 3:1. SCE's proposal maintains
14 the existing three tiered service for the Residential customer class with volumetric charge in the second
15 tier being twice that of the first and third tier volumetric charge being three times that of the first,
16 roughly the same ratios that currently exist. This baseline tier structure will be used in conjunction with
17 the existing seasonal volumetric rate differential, where summer rates are designed to be 15% greater
18 than the average annual rate and winter rates are approximately 20% less than the average. SCE
19 proposes to eliminate the tiered rate structure for the Commercial and Irrigation customer classes. A
20 tiered rate is appropriate for customer classes (e.g. Residential) where usage is relatively consistent
21 across the population of customers making up the class. The Catalina Commercial and Irrigation
22 customer classes, however, do not share this characteristic, and the existing tiered structure is overly

1 burdensome to larger businesses. For example, under a 3-tier structure designed to serve all
2 Commercial customers, a gift shop would receive the same allocation as a large hotel. Because of the
3 nature of each business, a gift shop’s usage may remain in the first tier regardless of whether or not
4 conservation measures were adopted. On the other hand, the large hotel may maximize conservation
5 efforts and still record usage in the higher tiers simply due to the amount of water required to meet basic
6 operational needs, resulting in a much greater cost per gallon. For the Commercial and Irrigation
7 customers, the conservation incentive is provided through the higher summer season rates.

8 c) Objective #3 – Other Policy Objectives

9 Additional rate proposals are made here to be consistent with other public policies
10 including: (1) additional baseline allowances for Multifamily Residential customers; (2) creation of a
11 discounted Private Fire Protection schedule (W-4); and, (3) an allowance made for customers whose
12 meter has been oversized to provide the “Dual Service” needs of both normal premise water usage and
13 fire sprinkler systems. Details associated with each of these proposals are discussed below in the Rate
14 Design Methodology section of this chapter.

15 **2. Current Rates**

16 The existing rate structures were adopted by the California Public Utilities Commission
17 (Commission) in Resolution W-4665, on November 1, 2007. Resolution W-4665 called for 21 percent
18 of the operating revenues to be recovered through the fixed meter charges and the remaining 79 percent
19 to be recovered through volumetric rates.¹ Furthermore, the Resolution called for summer and winter
20 volumetric rates to be separately calculated such that the average summer price is 116% of the total
21 average price and the winter price is 82% of the average price. Current effective rates shown below in
22 Table B-2 were filed in Advice 69-W on December 24, 2008. SCE intends to maintain rates at these
23 levels until rate design proposals are approved by the Commission.

¹ See Resolution W-4665, pp. 9-10.

Table B-2
Current Effective Rates Applicable To Schedule W-1

METER CHARGE	
Service Connection Size	\$/Meter/Month
5/8 in.	26.44
3/4 in.	37.06
1 in.	47.67
1.5 in.	63.67
2 in.	84.89
3 in.	177.45
4 in.	241.42
6 in.	400.91
8 in.	596.32

VOLUMETRIC RATES (\$ per 1000 gals)		
Tier Level	Summer (May-Sept)	Winter (Oct-Apr)
0 - 2,500 gallons (T1)	11.17	9.95
2,501 - 10,000 gallons (T2)	30.01	22.73
Over 10,000 gallons (T3)	41.08	30.60

B. Proposed Rate Design Methodology

The rate structures and levels proposed herein are designed based on principles established in Standard Practice U-7-W, Commission Resolution W-4665, and the American Water Works Association Manual 1 (Manual 1). The following sections describe methodologies used to develop the proposed rates and the reasoning behind key proposed changes.

1. Establishment of Rate Classes and Baseline Allowances
2. Customer and Sales Forecast
3. Revenue Allocation & Rate Design
4. Proposed Rate Revenues
5. Bill Impacts

1. Establishment Of Rate Classes And Baseline Allowances

SCE proposes to establish four new rate classes based on the type of service being provided. Existing W-1 customers will be reclassified into Residential, Commercial, Irrigation, and Private Fire Protection customer classes. General guidelines for identification of rate classes in Standard Practice U-7-W, Appendix A, were used to define the various classes of customers. Appendix A of

1 Standard Practice U-7-W calls for Residential metered service to be provided under Schedule W-1-R.²
2 Because there is no similar designation for Commercial W-1 service, SCE designates Schedule W-1-GS
3 for base commercial and industrial service. The significant difference in average usage between the
4 proposed Residential and Commercial classes, where the average Commercial usage is 575% greater
5 than the average for Residential service, justifies the separation of these two customer groups. The
6 remaining classes include Irrigation and Private Fire Protection service, which are specified in Standard
7 Practice U-7-W as Schedules W-3 and W-4, respectively.

8 SCE also proposes to introduce two new rate schedules applicable to Residential
9 customers. These include “Dual Service” and “Multifamily” rate schedules. The Dual Service rate
10 schedule is a type of fire protection service intended for Residential customers who have installed fire
11 protection sprinklers and take service from a single connection. The incremental pipe capacity required
12 by the fire protection system is considered standby capacity. The Dual Service rate schedule takes this
13 into consideration and reflects an adjusted meter charge. Details of the methodology for determining
14 Dual Service meter charges are provided below.

15 The current treatment of baseline allowances does not account for the higher usage by
16 master-metered multifamily residences. The same tiered allowances used for single-family residences is
17 also applied to multifamily residences. As a result, a disproportionate amount of the multifamily
18 residential usage is billed at upper tier rate levels. To remedy this situation, SCE proposes a Multifamily
19 rate schedule applicable to master-metered condominiums, apartments, and residential hotels that would
20 adjust the baseline allowance to account for the multiple residences. The adjustment consists of
21 multiplying the basic residential baseline allowance by the number of units to calculate usage levels in
22 each tier. Table B-3 below illustrates the proposed service options available to residential customers,
23 including California Alternate Rates for Energy (CARE) program customer rate options for applicable
24 schedules.

² Schedule W-10 will be used for service provided to company employees and retirees, as called for in Standard Practice U-7-W.

Table B-3
Rate Class Definition And Options

Service Option	Rate Class	Rate Schedule	Dual Service	CARE
Residential	Residential	W-1-R	☒	☒
Residential Multi-Family	Residential	W-1-RM		
Residential DE	Residential	W-10	☒	
Commercial/Industrial	Commercial	W-1-GS		☒
Irrigation	Irrigation	W-3		
Private Fire Protection	Private Fire	W-4		

In order to map customers to their respective rate classes, SCE conducted a field survey of each service account to determine type of service, meter size, number of units in multifamily dwellings, and usage type (Private Fire Service, Irrigation, or Dual Service). The field verification was validated by constructing a cross-referenced table consisting of electric, water, and gas service records for each active customer account. The field verification results are shown in Table B-4 below.

Table B-4
Number Of Meters By Service Type³

Service Option	Meter / Connected Pipe Size									Totals
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Residential	1,123	8	101	4	8	0	0	0	0	1,244
Residential-Dual	2	0	51	6	6	0	0	0	0	65
Residential-CARE	161	0	0	0	0	0	0	0	0	161
Residential-CARE-Dual	1	0	1	0	0	0	0	0	0	2
Residential-DE	29	0	2	0	0	0	0	0	0	31
Residential-DE-Dual	0	0	1	0	0	0	0	0	0	1
Residential-Multifamily	2	0	7	13	4	0	0	0	0	26
Commercial	175	0	64	20	56	3	0	1	1	320
Commercial-CARE	1	0	0	0	0	0	0	0	0	1
Irrigation	40	0	12	3	4	1	0	0	0	60
Private Fire Protection*	6	0	4	6	27	3	39	2	0	87
Total	1,540	8	243	52	105	7	39	3	1	1,998

* Private Fire Protection is based on pipe size

Recognizing the Water Division's emphasis on water conservation, SCE proposes to retain a tiered rate structure for the Residential customer class. The current Residential customer class usage distribution shows approximately 50% of usage falling in the first tier. A 50% tier 1 distribution

³ Since this table was finalized for rate design purposes and following further field investigation, two private fire protection accounts were reclassified as residential.

1 is consistent with Commission and Legislative guidance regarding Residential tiers for electricity rates.⁴
2 SCE finds that 50% of usage being captured in tier 1 provides an adequate amount for essential usage
3 while not applying too much upward pressure on tier 2 and tier 3 rates. Therefore, SCE proposes to
4 maintain the Residential usage distributions at approximately the same levels. Analyzing historical sales
5 data results in a monthly Residential customer class tier 1 threshold of up to 2,000 gallons, with a tier
6 level distribution of approximately 54% in tier 1, 31% in tier 2 and 15% in tier 3. The tier rate structure
7 will be eliminated for the Commercial and Irrigation customer classes as discussed above. Table 9 in
8 the Rate Design Workpapers⁵ illustrates the usage distributions for the Residential customer class. SCE
9 used recorded usage data (through April 2010) to compile customers' seasonal, total annual, and average
10 annual usage.

11 **2. Customer And Sales Forecast**

12 The customer and volumetric water sales forecasts, discussed in *Attachment C – Water*
13 *Sales Forecast*⁶, form the basis for the billing determinants used in rate design. The volumetric forecast
14 reflects the water quantity SCE expects to deliver to its Catalina customers. The forecast sales are
15 15% less than sales currently reflected in rates.⁷ SCE relies on historical sales data to determine
16 customer and volumetric forecasts by season and usage tiers and service plan. SCE developed the
17 forecast number of customers and sales volume by scaling the total forecast in *Attachment C – Water*
18 *Sales Forecast*⁸ in proportion to the usage frequency by season and usage tier recorded through April
19 2010. Table B-5 below summarizes SCE's 2010 forecast by meter size, season,⁹ and tier usage.
20 Although the Private Fire Protection class is showing usage in this table, this customer class is not
21 subjected to volumetric charges. Uncollected volumetric revenue from the Private Fire Protection
22 customers is distributed to all other customer classes.

4 PU Code 739.1 requires reduced electricity baseline rates to apply to 50-60% of average residential usage.

5 See Table 9 in Attachment B –Rate Design section of Workpapers, pgs. 20-22.

6 See Attachment C – Water Sales Forecast.

7 Current rates were designed using annual sales of 144 million gallons.

8 See Attachment C – Water Sales Forecast.

9 Summer season includes the five months from May through September, all other months are winter months.

Table B-5
Recorded And Forecast Sales

Meter / Pipe Size>>>	Recorded Two Year Usage (gallons)									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Residential	57,467,829	539,800	4,960,554	1,528,500	2,683,614	-	-	-	-	67,180,297
Residential-Dual	96,600	-	4,285,617	1,295,800	2,878,400	-	-	-	-	8,556,417
Residential-CARE	11,144,800	-	-	-	-	-	-	-	-	11,144,800
Residential-CARE-Dual	35,400	-	73,600	-	-	-	-	-	-	109,000
Residential-DE	2,589,400	-	107,200	-	-	-	-	-	-	2,696,600
Residential-DE-Dual	-	-	86,800	-	-	-	-	-	-	86,800
Residential-Multifamily	353,800	-	5,255,200	4,755,100	5,711,200	-	-	-	-	16,075,300
Commercial	18,931,488	-	22,814,496	20,689,600	60,216,200	2,268,600	-	400	262,700	125,183,484
Commercial-CARE	1,005	-	-	-	-	-	-	-	-	1,005
Irrigation	5,759,800	-	869,100	1,644,400	4,615,400	-	-	-	-	12,888,700
Private Fire Protection*	1,400	-	2,000	49,300	2,700	-	26,200	-	-	81,600
Total	96,381,522	539,800	38,454,567	29,962,700	76,107,514	2,268,600	26,200	400	262,700	244,004,003

Meter / Pipe Size>>>	2011 Forecasted Usage (gallons)									Total
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	
Residential	33,397,689	313,804	2,873,758	887,104	1,571,930	-	-	-	-	39,044,284
Residential-Dual	56,821	-	2,492,413	754,254	1,674,928	-	-	-	-	4,978,416
Residential-CARE	6,442,629	-	-	-	-	-	-	-	-	6,442,629
Residential-CARE-Dual	20,526	-	42,587	-	-	-	-	-	-	63,112
Residential-DE	1,501,136	-	61,951	-	-	-	-	-	-	1,563,087
Residential-DE-Dual	-	-	50,238	-	-	-	-	-	-	50,238
Residential-Multifamily	205,233	-	3,045,762	2,759,138	3,324,610	-	-	-	-	9,334,742
Commercial	8,818,324	-	10,630,175	9,641,994	28,079,341	1,059,327	-	186	122,210	58,351,557
Commercial-CARE	467	-	-	-	-	-	-	-	-	467
Irrigation	2,682,565	-	404,385	766,560	2,152,204	-	-	-	-	6,005,714
Private Fire Protection*	644	-	920	22,687	1,252	-	12,200	-	-	37,704
Total	53,126,033	313,804	19,602,189	14,831,737	36,804,265	1,059,327	12,200	186	122,210	125,871,951

* Private Fire Protection is based on pipe size.

Pursuant to Standard Practice U-7-W, SCE proposes to use expected annual water sales when adjusting water rates in this initial Advice Letter and in future rate changes driven by changes in revenue requirements or sales forecasts. Expected annual water sales reflect the forecast of meters and sales volume for the period over which the proposed rates will be in effect. This practice is consistent with the Commission's treatment of electricity rate design and rate design in general where rates are designed on a prospective basis.

3. Revenue Allocation And Rate Design

SCE is not seeking a change in authorized revenue recovery as part of this filing. The rate levels requested herein reflect the authorized 2010 revenue requirement from Resolution W-4665 less deferred revenues, which results in a revenue requirement of \$4.56 million. SCE has also updated the water sales forecast to reflect 126 million gallons compared to the 144 million gallons used to design the current rates. Combined, the changes in revenue requirement and sales forecast result in a 9% increase in rate levels.

1 SCE proposes to maintain the same fixed to volumetric revenue recovery relationships
2 established in Resolution W-4665. Accordingly, SCE proposes to scale the current fixed meter rates for
3 standard and volumetric service in proportion to the increase in overall revenues, with the intent of
4 maintaining 20 percent of the revenue recovery through fixed meter charges and 80 percent through
5 volumetric charges. With respect to the volumetric allocation of costs, SCE proposes to apply the same
6 average rate for volumetric service to all applicable classes of customers. This proposal represents a
7 deviation from the structure adopted in Resolution W-4665, which resulted in an average rate for the
8 Commercial/Irrigation class 56% greater than the Residential average. The higher average volumetric
9 rate by customer class is the result of the different tier usage distribution across customer classes. Since
10 there is no cost basis for this difference, SCE proposes to re-design the Residential and
11 Commercial/Irrigation customer rate levels to collect the same average cost per gallon from each
12 customer class.

13 SCE also proposes to maintain the summer to winter quantity rate differential currently
14 reflected in rates. Accordingly, the average summer price is set to be approximately 115% of the total
15 average quantity price and the winter price at approximately 80% of the average price for all customers
16 subject to a volumetric charge. Maintaining this differential has the benefit of encouraging conservation
17 in the summer and providing a measure of affordability in the winter when the island's primary source
18 of revenue, tourism, is at its lowest level.

19 Table B-6 and Table B-7 below summarizes standard Residential and
20 Commercial/Irrigation volumetric and meter charges resulting from the rate proposals contained herein.
21 Refer to Table 11 of the Rate Design Workpapers¹⁰ for detailed calculations associated with this
22 proposal.

¹⁰ See Table 11 in Attachment B – Rate Design section of Workpapers, pp. 27-32.

Table B-6
Standard Residential (W-1) Service Rates

\$ per Meter per Month

Service Connection Size	Current Meter Charges	Proposed Meter Charges
5/8 in.	26.44	31.48
3/4 in.	37.06	44.13
1 in.	47.67	56.76
1.5 in.	63.67	75.81
2 in.	84.89	101.08
3 in.	177.45	211.29
4 in.	241.42	287.46
6 in.	400.91	477.37
8 in.	596.32	710.05

Volumetric Rates Price per 1000 gals

Current Rates			* Proposed Rates		
Tier Level	Summer (May-Sept)	Winter (Oct-Apr)	Tier Level	Summer (May-Sept)	Winter (Oct-Apr)
0 - 2,500 gallons (T1)	11.17	9.95	0 - 2,000 gallons (T1)	20.69	15.99
2,501 - 10,000 gallons (T2)	30.01	22.73	2,001 - 6,500 gallons (T2)	40.79	31.40
Over 10,000 gallons (T3)	41.08	30.60	Over 6,500 gallons (T3)	60.89	46.80

* includes CARE surcharge of \$0.51 per thousand gallons. Eligible usage allowances for Residential Multi-Family shall be the applicable usage allowance by tier multiplied by the number of units

Table B-7
Standard Commercial (W-1-GS) and Irrigation (W-3) Service Rates

\$ per Meter per Month					
Current					
Service Connection Size		Meter Charges	Proposed Meter Charges		
5/8 in.		26.44	31.48		
3/4 in.		37.06	44.13		
1 in.		47.67	56.76		
1.5 in.		63.67	75.81		
2 in.		84.89	101.08		
3 in.		177.45	211.29		
4 in.		241.42	287.46		
6 in.		400.91	477.37		
8 in.		596.32	710.05		

Volumetric Rates Price per 1000 gals					
Current Rates			* Proposed Rates		
Tier Level	Summer (May-Sept)	Winter (Oct-Apr)	Tier Level	Summer (May-Sept)	Winter (Oct-Apr)
0 - 2,500 gallons (T1)	11.17	9.95	All usage	33.91	23.62
2,501 - 10,000 gallons (T2)	30.01	22.73			
Over 10,000 gallons (T3)	41.08	30.60			

* includes CARE surcharge of \$0.51 per thousand gallons.

4. Fire Protection Rate Options

Schedule W-4, Private Fire Protection, will be available to customers who require private dedicated service for fire protection at a residence or business. Similarly, the Dual Service rate option will be available to single-family dwellings where fire suppression sprinklers have been installed. Both of these options are based on the principle of standby service, where usage for fire protection is random and infrequent. Both rate options reflect service connection charges that differ from standard service meter charges.

The Private Fire Protection schedule (W-4) applies to Residential or Commercial customers who require additional fire protection through the use of private hydrants, standpipes, or other connections. This service does not apply to public fire protection provided by a municipal entity or the utility, and to service connections intended for general water service.

The revenue requirement for Private Fire Protection is set proportionally based on the number of meters represented in the class. Since Private Fire Protection meters constitute 4.5% of the meter population, SCE allocated 4.5% of fixed charge revenue requirements (prior to application of any surcharges) to the Private Fire Protection customer class.

1 Schedule W-4 is based on the principle of potential demand per Manual 1.¹¹ The
2 principle of potential demand recognizes that fire protection needs create incremental cost on a water
3 distribution system due to the standby nature of the service provided, and that only the incremental cost
4 component should be associated with fire protection. Incremental capacity needs resulting from the
5 potential demand associated with fire protection flows is a function of the pipe size providing the basic
6 service. SCE used the Hazen-Williams equation to estimate the demand factors reflecting the relative
7 flow potential for fire protection needs. Table 12 of the Rate Design Workpapers¹² illustrates the
8 methodology used to develop the demand factors and service equivalents. The result is a weighted
9 average charge of \$14 per inch (of service pipe connection size) for Private fire protection service.

10 An adjustment to the basic methodology from Manual 1 was made to account for meter
11 ratios specified by the Commission in Resolution W-4665. The Manual 1 methodology alone results in
12 meter ratios steeper than the ratios previously approved by the Commission. Following the
13 Commission's guidance, SCE adjusted the results from the Manual 1 methodology to conform to meter
14 ratios specified in Resolution W-4665, while maintaining the same weighted average charge of \$14 per
15 inch. These results are illustrated in Table 12 of the Rate Design Workpapers.¹³

16 The Dual Service rate option applies to single-family dwellings with a single-service
17 connection providing service for general needs in addition to private fire protection. Private fire
18 protection in this case refers to indoor fire suppression systems. SCE developed rates for the Dual
19 Service rate option in accordance with Appendix B of Standard Practice U-7-W, which accounts for the
20 standby nature of the incremental pipe capacity required for a fire suppression system, and adjusts the
21 meter charge accordingly. Pursuant to U-7-W, the Dual Service option is only applicable to single
22 family residences and will not be available for customers taking service under the Residential Multi-
23 family rate schedule.

24 The Standard Practice U-7-W method assumes standard service is provided on a "base"
25 pipe size with adequate capacity to serve ordinary residential usage. The method applies a Dual Service
26 adjustment to the base pipe meter charge rather than the standard 5/8 inch connection charge to account

¹¹ American Water Works Association (Manual 1), Charges Based on Service Size, p. 228

¹² See Table 12 in Attachment B – Rate Design section of Workpapers, p. 33.

¹³ See Table 12 in Attachment B – Rate Design section of Workpapers, p. 33.

1 for the standby benefit of fire protection service. Because the size of the base pipe connection can vary
2 depending on the size of the residence and number of occupants, among other things, a true application
3 of the Standard Practice U-7-W methodology would require an on-site verification of base and dual
4 service connection requirements each time the service is requested. This level of review was deemed to
5 be impractical due to the potential difficulty in assessing pre- and post-fire protection requirements of
6 existing installations. Therefore, SCE explored a simplified methodology based on the relationship
7 between the Dual Service surcharges derived from Appendix B of Standard Practice U-7-W and the
8 meter ratios for standard service called out in Resolution W-4665.

9 In establishing the Dual Service surcharge relationship, SCE first needed to determine the
10 base pipe capacity for the existing population of dual service connections. An estimated base pipe size
11 was obtained by comparing average monthly usage for Residential customers with standard service
12 connections to the average for those with dual service connections. The goal of this comparison was to
13 match dual service connected customers to a group of standard service customers who shared a similar
14 average monthly usage within a reasonable range. To make this comparison, SCE used the most recent
15 12-months of historical data to calculate the average usage per month for each available service
16 connection size. This was done separately for customers with standard and dual service connections. A
17 95% Confidence Interval Estimate (CIE) was then calculated to set the upper and lower bounds for the
18 average usage associated with each standard service connection option. SCE then identified potential
19 base pipe sizes by comparing the CIE range with the average usage for the dual service connection. If
20 the dual service average usage, for a given connection size, fell within or just outside the CIE range for a
21 given standard connection size, the associated pipe size was selected. The comparison correlates well
22 with the exception of 2-inch connections where there is little difference between the 1.5 inch and 2-inch
23 average usage values. However, in keeping with the pattern established with 1.0 inch and 1.5 inch dual
24 service connections, SCE assumed the base pipe size for a 2-inch connection would step down by one
25 increment to 1.5-inch. Table 13 of the Rate Design Workpapers¹⁴ illustrates this methodology for
26 establishing base pipe size.

27 The second step in developing the Dual Service surcharge relationship is calculating the
28 relative cost difference between a given base pipe and a potential dual service connection. In accordance
29 with Appendix B of Standard Practice U-7-W, the methodology results in a series of Dual Service

¹⁴ See Table 13 in Attachment B – Rate Design section of Workpapers, p. 34.

factors that apply to each base pipe depending on the capacity required for dual service. Under this method, the meter charge for a dual service connection is equal to the base pipe meter charge times the Dual Service Factor. An example of Dual Service surcharge calculation is shown in the workpapers. Table B-8Table B-7 below shows the results for all service connection sizes provided by SCE.

Table B-8
Dual Service Surcharge Factor

Base Pipe (in.)	Dual Service Connected Pipe (in.)								
	5/8	3/4	1	1.5	2	3	4	6	8
5/8	1	1.00	1.06	1.22	1.24	1.68	1.95	2.04	2.57
3/4		1	1.05	1.15	1.17	1.48	1.68	1.74	2.12
1			1	1.08	1.10	1.34	1.49	1.54	1.83
1.5				1	1.01	1.19	1.31	1.34	1.56
2					1	1.14	1.22	1.25	1.41
3						1	1.041	1.05	1.13
4							1	1.01	1.07
6								1	1.00
8									1

In applying the Dual Service Factors to the estimated base pipe sizes established in the first step, SCE found an average difference of approximately 20% between the connected pipe meter charge and the dual service meter charge.¹⁵ An example is provided in the Rate Design Workpapers.¹⁶ SCE is therefore proposing to set Dual Service meter charges at 80% of their respective standard connection meter charges. Initially, the Dual Service tariff will only reflect meter connection sizes currently providing dual service. If customers request service for a connection size not reflected on the tariff, then SCE will apply the relationship established above to determine meter charges for the non-standard dual service connection, upon filed verification of the base and connected pipe sizes. Customers receiving Dual Service will be subject to the same volumetric charges as standard service. Table B-9 below illustrates the current and proposed standard service meter charges compared to proposed Dual Service meter charges.

¹⁵ The results revealed a relationship between the meter ratios established in W-4665 and the Dual Service factors, which can be reduced to the following functions:

$$f(x) = (\text{Base Pipe Meter Ratio} * \text{Dual Service Factor}) / (\text{Connected Pipe Meter Ratio});$$

$$\text{Dual Service Meter Charge} = \text{Connected Meter Charge} * f(x)$$

¹⁶ See Table 14 in Attachment B – Rate Design section of Workpapers, p. 35.

Table B-9
Comparison of Current, Standard, Dual and, Private Fire Protection Meter Charges

\$ per Service Connection per Month				
Service Connection Size	Current	Standard Meter Charges	Dual Service Meter Charges	W-4 Connected Service Charge
5/8 in.	26.44	31.48	31.48	6.49
3/4 in.	37.06	44.13		9.10
1 in.	47.67	56.76	45.41	11.71
1.5 in.	63.67	75.81	60.65	15.64
2 in.	84.89	101.08	80.86	20.85
3 in.	177.45	211.29		43.59
4 in.	241.42	287.46		59.30
6 in.	400.91	477.37		98.48
8 in.	596.32	710.05		146.48

5. Discounted Rates

SCE proposes to continue incorporating CARE and Domestic Employee (DE) surcharges as a component of volumetric rates applicable to non-CARE water customers. Catalina water CARE and DE surcharges are calculated by multiplying forecasted W-1-CARE and W-1-DE (Schedule W-10) sales by the proposed non-CARE rates. The result is then multiplied by 20 percent and 25 percent, respectively for CARE and DE customers to arrive at a total forecast revenue deficiency. The forecast CARE and DE revenue deficiency is then divided by the non-CARE water forecast sales to determine the surcharge on a dollars per thousand gallon basis. The proposed water CARE and DE surcharge is \$0.51 per thousand gallons.

6. Proposed Rate Revenues

The customer and water sales forecast billing determinants discussed above were used to develop the Proposed Rate Revenues, that is, the revenues SCE's proposed rates would be expected to collect in the future given the standard Residential volumetric and meter charge rates (Table B-6) and the forecast billing parameters (Table B-5). Table B-10 below summarizes the Proposed Rate Revenue forecast.

Table B-10
Proposed Rate Revenues

Meter / Pipe Size>>>	Proposed Rate Revenues (\$)									
	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	Total
Residential	1,371,282	15,193	180,989	46,242	85,417					1,699,124
Residential-Dual	2,269		112,471	36,047	88,624					239,411
Residential-CARE	184,249									184,249
Residential-CARE-Dual	602		1,256							1,858
Residential-DE	40,895		2,095							42,990
Residential-DE-Dual	0		1,389							1,389
Residential-Multifamily	5,474		86,723	70,594	80,504					243,295
Commercial	311,250		347,660	299,076	890,724	38,331		4,606	10,349	1,901,996
Commercial-CARE	253									253
Irrigation	90,500		18,197	24,909	67,988	2,036				203,630
Private Fire Protection*	468		562	1,126	6,756	1,569	27,753	2,363		40,597
Total	2,007,241	15,193	751,343	477,994	1,220,013	41,937	27,753	6,970	10,349	4,558,793

* Private Fire Protection is based on pipe size.

7. Bill Impacts

If SCE's proposals herein are approved by the Commission, SCE's request would result in a system average rate increase of approximately 9% over the current rates. Table B-11 below shows the comparison of average monthly bill impacts by meter size for metered fresh water service (Schedule W-1 at the recorded 2009 usage levels). The proposed average bill comparison are inclusive of revenue requirement of \$4.56 million, authorized in Resolution W-4665; adjusted sales of 123 million gallons; and the various structural rate changes described above.

Table B-11
Average Bill Impact Analysis

Current Rates Average Monthly Bill - \$										
Meter / Pipe Size>>>	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	Total
Residential	67	105	103	628	577					76
Residential-Dual	63		132	330	821					211
Residential-CARE	78									78
Residential-CARE-Dual	44		96							70
Residential-DE	100		80							99
Residential-DE-Dual			111							111
Residential-MM	206		1,186	540	2,399					974
Commercial	159		571	1,757	1,875	1,473		401	902	657
Commercial-CARE	27									27
Irrigation	231		130	882	2,002	177				360
Private Fire Protection*	27		48	70	85	177	242	401		159
Average	81	105	247	887	1,204	680	242	401	902	180

Proposed Rates Average Monthly Bill - \$											
Meter / Pipe Size>>>	5/8 in.	3/4 in.	1 in.	1.5 in.	2 in.	3 in.	4 in.	6 in.	8 in.	Total	Percent Change
Residential	100	155	146	944	872					112	48%
Residential-Dual	93		180	491	1,206					301	42%
Residential-CARE	117									117	49%
Residential-CARE-Dual	61		128							95	36%
Residential-DE	154		114							151	52%
Residential-DE-Dual			151							151	36%
Residential-MM	224		1,012	444	1,644					764	-22%
Commercial	185		564	1,552	1,650	1,326		478	1,074	617	-6%
Commercial-CARE	33									33	22%
Irrigation	235		157	862	1,764	211				352	-2%
Private Fire Protection*	6		12	16	21	44	59	98		39	-76%
Average	113	155	271	831	1,087	563	59	207	1,074	197	9%

* Private Fire Protection is based on pipe size.

Advice: 79-W



(U 338-W)

Attachment C - Details Of Water Sales Forecast

Before the

Public Utilities Commission of the State of California

Rosemead, California

Details Of Water Sales Forecast

Table Of Contents

Section		Page
I.	DETAILS OF WATER SALES FORECAST	1
A.	Introduction.....	1
B.	Forecast Methodology	2
C.	Conclusion	4

1 I.

2 DETAILS OF WATER SALES FORECAST

3 A. Introduction

4 This section presents Southern California Edison Company's (SCE's) water sales forecast
5 for the years 2010 and 2011 for Catalina Island (Catalina). It consists of a summary of the sales
6 forecast and a brief description of the methodology used to produce the forecast.

7 The sales forecast calls for total water sales to decline from an estimated 125,656
8 thousand gallons in 2009 to 121,809 gallons in 2010 (which includes recorded sales up to
9 May 2010). Sales are then expected to increase to 125,872 thousand gallons in 2011. The decline
10 in 2010 is due primarily to three factors: first, the continuing poor economic conditions on
11 Catalina, which is reflected, in terms of the forecast of water consumption, by the number of idle
12 customer meters; second, reduced tourist visits; and third, high water rates for both residential
13 and non-residential customers. The impact of the economic recession in California on 2009
14 Catalina water sales was evident: water sales in 2009 were 14 percent below water sales recorded
15 in 2008. A recovery in water consumption is forecast in 2011 as moderate economic growth
16 replaces the recession. As a result, the number of visitors is forecast to increase and the incomes
17 of Catalina residents is expected to improve.

18 In addition to the negative economic factors discussed in the paragraph above, further
19 consideration is the tradition of water conservation that is imbedded in the lifestyle of Catalina's
20 permanent residents. Even before the recent water rate increases, and the onset of an economic
21 recession, water consumption on Catalina was on the decline. This behavior was largely
22 motivated by low water reservoir levels. For example, between 2000 and 2007 consumption per
23 customer declined at an average annual rate of 2 percent per year. Although this "conservation
24 trend" is not specifically quantified in the sales forecast, SCE expects this conservation impact to
25 continue and even intensify in the near future because precipitation levels are at historic lows.

26 The water sales forecast is summarized in Table C-1 below.

Table C-1
Catalina Island Water Sales – Actual And Forecast
(Thousands of Gallons)

Year	Actual Sales	Forecast	Percent Change (Actual)	Percent Change (Forecast)
2008	145,798			
2009	125,656		-13.8%	
2010		121,809		-3.1%
2011		125,872		3.3%

B. Forecast Methodology

The water sales forecast is constructed by combining separate forecasts of residential and non-residential customer class water consumption.¹ Additionally, residential and non-residential consumption are each derived as the product of separate sales forecasts of water consumption per customer and the total number of customers.

The non-residential customer class consists mainly of commercial class customers plus a small number of industrial and other public authority customers. The customer forecasts are based on a simple average of recorded residential and non-residential customers over the five month period of January 2010 to May 2010. A forecast based upon a simple average of recent customers is justified because the customer count has been relatively unchanged over the past several years. Further, the severe economic downturn and recent water rate increases are likely to discourage new customers in the near term.

The forecasts of water use per customer are derived from econometric models that estimate statistical relationships between water consumption and the factors that are thought to influence water consumption.

An important economic driver of water consumption is the number of visitors to Catalina. SCE finds that the number of cross-channel and cruise ship passengers (a proxy for the number of visitors) is highly statistically significant in explaining variations in historical water consumption. Other variables found to be significant in explaining water consumption are water

¹ See Attachment C - Water Sales Forecast section of Workpapers for residential and non-residential sales forecasts, pg. 58.

1 rates, the number of idle customer meters, and the number of days billed in each month for water
2 service.²

3 The number of visitors to Catalina has been steadily declining for a number of years. For
4 example, between 2006 and 2009 the number of cross-channel and cruise ship passengers fell by
5 24 percent. For 2010, SCE is forecasting a visitor total of 710,041, a 1.7 percent decrease
6 compared to 2009. In 2011, SCE is forecasting 713,156 visitors.³ The visitor forecast for 2011
7 reflects the expectation of a modest improvement in personal income levels, which in turn is
8 predicted to result in somewhat higher recreational spending.

9 The price paid for water has increased significantly over the last few years. Using
10 average unit revenue per customer (total billed revenue divided by total customers) as a proxy
11 for water rates, residential rates increased nearly 25 percent in 2009 compared to 2008.
12 Historically high water rates are assumed to remain in place in both 2010 and 2011. All other
13 factors constant, an increase in the price of water translates into a decline in total water sales.

14 An indicator of the impact of higher water rates and the recession on Catalina Island is
15 the number of idle meters. It serves as a proxy for the number of households and businesses that
16 are unoccupied or no longer in business. Between year-end 2008 and 2009, the residential idle
17 meter percentage (the number of idle meters divided by the number of installed meters) jumped
18 from 1.3 percent to 2.1 percent and the non-residential idle meter percentage increased from
19 2.2 percent to 2.7 percent over the same period. We expect the idle meter percentage to continue
20 to increase in the first half of 2010, reflecting the likelihood of a higher number of home
21 foreclosures and business failures, before declining during the latter half of 2010 and throughout
22 2011.

23 Another factor that affects recorded water consumption is the number of days billed each
24 month. The number of days billed varies by month according to the number of non-holiday
25 weekdays in a month and due to variation in meter reading scheduling. The number of days
26 billed for residential customers in 2009 was 1.3 percent higher than normal. For purposes of the
27 forecast, we assume normal (historical average) monthly billing days in 2010 and 2011.

² See Attachment C - Water Sales Forecast section of Workpapers for residential and non-residential consumption rates, pgs. 56-57.

³ See Attachment C - Water Sales Forecast section of Workpapers for residential and non-residential water use model estimate forecasts from 2009 through 2011, pgs. 59-70.

1 **C. Conclusion**

2 This section has presented the forecast of Catalina water sales for 2010 and 2011. We are
3 forecasting a decline in Catalina water sales in 2010 compared to 2009, but a modest recovery in
4 water sales in 2011. Even with a 3.3 percent sales increase in 2011, sales will still be 13.6 percent
5 below the 2008 sales level. As discussed above, a number of factors are contributing to a forecast
6 that is below the 2008 sales level. After a long period of relatively stable prices, water rates more
7 than doubled in 2008 and increased a further 25 percent in 2009. High water rates, which are
8 assumed to remain in place in 2010 and 2011, will continue to depress consumption. We believe
9 that the economic recession in California was also a major contributor to the sharp decline in
10 sales observed in 2009. The economy will continue to negatively impact sales in 2010 before a
11 modest recovery takes hold in 2011.

12