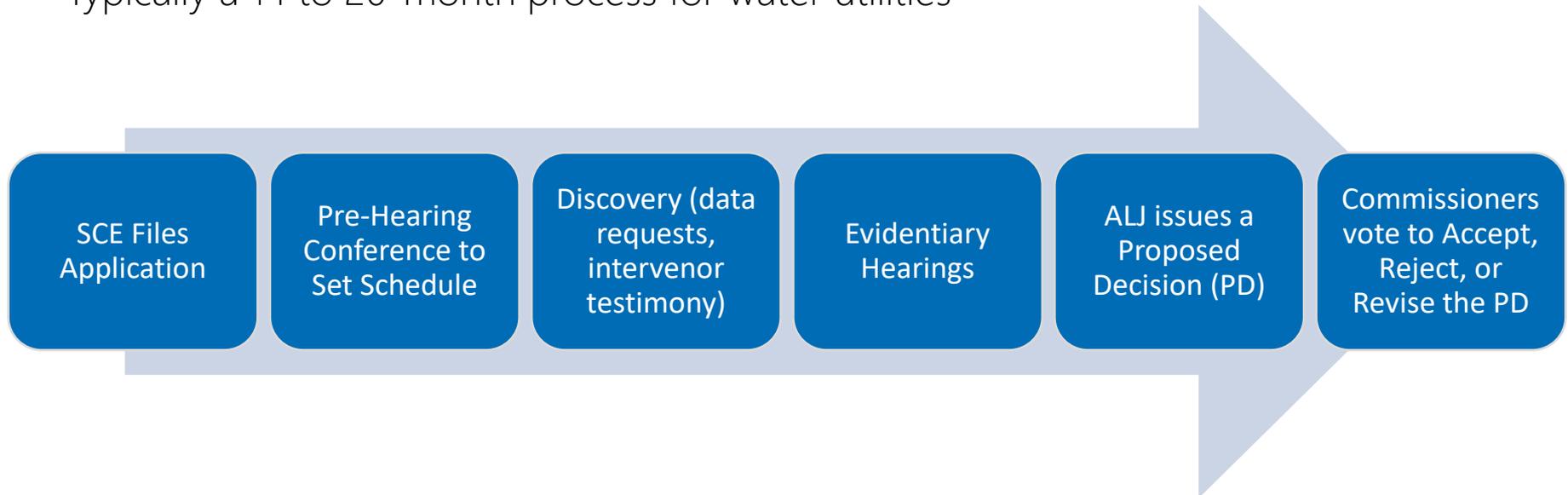


# Catalina Island Water General Rate Case Overview

October 2020

# What is a General Rate Case?

- Legal process where the California Public Utilities Commission (CPUC) sets rates that match the utility's costs of service to be collected from customers, including a fair rate of return
- Thorough and transparent process to ensure costs are justified and customers are protected
  - Customer have multiple opportunities to participate (see last slide)
- Establishes forward looking (test year) revenue requirement and water rates
- Typically a 14 to 20-month process for water utilities

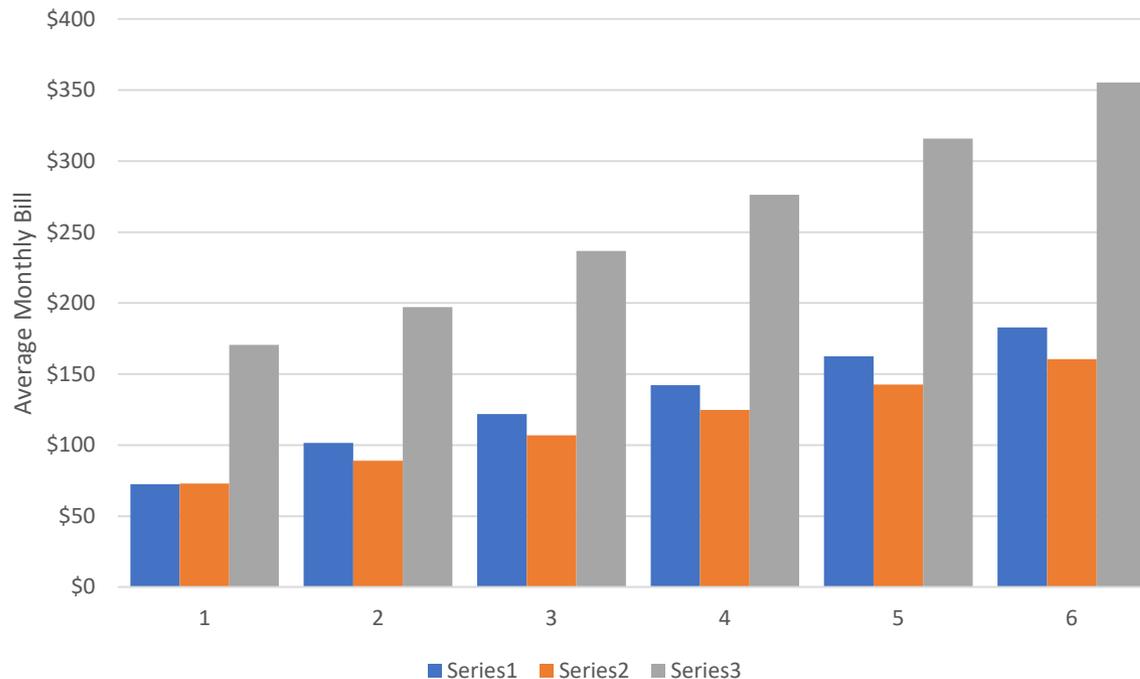


# 2022 Water General Rate Case Overview

- SCE's 2022 Water General Rate Case requests recovery of test year operating expenses and forecast capital, as well as historical capital costs and Operations & Maintenance (O&M) memo account balances
  - Operating expense increase of \$3.5 million
  - 2020-2024 forecast capital expenditures of \$5.2 million
  - Historical capital expenditures of \$11.0 million
  - Lost revenues and incremental O&M due to drought of \$11.6 million
- Recover revenue requirement for normal operations from Catalina water customers
  - Results in revenue requirement of **\$9.3 million** for recovery from water customers
    - Five-year revenue requirement phase-in proposal (2022-2026)
- Recover balance of water utility costs of service, including one-time exceptional drought and environmental costs, from SCE electric customers
  - Results in transfer of **\$29 million** for recovery in electric rates as expense
    - Estimated one-year electric utility rate impact of 0.04 ¢/kWh or \$2.28 for average non-CARE residential and \$1.56 for average residential-CARE customer
  - SCE considered multiple cost recovery alternatives, including a visitor boat fee, cost consolidation, rate base consolidation, and high cost fund

# Revenue Requirement Phase-in Detail

- Five-year phase-in of the \$9.3 million revenue requirement
- Revenue requirement increases of 25%, 20%, 17%, 14%, and 13% in 2022-2026, respectively



Customer Class	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Residential	\$ 72.45	\$ 101.51	\$ 121.87	\$ 142.24	\$ 162.60	\$ 182.97
Residential-CARE	\$ 73.05	\$ 89.05	\$ 106.91	\$ 124.77	\$ 142.64	\$ 160.50
Commercial	\$ 170.59	\$ 197.21	\$ 236.77	\$ 276.33	\$ 315.89	\$ 355.45

# How to Participate in a CPUC Proceeding

- File a comment or protest
- Submit a comment on the proceeding's Docket Card or contact the CPUC Public Advisor's Office directly
- Subscribe to the proceeding to stay informed
- Attend public participation hearings where there are opportunities to make public comment
- Become a party to the proceeding
  - Formal engagement in the proceeding; obligated to provide testimony and participate in evidentiary hearings
- All meetings and hearings are open to the public to observe, either in person (absent social distancing restrictions) or remotely via livestream
- For more information, visit [www.cpuc.ca.gov/pao](http://www.cpuc.ca.gov/pao)

*\*Information on how to participate in a proceeding is included in the public notice of proposed rate increase provided to customers (water and electric)*