

## ADVICE LETTER 107-W

### WHAT DOES EDISON WANT?

#### WHAT IS CATALINA WATER STAKEHOLDERS' (CWS) RESPONSE?

**EDISON REQUEST:** REDUCE SALES FORECAST TO 92,500,000 GALLONS AND ADJUST THE RATE DESIGN TO REFLECT THAT RESIDENTIAL RATEPAYERS USE 40% OF THE WATER AND NON-RESIDENTIAL RATEPAYERS USE 60% OF THE WATER. (USE TO BE 49%/51%).

**CWS RESPONSE:** THIS IS REASONABLE. SHOULD HAVE BEEN DONE LONG AGO.

**EDISON REQUEST:** ADJUST SALES FORECAST AND RATE DESIGN EVERY YEAR TO REFLECT ACTUAL WATER SALES.

**CWS RESPONSE:** THIS IS REASONABLE SO LONG AS THE LOST REVENUE MEMO ACCOUNT IS ELIMINATED.

**EDISON REQUEST:** APPROVE A RATE ADJUSTMENT MECHANISM SO THAT THE REVENUE REQUIREMENT CAN BE ADJUSTED EVERY YEAR FOR LOST REVENUE AND CERTAIN INCREASED COSTS.

**CWS RESPONSE:** NO!!! GIVEN ALL THE PROBLEMS THAT EXIST THIS IS TOTALLY INAPPROPRIATE. FUTURE CHANGES NEED TO BE CAREFULLY SCRUTINIZED BY THE CPUC.

**EDISON REQUEST:** WE ARE GOING TO BE FILING TO RECOVER THE LOST REVENUE MEMO ACCOUNT (\$5,500,000+), COSTS INCURRED BECAUSE OF THE DROUGHT (\$4,300,000), AND TO ADD PAST CAPITAL EXPENDITURES TO THE RATE BASE (\$9,330,000).

**CWS RESPONSE:** REQUIRE EDISON TO DO THE FOLLOWING:

- A) PRESENT A WATER ACTION PLAN THAT WILL RESULT IN A SUSTAINABLE WATER SUPPLY AT A REASONABLE COST THAT ALLOWS FOR REASONABLE GROWTH;
- B) REWRITE THE RULES WITH REGARD TO RATIONING TO TAKE INTO CONSIDERATION DESALINATION AND THE CONDITION OF ALL OF THE AQUAFERS BEING USED;
- C) FILE A GENERAL RATE CASE INSTEAD OF AN ADVICE LETTER IF ANY OF THE FOLLOWING ARE SOUGHT:

**i) TO COLLECT THE LOST REVENUE MEMO ACCOUNT (\$5,500,000+);**

**ii) TO COLLECT ANY COSTS INCURRED AS A RESULT OF THE DROUGHT (\$4,300,000); OR**

**iii) TO ADD ANY PAST CAPITAL EXPENDITURES TO THE RATE BASE (\$9,330,000); AND**

**D) REQUIRE EDISON TO FILE A GENERAL RATE CASE AT LEAST EVERY THREE YEARS SO PROBLEMS CAN BE ADDRESSED AND NOT ALLOWED TO BUILD.**