

External Summary – Water Allocation Extension Policy
Catalina Water Utility

Policy is subject to change and relies on the latest utility tariffs, data, constraints, and assumptions.

Purpose:

Set forth guidelines for processing Water Allocation Extension Request(s) (Allocation Extension(s)) pursuant to SCE's water utility tariffs approved by the California Public Utilities Commission (CPUC), specifically Water Tariff Rule 3 (Rule 3).

Impact and Operating Principles:

- Allocation Extensions, while primarily benefiting the applicant, may also benefit the public and support reliable water service without adverse effects on existing customers.
- Make limited water supplies available to customers on a first-come-[first-complete]-first-served basis.
- Customers receive the same treatment.
- Customers do not game the process and/or control water [allocation] banks.

Applicability:

SCE's Catalina Water Utility and a water customer with an approved fresh water allocation (Allocation). An Allocation Extension becomes potentially available when a customer who has received an Allocation is unable to complete their project prior to the Allocation expiration date. Rule 3 language that is associated with this policy includes:

- **Reservation of Fresh Water Allocation** (Tariff Rule 3, Paragraph D.3.d.): An assigned fresh water allocation may be reserved for the applicant's use for a period not to exceed 18 months, unless further extended by SCE at its sole discretion
- **Building Permit Denials and Cancellations** (Tariff Rule 3, Paragraph D.3.e.): SCE, upon notification that the applicant's building permit has been denied, revoked, or cancelled, shall cancel the applicant's assigned fresh water allocation.
- **Fresh Water Allocation Change** (Tariff Rule 3, Paragraph D.3.c.): Where a change results in a greater fresh water requirement, it will result in the applicant being placed at the end of the Fresh Water Allocation List for the incremental increase beyond the initial requirement.
- **Fresh Water Allocation Process** (Tariff Rule 3, Paragraph D.3.a.): Applicants under the jurisdiction of the City of Avalon must obtain an authorization for consideration of a water allocation from the City.

Considerations:

- **First Request** [*18 months changes to 36 months*]: Typically approved with reasonable justification provided by applicant and no other adverse utility impacts exist; if a legacy request, address the latest allocation plan requirements
- **Second Request** [*36 months changes to 54 months*]: Typically approved with reasonable justification provided by applicant, no other adverse utility impacts exist, utility plan,

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building permit reference number, project financing secured, land rights secured, and project schedule reasonably shows completion prior to expiration; if a legacy request, address the latest allocation plan requirements

- **Third or Greater Request [54 months changes to 72 months]:** Typically, not approved; reviewed on a case-by-case basis. Approval criteria includes but not limited to:
 - Active construction
 - Project schedule reasonably shows completion prior to expiration
 - No other adverse utility impacts exists
 - If legacy request, address the latest allocation plan requirements
- Criteria considered for adverse utility impacts include but not limited to:
 - Customer request games the system
 - Customer request reflects a water allocation bank or prevents water from going to requests that are complete and ready
 - Water supplies are not able to achieve the production capacity in Schedule FWY or meet max day demand requirements
 - Active Stage 2+ water rationing in effect
 - Water utility conditions of service are not met; including but not limited to: project plans, utility plan, easements, extensions, upgrades, meter accessibility, unsafe apparatus, or back flow device.
 - Results are generally not in the public interest
 - Worsens fire/emergency preparedness
- Financial Security instruments may be any combination of the following¹:
 - letter of credit
 - surety bond
 - guarantee
 - other form of security that is reasonably acceptable

¹ To align with SCE's Interconnection Financial Security Requirements, Section 6.3 as of Oct 2025 [WDAT Tariff]
<https://edisonintl.sharepoint.com/:b:/t/Public/TM2/ERQtwObSAKRAh6evmmVVDcQBIL-0D1-Cb7KQdymO-UwEHQ?e=CTOviD>