

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



January 13, 2009

Advice Letter 153-G

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

**Subject: Tariff Revisions to Reflect an Increase in Income Tax
Component of Contribution Tax Factor**

Dear Mr. Jazayeri:

Advice Letter 153-G is effective January 1, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

November 5, 2008

ADVICE 153-G
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Tariff Revisions to Reflect an Increase in Income Tax
Component of Contribution Tax Factor

Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariffs to reflect an increase in the Income Tax Component of Contribution (ITCC) Tax Factor from 0.20 to 0.31. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing revises Preliminary Statement, Part G, Income Tax Component of Contribution Provision, to reflect an increase in the ITCC Tax Factor from 0.20 (20 percent) to 0.31 (31 percent).

BACKGROUND

SCE's Preliminary Statement, Part G, provides that Contributions in Aid of Construction and Advances for Construction (Contributions) consist of two components: the ITCC and the Balance of the Contribution (Balance of Contribution). The ITCC is calculated by multiplying the Balance of Contribution by the ITCC Tax Factor. The ITCC Tax Factor is established using Method 5 as set forth in Decision (D.) 87-09-026 in Order Instituting Investigation 86-11-019.

The ITCC Tax Factor is being revised in accordance with SCE's Advice 146-G, which temporarily set a lower ITCC Tax Factor due to a change in the Federal Depreciation Provisions of the Internal Revenue Code (IRC), pursuant to the Economic Stimulus Act of 2008 (HR 1540; the "Act"). Section 103 of the Act modified the IRC Section 168(k) allowing for 50 percent bonus depreciation allowances for certain property that sunset on December 31, 2008. SCE requests that the ITCC Tax Factor be changed to 31 percent, as shown in Schedule B attached. This has been calculated using the

current statutory income tax rates of 8.84 percent (California) and 35 percent (Federal). It also reflects the Federal depreciable tax life for gas distribution property of 15 years as adopted by the Energy Tax Incentives Act of 2005.

PROPOSED REVISION

This advice filing revises Section 3.1 of Preliminary Statement, Part G, to reflect the change of the ITCC Tax Factor from 0.20 to 0.31. This increase shall be applicable to contributions received by SCE on or after January 1, 2009. Contributions received by SCE prior to the effective date of this advice filing will be subject to the applicable previous ITCC Tax Factor approved the California Public Utilities Commission (Commission).

Except as noted above, this filing will not increase or decrease any rate or charge, conflict with any other schedules or rules, or cause the withdrawal of service.

TIER DESIGNATION

Pursuant to D.07-01-024, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation.

EFFECTIVE DATE

Consistent with the Federal IRC, this advice filing will become effective on January 1, 2009.

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 no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: ijn@cpuc.ca.gov and mas@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

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
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
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 General Order No. (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing 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 Dante Pasaporte at (626) 302-2695 or Deborah Klun at (626) 302-9855 or by electronic mail at Dante.Pasaporte@sce.com or Deborah.Klun@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:dk:sq
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: James.Yee@sce.com

E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 153-G

Tier Designation: 2

Subject of AL: Tariff Revisions to Reflect an Increase in Income Tax Component of Contribution Tax Factor

Keywords (choose from CPUC listing): Taxes

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? Yes No

Requested effective date: 1/1/09 No. of tariff sheets: -3-

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement Part G and Table of Contents

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
inj@cpuc.ca.gov and mas@cpuc.ca.gov

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
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 1079-G	Preliminary Statement Part G	Revised 987-G
Revised 1080-G	Table of Contents	Revised 1039-G
Revised 1081-G	Table of Contents	Revised 946-G

PRELIMINARY STATEMENT

Sheet 1

G. INCOME TAX COMPONENT OF CONTRIBUTION PROVISION

1. General. All Contributions in Aid of Construction and Advances For Construction (Contributions) made to SCE pursuant to its tariffs shall include a cost component to cover SCE's estimated liability for Federal Income Tax resulting there from. California Corporate Franchise Tax (CCFT) shall be collected beginning January 10, 1992.

2. Definitions.
 - a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided to SCE by a person or agency. The value of all contributions shall be based on SCE's estimates. Contributions shall consist of two components as follows:
 - (1) Income Tax Component of Contribution (ITCC); and
 - (2) The balance of the Contribution (Balance of Contribution).

 - b. Government Agency: For purposes of administering this part of the Preliminary Statement, a Government Agency shall be a California state, county, or local government agency.

 - c. Public Benefit: Where, in the opinion of SCE, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.

3. Determination of ITCC.
 - a. The ITCC shall be calculated by multiplying the Balance of the Contribution by the Tax Factor of 0.31 (31%). The 31 percent Tax Factor shall be applicable to contributions received by SCE on or after January 1, 2009. Contributions received prior to the effective date of Advice 153-G, will be subject to the applicable ITCC factors approved by the California Public Utilities Commission. (C) (C) (T)

 - b. The tax factors included herein are established using Method 5 as set forth in and pursuant to the Commission's Decision No. 87-09-026 as modified by Decision No. 87-12-028. Should the Internal Revenue Service (IRS) deem Method 5 to be a violation of the tax normalization rules, any penalties, interest or taxes incurred by SCE shall be recovered through general rates.

(Continued)

(To be inserted by utility)
 Advice 153-G
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Nov 5, 2008
 Effective Jan 1, 2009
 Resolution _____



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G-2	General Service	1052-429-G
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LIST OF CONTRACTS AND DEVIATIONS

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List of Contracts and Deviations	696-G

(Continued)

(To be inserted by utility)
 Advice 153-G
 Decision _____

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Vice President

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(Continued)

(To be inserted by utility)
 Advice 153-G
 Decision _____

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Vice President

(To be inserted by Cal. PUC)
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Attachment B

**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES
FOR 2009**

(A)	(B) TAX PMT/(BEN) REFLECTING CIAC	(C) TAX BASIS	(D) CALIFORNIA DEPRECIATION RATES	(E) CALIFORNIA RATES	(F) STATE TAX BENEFIT	(G) MODIFIED MACRS RATES	(H) FEDERAL TAX RATE	(I) FEDERAL TAX BENEFIT	(J) REMAINING CIAC PAYABLE	(K) WTD. AVG. UNRECOVERED TAX PMT.	(L) RATE OF RETURN	(M) REVENUE REQUIREMENT ON REMAINING INVESTMENT	(N) DISCOUNT FACTOR 0.12	(O) DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT		
1	438.4	1,000	2.857%	8.840%	2.5256	5.000%	35.00%	17.5000	418.3744	428.3872	17.000%	72.8258	0.8929	65.0262	1	-0.8929
2	-30.94		5.551%		4.9071	9.500%		32.3660	350.1613	384.2679	17.000%	65.3255	0.7972	52.0771	2	-0.7972
3			5.234%		4.6269	8.550%		28.2075	317.3270	333.7442	17.000%	56.7365	0.7118	40.3839	3	-0.7118
4			4.935%		4.3625	7.700%		25.3306	287.6338	302.4804	17.000%	51.4217	0.6355	32.6794	4	-0.6355
5			4.653%		4.1133	6.930%		22.7281	260.7925	274.2132	17.000%	46.6162	0.5674	26.4513	5	-0.5674
6			4.387%		3.8781	6.230%		20.3654	236.5490	248.6707	17.000%	42.2740	0.5066	21.4173	6	-0.5066
7			4.137%		3.6571	5.900%		19.2927	213.5992	225.0741	17.000%	38.2626	0.4523	17.3081	7	-0.4523
8			3.901%		3.4485	5.900%		19.3700	190.7807	202.1899	17.000%	34.3723	0.4039	13.8824	8	-0.4039
9			3.678%		3.2514	5.910%		19.4780	168.0513	179.4160	17.000%	30.5007	0.3606	10.9989	9	-0.3606
10			3.468%		3.0657	5.900%		19.5120	145.4736	156.7625	17.000%	26.6496	0.3220	8.5805	10	-0.3220
11			3.270%		2.8907	5.910%		19.6120	122.9709	134.2223	17.000%	22.8178	0.2875	6.5596	11	-0.2875
12			3.084%		2.7263	5.900%		19.6383	100.6064	111.7887	17.000%	19.0041	0.2567	4.8779	12	-0.2567
13			2.908%		2.5707	5.910%		19.7308	78.3049	89.4556	17.000%	15.2075	0.2292	3.4852	13	-0.2292
14			2.742%		2.4239	5.900%		19.7503	56.1307	67.2178	17.000%	11.4270	0.2046	2.3382	14	-0.2046
15			2.585%		2.2851	5.910%		19.8366	34.0089	45.0698	17.000%	7.6619	0.1827	1.3998	15	-0.1827
16			2.438%		2.1552	2.950%		9.5252	22.3285	28.1687	17.000%	4.7887	0.1631	0.7811	16	-0.1631
17			2.299%		2.0323	(0.7543)		21.0505	21.0505	21.6895	17.000%	3.6872	0.1456	0.5370	17	-0.1456
18			2.168%		1.9165	(0.7113)		19.8453	20.4479	20.4479	17.000%	3.4761	0.1300	0.4520	18	-0.1300
19			2.040%		1.8034	(0.6708)		18.7128	18.7128	19.2790	17.000%	3.2774	0.1161	0.3805	19	-0.1161
20			2.040%		1.8034	(0.6312)		17.5406	17.5406	18.1267	17.000%	3.0815	0.1037	0.3194	20	-0.1037
21			2.040%		1.8034	(0.6312)		16.3684	16.3684	16.9545	17.000%	2.8823	0.0926	0.2668	21	-0.0926
22			2.040%		1.8034	(0.6312)		15.1963	15.1963	15.7824	17.000%	2.6830	0.0826	0.2217	22	-0.0826
23			2.040%		1.8034	(0.6312)		14.0241	14.0241	14.6102	17.000%	2.4837	0.0738	0.1833	23	-0.0738
24			2.040%		1.8034	(0.6312)		12.8520	12.8520	13.4380	17.000%	2.2845	0.0659	0.1505	24	-0.0659
25			2.040%		1.8034	(0.6312)		11.6798	11.6798	12.2659	17.000%	2.0852	0.0588	0.1227	25	-0.0588
26			2.040%		1.8034	(0.6312)		10.5076	10.5076	11.0937	17.000%	1.8859	0.0525	0.0990	26	-0.0525
27			2.040%		1.8034	(0.6312)		9.3355	9.3355	9.9216	17.000%	1.6867	0.0469	0.0791	27	-0.0469
28			2.040%		1.8034	(0.6312)		8.1633	8.1633	8.7494	17.000%	1.4874	0.0419	0.0623	28	-0.0419
29			2.040%		1.8034	(0.6312)		6.9912	6.9912	7.5772	17.000%	1.2881	0.0374	0.0482	29	-0.0374
30			2.040%		1.8034	(0.6312)		5.8190	5.8190	6.4051	17.000%	1.0889	0.0334	0.0363	30	-0.0334
31			2.040%		1.8034	(0.6312)		4.6468	4.6468	5.2329	17.000%	0.8896	0.0298	0.0265	31	-0.0298
32			2.040%		1.8034	(0.6312)		3.4747	3.4747	4.0608	17.000%	0.6903	0.0266	0.0184	32	-0.0266
33			2.040%		1.8034	(0.6312)		2.3025	2.3025	2.8886	17.000%	0.4911	0.0238	0.0117	33	-0.0238
34			2.040%		1.8034	(0.6312)		1.1304	1.1304	1.7164	17.000%	0.2918	0.0212	0.0062	34	-0.0212
35			2.040%		1.8034	(0.6312)		(0.0418)	0.5443	0.5443	17.000%	0.0925	0.0189	0.0018	35	-0.0189
36			1.025%		0.9061	(0.6312)		(0.3167)	(0.3167)	(0.1792)	17.000%	(0.0305)	0.0169	-0.0005	36	-0.0169
37					0.0000			(0.3171)	0.0004	(0.1581)	17.000%	(0.0269)	0.0151	-0.0004	37	-0.0151
			<u>100.000%</u>		<u>88.4000</u>	<u>100.000%</u>		<u>319.0596</u>				<u>581.6677</u>		<u>311.2692</u>		
								<u>407.4596</u>				311.2692	/ 1000	<u>31.1300%</u>		
	<u>407.46</u>							<u>407.4596</u>						<u>31.0000%</u>		