

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



March 20, 2009

Advice Letter 155-G

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

**Subject: Tariff Revisions to Reflect a Decrease in Income Tax
Component of Contribution Tax Factor**

Dear Mr. Jazayeri:

Advice Letter 155-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

February 23, 2009

ADVICE 155-G
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Tariff Revisions to Reflect a Decrease 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 a temporary lower Income Tax Component of Contribution (ITCC) Tax Factor due to a recent tax law change. 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 a decrease in the ITCC Tax Factor from 0.31 (31 percent) to 0.20 (20 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 and pursuant to Decision (D.) 87-09-026 in Order Instituting Investigation 86-11-019.

The ITCC Tax Factor is being revised as a result of a recent change in the Federal Depreciation Provisions of the Internal Revenue Code (IRC), pursuant to the American Recovery and Reinvestment Tax Act of 2009 (the "Act"), included herein as Attachment B. Section 1201 of the Act modifies IRC Section 168(k) allowing for 50% bonus depreciation for certain property.

PROPOSED MODIFICATION

This advice filing revises Section 3.a of Preliminary Statement, Part G, to continue the temporary reduction of the ITCC Tax Factor from 0.31 to 0.20. The reduced factor shall be applicable to contributions associated with property which qualifies for the bonus depreciation of IRC Section 168(k) and received by SCE on or after March 1, 2008, and before January 1, 2010. Contributions received by SCE prior to the effective date of this advice filing will be subject to the previously applicable ITCC Tax Factor approved by the California Public Utilities Commission (Commission). Following December 31, 2009, SCE proposes that this change in rate terminate, pursuant to the Act, and the ITCC Tax Factor revert to the applicable percentage as set forth in Advice 153-G.

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.

SCE believes that its obligation to begin collecting the reduced ITCC is immediate and therefore requests prompt Commission approval of this advice filing.

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

Because of this Federal law change, 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: jnj@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) 302-4039. 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 Fred Lopez at (626) 302-8797 or by electronic mail at alfred.lopez@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:al:jm
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) #: 155-G

Tier Designation: 2

Subject of AL: Tariff Revisions to Reflect a Decrease 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: -2-

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 1107-G | Preliminary Statement Part G | Revised 1079-G |
| Revised 1108-G | Table of Contents | Revised 1080-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. If any portion of a Balance of Contribution is received on or after the effective date of Advice 155-G, and before January 1, 2010, and is associated with property which qualifies for the bonus depreciation provisions of Internal Revenue Code section 168(k), then the ITCC on such portion shall be computed by multiplying the amount of such portion by a tax factor of 0.20 (20 percent). Contributions received prior to the effective date of Advice 155-G, will be subject to the applicable ITCC factors approved by the California Public Utilities Commission. (C)

 - 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. (C)

(Continued)

(To be inserted by utility)
 Advice 155-G
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Feb 23, 2009
 Effective Jan 1, 2009
 Resolution _____



TABLE OF CONTENTS

Sheet 1

| | <u>Cal. P.U.C. Sheet No.</u> | |
|--|----------------------------------|-----|
| TITLE PAGE | 131-G | |
| TABLE OF CONTENTS - RATE SCHEDULES | 1108-G | (T) |
| TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS | 770-G | |
| TABLE OF CONTENTS - RULES | 1081-G | |
| TABLE OF CONTENTS - SAMPLE FORMS | 1081-G | |
| PRELIMINARY STATEMENT: | | |
| A. Territory Served by the Utility | 1038-G | |
| B. Types and Classes of Service | 1038-G | |
| C. Procedure to Obtain Service | 1038-G | |
| D. Symbols | 1038-G | |
| E. Baseline Service | 371-372-G | |
| F. Santa Catalina Island Gas Cost Adjustment Clause (GCAC) | 355-399-888-1011-G | |
| G. Income Tax Component of Contributions Provision | 1107-460-G | (T) |
| SERVICE AREA MAP | 3-G | |

RATE SCHEDULES

| <u>Schedule No.</u> | <u>Title of Sheet</u> | <u>Cal. P.U.C. No.</u> |
|-------------------------|---|----------------------------|
| DE | Domestic Service to Utility Employees | 123-G |
| G-1 | Domestic Service | 1050-1051-G |
| G-1-CARE | Domestic Service | 999-G |
| G-2 | General Service | 1052-429-G |
| GM | Domestic Service, Multifamily Accommodation | 376-G |
| G-SE | Service Establishment Charge | 278-G |
| RF-G | Surcharge to Fund Public Utilities Commission Reimbursement Fee | 932-G |

LIST OF CONTRACTS AND DEVIATIONS

| | <u>Cal. P.U.C. Sheet No.</u> |
|--|----------------------------------|
| List of Contracts and Deviations | 696-G |

(Continued)

(To be inserted by utility)
 Advice 155-G
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Feb 23, 2009
 Effective Jan 1, 2009
 Resolution _____

Attachment B

1 **DIVISION B—TAX, UNEMPLOY-**
 2 **MENT, HEALTH, STATE FIS-**
 3 **CAL RELIEF, AND OTHER**
 4 **PROVISIONS**

5 **TITLE I—TAX PROVISIONS**

6 **SEC. 1000. SHORT TITLE, ETC.**

7 (a) **SHORT TITLE.**—This title may be cited as the
 * 8 “American Recovery and Reinvestment Tax Act of 2009”.

9 (b) **REFERENCE.**—Except as otherwise expressly pro-
 10 vided, whenever in this title an amendment or repeal is
 11 expressed in terms of an amendment to, or repeal of, a
 12 section or other provision, the reference shall be consid-
 13 ered to be made to a section or other provision of the In-
 14 ternal Revenue Code of 1986.

15 (c) **TABLE OF CONTENTS.**—The table of contents for
 16 this title is as follows:

TITLE I—TAX PROVISIONS

Sec. 1000. Short title, etc.

Subtitle A—Tax Relief for Individuals and Families

PART I—GENERAL TAX RELIEF

- Sec. 1001. Making work pay credit.
- Sec. 1002. Temporary increase in earned income tax credit.
- Sec. 1003. Temporary increase of refundable portion of child credit.
- Sec. 1004. American opportunity tax credit.
- Sec. 1005. Computer technology and equipment allowed as a qualified higher education expense for section 529 accounts in 2009 and 2010.
- Sec. 1006. Extension of and increase in first-time homebuyer credit; waiver of requirement to repay.
- Sec. 1007. Suspension of tax on portion of unemployment compensation.

Sec. 1008. Additional deduction for State sales tax and excise tax on the purchase of certain motor vehicles.

PART II—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 1011. Extension of alternative minimum tax relief for nonrefundable personal credits.

Sec. 1012. Extension of increased alternative minimum tax exemption amount.

Subtitle B—Energy Incentives

PART I—RENEWABLE ENERGY INCENTIVES

Sec. 1101. Extension of credit for electricity produced from certain renewable resources.

Sec. 1102. Election of investment credit in lieu of production credit.

Sec. 1103. Repeal of certain limitations on credit for renewable energy property.

Sec. 1104. Coordination with renewable energy grants.

PART II—INCREASED ALLOCATIONS OF NEW CLEAN RENEWABLE ENERGY BONDS AND QUALIFIED ENERGY CONSERVATION BONDS

Sec. 1111. Increased limitation on issuance of new clean renewable energy bonds.

Sec. 1112. Increased limitation on issuance of qualified energy conservation bonds.

PART III—ENERGY CONSERVATION INCENTIVES

Sec. 1121. Extension and modification of credit for nonbusiness energy property.

Sec. 1122. Modification of credit for residential energy efficient property.

Sec. 1123. Temporary increase in credit for alternative fuel vehicle refueling property.

PART IV—MODIFICATION OF CREDIT FOR CARBON DIOXIDE SEQUESTRATION

Sec. 1131. Application of monitoring requirements to carbon dioxide used as a tertiary injectant.

PART V—PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES

Sec. 1141. Credit for new qualified plug-in electric drive motor vehicles.

Sec. 1142. Credit for certain plug-in electric vehicles.

Sec. 1143. Conversion kits.

Sec. 1144. Treatment of alternative motor vehicle credit as a personal credit allowed against AMT.

PART VI—PARITY FOR TRANSPORTATION FRINGE BENEFITS

Sec. 1151. Increased exclusion amount for commuter transit benefits and transit passes.

Subtitle C—Tax Incentives for Business

PART I—TEMPORARY INVESTMENT INCENTIVES

- * Sec. 1201. Special allowance for certain property acquired during 2009.
Sec. 1202. Temporary increase in limitations on expensing of certain depreciable business assets.

PART II—SMALL BUSINESS PROVISIONS

- Sec. 1211. 5-year carryback of operating losses of small businesses.
Sec. 1212. Decreased required estimated tax payments in 2009 for certain small businesses.

PART III—INCENTIVES FOR NEW JOBS

- Sec. 1221. Incentives to hire unemployed veterans and disconnected youth.

PART IV—RULES RELATING TO DEBT INSTRUMENTS

- Sec. 1231. Deferral and ratable inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument.
Sec. 1232. Modifications of rules for original issue discount on certain high yield obligations.

PART V—QUALIFIED SMALL BUSINESS STOCK

- Sec. 1241. Special rules applicable to qualified small business stock for 2009 and 2010.

PART VI—S CORPORATIONS

- Sec. 1251. Temporary reduction in recognition period for built-in gains tax.

PART VII—RULES RELATING TO OWNERSHIP CHANGES

- Sec. 1261. Clarification of regulations related to limitations on certain built-in losses following an ownership change.
Sec. 1262. Treatment of certain ownership changes for purposes of limitations on net operating loss carryforwards and certain built-in losses.

Subtitle D—Manufacturing Recovery Provisions

- Sec. 1301. Temporary expansion of availability of industrial development bonds to facilities manufacturing intangible property.
Sec. 1302. Credit for investment in advanced energy facilities.

Subtitle E—Economic Recovery Tools

- Sec. 1401. Recovery zone bonds.
Sec. 1402. Tribal economic development bonds.
Sec. 1403. Increase in new markets tax credit.
Sec. 1404. Coordination of low-income housing credit and low-income housing grants.

Subtitle F—Infrastructure Financing Tools

PART I—IMPROVED MARKETABILITY FOR TAX-EXEMPT BONDS

- Sec. 1501. De minimis safe harbor exception for tax-exempt interest expense of financial institutions.
Sec. 1502. Modification of small issuer exception to tax-exempt interest expense allocation rules for financial institutions.

1 **PART VI—PARITY FOR TRANSPORTATION**2 **FRINGE BENEFITS**3 **SEC. 1151. INCREASED EXCLUSION AMOUNT FOR COM-**4 **MUTER TRANSIT BENEFITS AND TRANSIT**5 **PASSES.**6 (a) **IN GENERAL.**—Paragraph (2) of section 132(f)

7 is amended by adding at the end the following flush sen-

8 tence:

9 “In the case of any month beginning on or after the

10 date of the enactment of this sentence and before

11 January 1, 2011, subparagraph (A) shall be applied

12 as if the dollar amount therein were the same as the

13 dollar amount in effect for such month under sub-

14 paragraph (B).”

15 (b) **EFFECTIVE DATE.**—The amendment made by

16 this section shall apply to months beginning on or after

17 the date of the enactment of this section.

18 **Subtitle C—Tax Incentives for**19 **Business**20 **PART I—TEMPORARY INVESTMENT INCENTIVES**21 **SEC. 1201. SPECIAL ALLOWANCE FOR CERTAIN PROPERTY**22 **ACQUIRED DURING 2009.**23 (a) **EXTENSION OF SPECIAL ALLOWANCE.**—24 (1) **IN GENERAL.**—Paragraph (2) of section

25 168(k) is amended—

1 (A) by striking "January 1, 2010" and in-
2 serting "January 1, 2011", and

3 (B) by striking "January 1, 2009" each
4 place it appears and inserting "January 1,
5 2010".

6 (2) CONFORMING AMENDMENTS.—

7 (A) The heading for subsection (k) of sec-
8 tion 168 is amended by striking "JANUARY 1,
9 2009" and inserting "JANUARY 1, 2010".

10 (B) The heading for clause (ii) of section
11 168(k)(2)(B) is amended by striking "PRE-JAN-
12 UARY 1, 2009" and inserting "PRE-JANUARY 1,
13 2010".

14 (C) Subparagraph (B) of section 168(l)(5)
15 is amended by striking "January 1, 2009" and
16 inserting "January 1, 2010".

17 (D) Subparagraph (C) of section 168(n)(2)
18 is amended by striking "January 1, 2009" and
19 inserting "January 1, 2010".

20 (E) Subparagraph (B) of section
21 1400N(d)(3) is amended by striking "January
22 1, 2009" and inserting "January 1, 2010".

23 (3) TECHNICAL AMENDMENTS.—

24 (A) Subparagraph (D) of section 168(k)(4)
25 is amended—

1 (i) by striking "and" at the end of
2 clause (i),

3 (ii) by redesignating clause (ii) as
4 clause (iii), and

5 (iii) by inserting after clause (i) the
6 following new clause:

7 "(ii) 'April 1, 2008' shall be sub-
8 stituted for 'January 1, 2008' in subpara-
9 graph (A)(iii)(I) thereof, and".

10 (B) Subparagraph (A) of section
11 6211(b)(4) is amended by inserting
12 "168(k)(4)," after "53(e)".

13 (b) EXTENSION OF ELECTION TO ACCELERATE THE
14 AMT AND RESEARCH CREDITS IN LIEU OF BONUS DE-
15 PRECIATION.—

16 (1) IN GENERAL.—Section 168(k)(4) (relating
17 to election to accelerate the AMT and research cred-
18 its in lieu of bonus depreciation) is amended—

19 (A) by striking "2009" and inserting
20 "2010" in subparagraph (D)(iii) (as redesi-
21 gnated by subsection (a)(3)), and

22 (B) by adding at the end the following new
23 subparagraph:

24 "(H) SPECIAL RULES FOR EXTENSION
25 PROPERTY.—

1 “(i) TAXPAYERS PREVIOUSLY ELECT-
2 ING ACCELERATION.—In the case of a tax-
3 payer who made the election under sub-
4 paragraph (A) for its first taxable year
5 ending after March 31, 2008—

6 “(I) the taxpayer may elect not
7 to have this paragraph apply to exten-
8 sion property, but

9 “(II) if the taxpayer does not
10 make the election under subclause (I),
11 in applying this paragraph to the tax-
12 payer a separate bonus depreciation
13 amount, maximum amount, and max-
14 imum increase amount shall be com-
15 puted and applied to eligible qualified
16 property which is extension property
17 and to eligible qualified property
18 which is not extension property.

19 “(ii) TAXPAYERS NOT PREVIOUSLY
20 ELECTING ACCELERATION.—In the case of
21 a taxpayer who did not make the election
22 under subparagraph (A) for its first tax-
23 able year ending after March 31, 2008—

24 “(I) the taxpayer may elect to
25 have this paragraph apply to its first

1 taxable year ending after December
2 31, 2008, and each subsequent tax-
3 able year, and

4 “(II) if the taxpayer makes the
5 election under subclause (I), this
6 paragraph shall only apply to eligible
7 qualified property which is extension
8 property.

9 “(iii) EXTENSION PROPERTY.—For
10 purposes of this subparagraph, the term
11 ‘extension property’ means property which
12 is eligible qualified property solely by rea-
13 son of the extension of the application of
14 the special allowance under paragraph (1)
15 pursuant to the amendments made by sec-
16 tion 1201(a) of the American Recovery and
17 Reinvestment Tax Act of 2009 (and the
18 application of such extension to this para-
19 graph pursuant to the amendment made
20 by section 1201(b)(1) of such Act).”.

21 (2) TECHNICAL AMENDMENT.—Section
22 6211(b)(4)(A) is amended by inserting “168(k)(4),”
23 after “53(e),”.

24 (c) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to property placed in service after De-
4 cember 31, 2008, in taxable years ending after such
5 date.

6 (2) TECHNICAL AMENDMENTS.—The amend-
7 ments made by subsections (a)(3) and (b)(2) shall
8 apply to taxable years ending after March 31, 2008.

9 **SEC. 1202. TEMPORARY INCREASE IN LIMITATIONS ON EX-**
10 **PENSING OF CERTAIN DEPRECIABLE BUSI-**
11 **NESS ASSETS.**

12 (a) IN GENERAL.—Paragraph (7) of section 179(b)
13 is amended—

14 (1) by striking “2008” and inserting “2008, or
15 2009”, and

16 (2) by striking “2008” in the heading thereof
17 and inserting “2008, AND 2009”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2008.

21 **PART II—SMALL BUSINESS PROVISIONS**

22 **SEC. 1211. 5-YEAR CARRYBACK OF OPERATING LOSSES OF**
23 **SMALL BUSINESSES.**

24 (a) IN GENERAL.—Subparagraph (H) of section
25 172(b)(1) is amended to read as follows:

CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) |
|------|--------------------------------|--------------|-------------------------------------|---------------------|-------------------------|----------------------------|------------------------|---------------------------|------------------------------|--------------------------------------|----------------------|--|----------------------------|--|
| YEAR | PMT(BEN) REFLECTING CIAC | TAX BASIS | CALIFORNIA DEPRECIATION RATES | CALIFORNIA RATES | STATE TAX BENEFIT | MODIFIED MACRS RATES | FEDERAL TAX RATE | FEDERAL TAX BENEFIT | REMAINING CIAC PAYABLE | WTD. AVG. UNRECOVERED TAX PMT. | RATE OF RETURN | REVENUE REQUIREMENT ON REMAINING INVESTMENT | DISCOUNT FACTOR 0.12 | DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT |
| 1 | 438.4 | 1,000 | 2.857% | 8.840% | 2,5256 | 52.500% | 35.00% | 183,7500 | 252,1244 | 345,2622 | 17,000% | 56,6946 | 0.8929 | 52,4084 |
| 2 | | | 5.551% | | 4,9071 | 4.750% | | 15,7410 | 200,5363 | 226,3304 | 17,000% | 38,4762 | 0.7972 | 30,6730 |
| 3 | | | 5.234% | | 4,6269 | 4.275% | | 13,2450 | 182,6645 | 191,6004 | 17,000% | 32,5721 | 0.7118 | 23,1842 |
| 4 | | | 4.935% | | 4,3625 | 3.850% | | 11,8556 | 166,4463 | 174,5554 | 17,000% | 29,6744 | 0.6355 | 18,8586 |
| 5 | | | 4.653% | | 4,1133 | 3.465% | | 10,6006 | 151,7325 | 159,0894 | 17,000% | 27,0452 | 0.5674 | 15,3482 |
| 6 | | | 4.387% | | 3,8781 | 3.115% | | 9,4629 | 138,3915 | 145,0620 | 17,000% | 24,6605 | 0.5066 | 12,4938 |
| 7 | | | 4.137% | | 3,6571 | 2.950% | | 8,9677 | 125,7667 | 132,0791 | 17,000% | 22,4534 | 0.4523 | 10,1568 |
| 8 | | | 3.901% | | 3,4485 | 2.950% | | 9,0450 | 113,2732 | 119,5199 | 17,000% | 20,3184 | 0.4039 | 8,2063 |
| 9 | | | 3.678% | | 3,2514 | 2.955% | | 9,1355 | 100,8663 | 107,0798 | 17,000% | 18,2036 | 0.3606 | 6,5644 |
| 10 | | | 3.468% | | 3,0657 | 2.950% | | 9,1870 | 88,6336 | 94,7600 | 17,000% | 16,1092 | 0.3220 | 5,1867 |
| 11 | | | 3.270% | | 2,8907 | 2.955% | | 9,2695 | 76,4734 | 82,5535 | 17,000% | 14,0341 | 0.2875 | 4,0345 |
| 12 | | | 3.084% | | 2,7263 | 2.950% | | 9,3133 | 64,4339 | 70,4537 | 17,000% | 11,9771 | 0.2567 | 3,0742 |
| 13 | | | 2.908% | | 2,5707 | 2.955% | | 9,3883 | 52,4749 | 58,4544 | 17,000% | 9,9372 | 0.2292 | 2,2773 |
| 14 | | | 2.742% | | 2,4239 | 2.950% | | 9,4253 | 40,6257 | 46,5503 | 17,000% | 7,9135 | 0.2046 | 1,6193 |
| 15 | | | 2.585% | | 2,2851 | 2.955% | | 9,4841 | 28,8464 | 34,7361 | 17,000% | 5,9051 | 0.1827 | 1,0788 |
| 16 | | | 2.438% | | 2,1552 | 1.475% | | 4,3627 | 22,3285 | 25,5975 | 17,000% | 4,3499 | 0.1631 | 0,7096 |
| 17 | | | 2.299% | | 2,0323 | | | (0,7543) | 21,0505 | 21,8895 | 17,000% | 3,6872 | 0.1458 | 0,5370 |
| 18 | | | 2.168% | | 1,9165 | | | (0,7113) | 19,8453 | 20,4479 | 17,000% | 3,4761 | 0.1300 | 0,4520 |
| 19 | | | 2.040% | | 1,8034 | | | (0,6708) | 18,7128 | 19,2790 | 17,000% | 3,2774 | 0.1161 | 0,3805 |
| 20 | | | 2.040% | | 1,8034 | | | (0,6312) | 17,5406 | 18,1267 | 17,000% | 3,0815 | 0.1037 | 0,3194 |
| 21 | | | 2.040% | | 1,8034 | | | (0,6312) | 16,3684 | 16,9545 | 17,000% | 2,8823 | 0.0925 | 0,2668 |
| 22 | | | 2.040% | | 1,8034 | | | (0,6312) | 15,1963 | 15,7824 | 17,000% | 2,6830 | 0.0826 | 0,2217 |
| 23 | | | 2.040% | | 1,8034 | | | (0,6312) | 14,0241 | 14,6102 | 17,000% | 2,4837 | 0.0738 | 0,1853 |
| 24 | | | 2.040% | | 1,8034 | | | (0,6312) | 12,8520 | 13,4380 | 17,000% | 2,2845 | 0.0659 | 0,1505 |
| 25 | | | 2.040% | | 1,8034 | | | (0,6312) | 11,6798 | 12,2659 | 17,000% | 2,0852 | 0.0588 | 0,1227 |
| 26 | | | 2.040% | | 1,8034 | | | (0,6312) | 10,5076 | 11,0937 | 17,000% | 1,8859 | 0.0525 | 0,0990 |
| 27 | | | 2.040% | | 1,8034 | | | (0,6312) | 9,3355 | 9,9216 | 17,000% | 1,6867 | 0.0469 | 0,0791 |
| 28 | | | 2.040% | | 1,8034 | | | (0,6312) | 8,1633 | 8,7494 | 17,000% | 1,4874 | 0.0374 | 0,0623 |
| 29 | | | 2.040% | | 1,8034 | | | (0,6312) | 6,9912 | 7,5772 | 17,000% | 1,2881 | 0.0334 | 0,0482 |
| 30 | | | 2.040% | | 1,8034 | | | (0,6312) | 5,8190 | 6,4051 | 17,000% | 1,0889 | 0.0296 | 0,0363 |
| 31 | | | 2.040% | | 1,8034 | | | (0,6312) | 4,6468 | 5,2329 | 17,000% | 0,8896 | 0.0266 | 0,0285 |
| 32 | | | 2.040% | | 1,8034 | | | (0,6312) | 3,4747 | 4,0608 | 17,000% | 0,6903 | 0.0238 | 0,0218 |
| 33 | | | 2.040% | | 1,8034 | | | (0,6312) | 2,3025 | 2,8886 | 17,000% | 0,4911 | 0.0212 | 0,0167 |
| 34 | | | 2.040% | | 1,8034 | | | (0,6312) | 1,1304 | 1,7164 | 17,000% | 0,2918 | 0.0189 | 0,0082 |
| 35 | | | 2.040% | | 1,8034 | | | (0,6312) | (0,0416) | 0,5443 | 17,000% | 0,0925 | 0.0169 | -0,0005 |
| 36 | | | 1.025% | | 0,9061 | | | (0,6312) | (0,3167) | 0,1363 | 17,000% | (0,0305) | 0.0169 | 0,0004 |
| | | | 100.000% | | 88,4000 | 100.000% | | 318,7455 | | | | 378,1504 | | 198,8953 |
| | | | | | | | | 407,1455 | | | | 198,8953 | 1,000 | 19,8900% |
| | | | | | | | | | | | | | | 20,0000% |

407.46



James W. Yee
Supervisor of Advice Letters
James.Yee@sce.com

March 11, 2009

California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Attn: Honesto Gatchalian
Energy Division

Re: Substitute Sheets for Southern California Edison
Company's Advice 155-G

Dear Mr. Gatchalian:

Enclosed are the original and four copies of substitute sheets for Southern California Edison Company's (SCE) Advice 155-G, Tariff Revisions to Reflect a Decrease in Income Tax Component of Contribution Tax Factor.

Language in the "Proposed Modification" section on page 2 of the advice letter has been modified as follows:

This advice filing revises Section 3.a of Preliminary Statement, Part G, to reflect continue the temporary reduction of the ITCC Tax Factor from 0.31 to 0.20. The reduced factor shall be applicable to contributions associated with property which qualifies for the bonus depreciation of IRC Section 168(k) and received by SCE on or after March 1, ~~2009~~2008, and before January 1, 2010.

The "Effective Date" section of the advice letter and the "Requested effective date" on the summary sheet have been modified to indicate **January** 1, 2009, which is the effective date of the stimulus legislation, rather than March 1, 2009, as originally stated in Advice 155-G.

Please include these sheets in your master file for Advice 155-G and distribute the copies to the appropriate people reviewing Advice 155-G.

Should you have any questions, please contact me at (626) 302-2509.

Sincerely,

James W. Yee

JWY:sq
Enclosures

Mr. Honesto Gatchalian

Page 2

March 11, 2009

cc: Don Lafrenz, Energy Division
Maurice Monson, Energy Division
Maria Salinas, Energy Division
Parties on SCE's Gas GO 96-B service list