

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



May 7, 2009

Advice Letter 2321-E

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

**Subject: Disposition of the December 31, 2008 Balance Recorded
in the Quarterly Compliance Filings Audit Expense
Memorandum Account**

Dear Mr. Jazayeri:

Advice Letter 2321-E is effective March 15, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

February 13, 2009

ADVICE 2321-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Disposition of the December 31, 2008 Balance Recorded in the
Quarterly Compliance Filings Audit Expense Memorandum
Account

PURPOSE

Pursuant to Decision (D.) 03-12-062 and as set forth in Southern California Edison Company's (SCE) Preliminary Statement, Part N, Section 18, Quarterly Compliance Filings Audit Expense Memorandum Account (QCFAEMA), SCE files this Advice Letter to: 1) set forth the monthly entries recorded in the QCFAEMA during the calendar year 2008 for review; and 2) request the California Public Utilities Commission's (Commission) authorization to recover the amounts recorded in the QCFAEMA through generation rate levels.

BACKGROUND

In compliance with Ordering Paragraph No. 20 of D.03-12-062, SCE established the QCFAEMA to record audit expenses paid by SCE to the outside audit firm hired to review SCE's quarterly procurement-related compliance filings. On October 20, 2005, a Request for Proposal (RFP) was issued by the Commission for the Utilities Procurement Transactions Audit from January 1, 2004 through December 31, 2006. The energy procurement audit was originally scheduled to begin in December 2005; however the audit was delayed pending the re-issuance of a new RFP on February 9, 2006, which included supplemental and updated information deemed important and necessary by the Commission.

Virchow Krause & Company (Virchow) was selected by the Energy Division to perform compliance audits of the utilities' (Pacific Gas and Electric Company, San Diego Gas & Electric Company, and SCE) procurement transactions from 2004 through 2006, with all Audit Reports to be delivered on or before July 31, 2007. Subsequently, the contract with Virchow was extended through June 30, 2008 in order to audit 2007 procurement transactions and complete all audit reports.

The Commission ordered each utility to record its audit expenses in a memorandum account. Consequently, SCE established within Preliminary Statement, Part N, Section 18, the QCFAEMA to record all audit expenses paid by SCE to the outside audit firm related to the review of SCE's quarterly compliance filings. The balance recorded in the QCFAEMA will be transferred to the Energy Resource Recovery Account (ERRA) at the end of each year to be recovered in generation rate levels.

The Commission's Audit Branch, Fiscal Office, and Contracts Office reviews and verifies the expenditures submitted by the outside audit firm and approves them for payment by SCE.

RECORDED 2008 OPERATION OF THE QCFAEMA

Attachment A contains the operation of the QCFAEMA for the period January 1, 2008 through December 31, 2008, with a recorded ending balance of \$78,000. Pursuant to Preliminary Statement, Part N, Section 18, QCFAEMA, this amount was transferred to the ERRA on January 1, 2009 for recovery through future generation rates.

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

This advice filing will become effective on March 15, 2009, the 30th calendar day after the date filed.

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: inj@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 and R.01-10-024 service lists. 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 Vanessa Myers-Vournakis at (626) 302-6643 or by electronic mail at Vanessa.Myers@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:vm:jm
Enclosures

ATTACHMENT A
Quarterly Compliance Filings Audit Expense Memorandum Account (QCFAEMA)
2008
(\$000)

Line No.	Item	Recorded Jan	Recorded Feb	Recorded Mar	Recorded Apr	Recorded May	Recorded Jun	Recorded Jul	Recorded Aug	Recorded Sep	Recorded Oct	Recorded Nov	Recorded Dec	Annual Summary
1.	BEGINNING BALANCE:	140	0	3	3	3	3	3	53	53	59	59	59	140
2.	Provision Adjustment 1/	(140)	0	0	0	0	0	0	0	0	0	0	0	(140)
3.	Interest Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	Non-Provision Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	Adjusted Beginning Balance	0	0	3	3	3	3	3	53	53	59	59	59	0
6.	Audit-related Expenses	0	3	0	0	0	0	49	0	6	0	0	19	78
7.	UNDER/(OVER) COLLECTION	0	3	0	0	0	0	49	0	6	0	0	19	78
8.	INTEREST	0	0	0	0	0	0	0	0	0	0	0	0	1
9 *	ENDING BALANCE 2/	0	3	3	3	3	3	53	53	59	59	59	78	78
	Interest Rates	4.23%	3.25%	2.72%	2.35%	1.99%	2.00%	2.21%	2.18%	2.08%	2.13%	2.07%	1.45%	

* May not add due to rounding.

1/ Per Advice 2214-E, transfer of December 31, 2007 recorded balance to ERRA

2/ December 31, 2008 balance transfers to ERRA in January 2009

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) #: 2321-E

Tier Designation: 2

Subject of AL: Disposition of the December 31, 2008 Balance Recorded in the Quarterly Compliance Filings Audit Expense Memorandum Account

Keywords (choose from CPUC listing): Compliance, Memorandum Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.03-12-062

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: 3/15/09 No. of tariff sheets: -0-

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: _____

Service affected and changes proposed¹: None

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
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Rosemead, California 91770
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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