

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 4, 2008

File No.: 602-19

Akbar Jazayeri  
Vice President  
Southern California Edison  
P. O. Box 800  
ROSEMEAD CA 91770

FEB 08 2008

REVENUE &amp; TARIFFS DEPT.

Dear Mr. Jazayeri:

The Commission has received and filed the utility's Advice Letters Nos. 59-W, 60-W, and 61-W, together with the following revised Cal. P.U.C. tariff sheets that were submitted:

Advice Letter No. 59-W

418-W	Preliminary Statement Part L
419-W	Schedule W-1, General Metered Fresh Water Service
420-W	Forms 14-574.W, Water Statement
421-W	Table of Contents (continued)
422-W	Table of Contents

Advice Letter No. 60-W

423-W	Schedule W-1, General Metered Fresh Water Service
424-W	Table of Contents

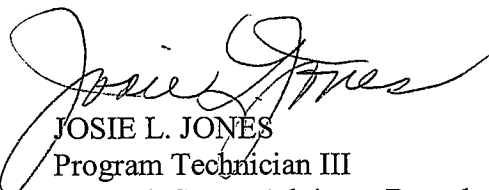
Advice Letter No. 61-W

425-W	Preliminary Statement Part M
426-W	Table of Contents

Please note that the advice letters submitted above had the wrong sheet numbers on them. I've made the corrections and enclosed a copy for your review.

Enclosed is a copy of the advice letters and tariff sheets, with the filing and effective dates shown, for the utility's files.

Very truly yours,

  
JOSIE L. JONES  
Program Technician III  
Water & Sewer Advisory Branch  
Enclosures

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December 4, 2007

**ADVICE 61-W**  
**(U 338-W)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
WATER DIVISION

**SUBJECT:** Establishment of the Purchased Power Expenses  
Memorandum Account, Pursuant to Resolutions W-4467 and  
W-4665

In compliance with California Public Utilities Commission (Commission) Resolution W-4467 and Resolution W-4665 (the Resolution), Southern California Edison Company (SCE) hereby submits the following changes to its tariff schedules, preliminary statements and filed forms. The revised tariff sheets are listed on Attachment A and are attached hereto.

**PURPOSE**

The purpose of this filing is to establish Preliminary Statement, Part M, Purchased Power Expenses Memorandum Account (PPEMA) to track the difference in actual and authorized purchased power expenses associated with the provision of water service on Santa Catalina Island (Catalina Island).

**BACKGROUND**

SCE's Catalina water service operation is classified as a Class C water utility serving approximately 1,515 residential and 392 non-residential customers on Catalina Island, which is located approximately 22 miles off the coast of Southern California in the Los Angeles County.

On December 9, 2005, SCE filed Advice W000144 to request authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase water revenues from Catalina Island, a Class C water utility, by 248% or \$3,220,390 over 2005 revenues, for a 9.07% return on rate base for Test Year 2006. The purpose of the rate increase was to recover increased operating expenses and to provide an adequate rate of return on plant investment.

The Resolution issued on November 1, 2007 authorized an increase of \$2,569,390, or 198% relative to 2005 revenues, for an 8.77% return on rate base<sup>1</sup> for test year 2006. SCE filed Advice 59-W on November 9, 2007 to establish revised water rates for 2007, as authorized in the Resolution. In addition to this rate change, the Resolution, in Ordering Paragraph No. 7 authorized SCE to establish a memorandum account to track changes in purchased power expenses associated with the provision of water service on Catalina Island. This order reaffirmed the Commission's directive in Resolution W-4467 to establish a memorandum account to record the purchased power costs to facilitate their recovery in the future.

### **Purchased Power Expenses Memorandum Account**

The PPEMA is being established pursuant to Resolution W-4467 to track the difference between (1) actual Purchased Power Expenses; and (2) the authorized Purchased Power Expenses adopted by the Commission in Resolution W-4665.

The authorized purchased power expenses for water service on Catalina Island adopted in W-4665 was calculated by: (1) taking the three-year (2003-2005) average power factor(kWh/1000 gallons) of net production data to obtain the average power factor; (2) multiplying that average power factor by the projected water production to obtain the projected power consumption; and (3) then the projected power consumption was multiplied by the 2005 composite power cost (\$/kWh) to arrive at the purchased power expense forecast. SCE believes the Catalina Island desalination plant may be used more frequently in the upcoming years than it was historically; therefore, SCE is requesting the establishment of the PPEMA to recover purchased power expenses in excess of the amounts authorized for 2007 of \$262 thousand and \$264 thousand for 2008.

SCE will seek recovery of recorded purchased power expenses in excess of the amount authorized. SCE will submit an annual advice letter to the Commission by March 1<sup>st</sup> for Commission review of the operation of the PPEMA and approval of any undercollected balance (actual purchased power expenses greater than authorized purchased powered expenses) included in water rates from the previous year.<sup>2</sup>

This advice filing will not cause the withdrawal of service, or conflict with any other schedule or rule.

### **TIER DESIGNATION**

Pursuant to D.07-01-024, Rule 5.1 (1), this advice letter is submitted with a Tier 1 designation.

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<sup>1</sup> Consistent with the return authorized for SCE's electric and gas operations in D.05-12-043.

<sup>2</sup> SCE will not file an advice letter to dispose of the PPEMA balance if the PPEMA is overcollected.

## **EFFECTIVE DATE**

SCE requests that this advice letter become effective on November 1, 2007, the effective date of the Resolution.

## **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 by the Water Division and SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

Director, Water Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [waterdivision@cpuc.ca.gov](mailto:waterdivision@cpuc.ca.gov)

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](mailto: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](mailto: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. 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and draft Resolution W-4665 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto: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](mailto: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 Karen Salvato at (626) 302-2504, or by electronic mail at [Karen.Salvato@sce.com](mailto:Karen.Salvato@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:ks:mm  
Enclosures

**CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
Advice Letter Filing Summary Sheet**

(Date Filed / Received Stamp by CPUC)

**Company Name:** Southern California Edison Company

**CPUC Utility Number:** U 338-W

**Address:** 2244 Walnut Grove Avenue

**City, State, ZIP:** Rosemead, CA 91770

<b>Filing AL #:</b> 61-W	<b>Requested Effective Date:</b> 11/1/2007	<input type="checkbox"/> <b>Resolution Required</b>	<b>Tier Designation:</b> 1
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	Name:	Email Address:	Phone No.:	Fax No.:
Filer	James Yee	<a href="mailto:James.Yee@sce.com">James.Yee@sce.com</a>	626-302-2509	626-302-4829
Certif.	James Yee	<a href="mailto:James.Yee@sce.com">James.Yee@sce.com</a>	626-302-2509	No. Tariff Sheets: 2

(Name, email address & Phone and FAX numbers are Required for "Filer")

**Annual Revenue Change:** \$ \_\_\_\_\_ %

**Date Filed with the CPUC:** 12/4/07

**Date Served to the Service List:** 12/4/07

**Tariff Schedules:** Schedule W-1 and Table of Contents

**Subject of Filing:** Establishment of the Purchased Power Expenses Memorandum Account, Pursuant to  
(Service(s) included) Resolutions W-4467 and W-4665

**Authorization for Filing:** Resolution W-4665 and W-4467  
(Resolution #, Decision #, etc.)

**Related Advice Letter(s):**  
(Similar service, replacement filing)

**Notes/Comments:**  
(Other information & reference to advice letter, etc.)

**Send Protest and/or Correspondence within 20 days to:**

Director, Water Division  
505 Van Ness Ave., San Francisco, CA 94102

**and if you have email capability, also email protest to:**

[water\\_division@cpuc.ca.gov](mailto:water_division@cpuc.ca.gov)

**Protest also must be served on utility:**

(see utility advice letter for more information)

(FOR CPUC USE ONLY)

WTS Program/Activity/Type  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Resolution Required

WD Suspension on: \_\_\_/\_\_\_/\_\_\_

Comm. Suspension on: \_\_\_/\_\_\_/\_\_\_

Resolution No.: W - \_\_\_\_\_

Supv. / Analyst: \_\_\_\_\_ / \_\_\_\_\_

Due Date to Supv.: \_\_\_\_\_

Analyst Completion Date: \_\_\_\_\_

Supervisor Approval Date: \_\_\_\_\_

AL / Tariff Effective Date: \_\_\_\_\_

Rev. 04/01/05

Notes: \_\_\_\_\_

Cal. P.U.C.  
Sheet No.

Title of Sheet

Cancelling Cal.  
P.U.C. Sheet No.

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Original 425-W

Preliminary Statement Part M

Revised 426-W

Table of Contents ToFC

Revised 424-W



PRELIMINARY STATEMENT

Sheet 1

M. Purchased Power Expenses Memorandum Account (PPEMA)

Purpose:

The purpose of the Purchased Power Expenses Memorandum Account (PPEMA) is to track the difference in actual and authorized Purchased Power Expenses associated with the provision of water service on Santa Catalina Island, pursuant Resolutions W-4665 and W-4467.

1. Entries to the PPEMA shall be made monthly as follows:

- a. A debit entry for recorded purchased power (electricity) expenses.
- b. A credit for the purchased power (electricity) expenses authorized in Resolution No. W-4665.

Interest shall accrue monthly by applying one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance. If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

2. Disposition of the PPEMA undercollected balances.

SCE shall submit an annual advice letter to the Commission by March 1<sup>st</sup> for the Commission to review the operation of the PPEMA and approve any undercollected PPEMA balance included in water rates from the previous year.

(To be inserted by utility)  
Advice 61-W  
Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Dec 4, 2007  
Effective Jan 3, 2008  
Resolution W-4665;W-4467



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(Continued)

(To be inserted by utility)  
Advice 61-W  
Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Dec 4, 2007  
Effective Jan 3, 2008  
Resolution W-4665;W-4467