

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 27, 2008

File No. 602-19

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

Dear Mr. Jazayeri:

The Commission has received and filed the utility's Advice Letter No. 62-W that was submitted in compliance with Resolution W-4665 dated November 1, 2007.

Enclosed is a copy of the advice letter, with an effective date of January 1, 2008, for the utility's files.

Very truly yours,

A handwritten signature in black ink, appearing to read "Josie R. Babaran".

JOSIE R. BABARAN
Staff Services Analyst
Water & Sewer Advisory Branch

Enclosures

February 19, 2008

ADVICE 62-W
(U 338-W)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
WATER DIVISION

SUBJECT: Revisions to SCE's 2008 Santa Catalina Island Water Revenue Requirement

PURPOSE

In compliance with Resolution W-4665, Southern California Edison Company (SCE) submits revisions to its authorized 2008 Santa Catalina Island (Catalina) water revenue requirement resulting from Decision (D.) 07-12-049, issued by the California Public Utilities Commission (Commission) on December 20, 2007.

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, which is located approximately 22 miles off the coast of southern California in the County of Los Angeles. Catalina's present water rates became effective on January 1, 2008 pursuant to Resolution W-4665 issued November 1, 2007.

Resolution W-4665 requires SCE to update its Catalina water revenue requirement within 60 days of the conclusion of its cost of capital proceeding. SCE's 2008 cost of capital decision, D.07-12-049, was issued on December 20, 2007 and adopted a 2008 authorized rate of return of 8.75 percent.

Resolution W-4665 also authorized SCE to establish the Deferred Revenue Requirement Tracking Account (DRRTA) to track the annual deferred revenue that results from the rate increase phase-in plan. The purpose of the DRRTA is to track that portion of SCE's authorized 2007 and 2008 Catalina water revenue requirement that is deferred until such deferred revenue is recovered.

2008 CATALINA WATER REVENUE REQUIREMENT

SCE has updated its 2008 Catalina water revenue requirement to \$4.559 million, a decrease of \$4,000 to reflect the change in its authorized rate of return on rate base to 8.75 percent. See Attachment A for the Summary of Earnings. SCE has also updated the DRRTA to reflect the revised 2008 revenue requirement. The resulting change in deferred revenue requirement is shown in Attachment B.

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

TIER DESIGNATION

Pursuant to D.07-01-024, Water Industry Rule 7.3.1(3), this advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

SCE requests that this advice letter become effective on January 1, 2008.

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:

Director, Water Division
CPUC
505 Van Ness Avenue
San Francisco, California 94102
E-mail: water_division@cpuc.ca.gov
Facsimile: (415) 703-2200

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, Resolution W-4665, and A.07-05-003 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 Karen Salvato at (626) 302-2504 or by electronic mail at Karen.Salvato@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:ks:sq
Enclosures

Attachment A
Southern California Edison Company
Catalina Island Water System

Summary of Earnings
Test Year 2006

| <u>Account</u> | <u>Category</u> | <u>2005</u> | <u>SCE Requested 2006 Amounts</u> | <u>Division Recommended 2006 Amounts</u> | <u>Division Recommended 2007 Amounts</u> | <u>Division Recommended 2008 Amounts</u> |
|-----------------------------------|--------------------------------------|----------------|---|--|--|--|
| <u>Operating Revenues:</u> | | | | | | |
| 460 | Flat Rate | - | - | - | - | - |
| 470 | Metered | \$ 1,300,610 | \$ 4,521,000 | \$ 3,870,000 | \$ 4,619,000 | \$ 4,559,000 |
| | Total | \$ 1,300,610 | \$ 4,521,000 | \$ 3,870,000 | \$ 4,619,000 | \$ 4,559,000 |
| <u>Operating Expenses</u> | | | | | | |
| 610 | Purchased Water | - | - | - | - | - |
| 615 | Purchased Power | 1,333,288 | 333,000 | 260,508 | 262,156 | 263,730 |
| | Purchased Chemicals | - | - | - | - | - |
| 618 | Other Volume Related Expenses | - | - | - | - | - |
| 630 | Employee Labor | 790,000 | 895,560 | 789,236 | 814,492 | 829,153 |
| 640 | Materials | 454,074 | 208,774 | 232,371 | 236,321 | 240,102 |
| 650 | Contract Work | 344,504 | 340,550 | 374,733 | 388,598 | 402,199 |
| | Water Testing | - | - | - | - | - |
| 660 | Transportation Expense | 60,818 | 69,061 | 75,778 | 77,520 | 78,823 |
| 664 | Other Plant Maintenance Expense | - | - | - | - | - |
| 670 | Office Salaries | 106,342 | 114,408 | 62,615 | 64,619 | 65,782 |
| 671 | Management Salaries | 1,685 | 1,809 | 63,752 | 65,792 | 66,976 |
| 674 | Employee Pension and Benefits | 1,021 | 851 | 914 | 943 | 960 |
| 676 | Uncollectibles | - | 10,850 | 9,288 | 11,086 | 10,942 |
| 678 | Office Service & Rentals | 1,248 | 1,506 | 1,373 | 1,424 | 1,474 |
| 681 | Office Supplies & Expenses | 2,690 | 3,083 | 3,366 | 3,424 | 3,478 |
| 682 | Professional Services | 140,092 | 328,308 | 147,657 | 153,120 | 158,479 |
| 684 | Insurance | - | - | - | - | - |
| 688 | Regulatory Commission Exp. | - | - | - | - | - |
| 689 | General Expenses | 261,059 | 286,089 | 414,417 | 421,462 | 428,205 |
| 800 | minus expenses capitalized | - | - | - | - | - |
| | Franchise fees | - | 45,210 | 38,700 | 46,190 | 45,590 |
| | Escalation | - | 197,000 | - | - | - |
| | Total Operating Expenses | \$ 3,496,821 | \$ 2,836,059 | \$ 2,474,707 | \$ 2,547,146 | \$ 2,595,893 |
| <u>Total Deductions</u> | | | | | | |
| 403 | Depreciation | \$ 333,000 | \$ 438,000 | \$ 333,000 | \$ 480,000 | \$ 480,000 |
| 408 | Taxes other than Income | 144,000 | 144,000 | 144,000 | 144,000 | 144,000 |
| | Total Deductions | \$ 477,000 | \$ 582,000 | \$ 477,000 | \$ 624,000 | \$ 624,000 |
| | Total Deductions and Expenses | \$ 3,973,821 | \$ 3,418,059 | \$ 2,951,707 | \$ 3,171,146 | \$ 3,219,893 |
| | Net income before taxes | \$ (2,673,211) | \$ 1,102,941 | \$ 918,293 | \$ 1,447,854 | \$ 1,339,107 |
| | Income Taxes | \$ (866,000) | \$ 317,000 | \$ 194,142 | 495,921 | 431,639 |
| | Net Revenue | \$ (1,807,211) | \$ 785,941 | \$ 724,151 | \$ 951,932 | \$ 907,468 |
| <u>Rate Base:</u> | | | | | | |
| | Average Plant | \$ 11,119,543 | \$ 8,668,000 | \$ 14,170,500 | 16,861,000 | 16,861,000 |
| | Average Depr. Res. | \$ (5,641,184) | - | \$ (5,910,500) | (6,010,000) | (6,490,000) |
| | Net Plant | \$ 5,478,359 | \$ 8,668,000 | \$ 8,260,000 | \$ 10,851,000 | \$ 10,371,000 |
| | Rate Base | \$ 5,478,359 | \$ 8,668,000 | \$ 8,260,000 | \$ 10,851,000 | \$ 10,371,000 |
| | Rate of Return | -32.99% | 9.07% | 8.77% | 8.77% | 8.75% |

Attachment B
Southern California Edison Company
Catalina Island Water System

Revenue Phase-in Plan

| | | |
|--|-----------|------------------|
| 2007 revenue requirements | \$ | 4,619,000 |
| 2007 recommended phase-in revenue | \$ | 3,000,000 |
| 2007 deferred revenue ⁽¹⁾ | \$ | 197,667 |
| 2007 total revenue collections | \$ | 3,000,000 |
| 2008 revenue requirements | \$ | 4,559,000 |
| 2008 recommended phase-in revenue | \$ | 3,850,000 |
| 2008 deferred revenue | \$ | 709,000 |
| 2008 collection of 2007 deferred revenue | \$ | 65,889 |
| 2008 total revenue collections | \$ | 3,915,889 |
| 2009 revenue requirements | \$ | 4,695,770 |
| 2009 recommended phase-in revenue | \$ | 4,695,770 |
| 2009 deferred revenue | \$ | - |
| 2009 collection of 2007 deferred revenue | \$ | 65,889 |
| 2009 collection of 2008 deferred revenue | \$ | 354,500 |
| 2009 total revenue collections | \$ | 5,116,159 |
| 2010 revenue requirements | \$ | 4,836,643 |
| 2010 recommended phase-in revenue | \$ | 4,836,643 |
| 2010 deferred revenue | \$ | - |
| 2010 collection of 2007 deferred revenue | \$ | 65,889 |
| 2010 collection of 2008 deferred revenue | \$ | 354,500 |
| 2010 total revenue collections | \$ | 5,257,032 |

**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

Filing AL #: 62-W

Requested Effective Date: 1/1/08

Resolution Required?

Tier Designation: 1

| | Name: | Email Address: | Phone No.: | Fax No.: |
|----------------|--------------|--|-------------------|------------------------|
| Filer | James Yee | James.Yee@sce.com | 626-302-2509 | 626-302-4829 |
| Certif. | James Yee | advicetariffmanager@sce.com | 626-302-2509 | No. Tariff Sheets: -0- |

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

Annual Revenue Change: \$ _____ %

Date Filed with the CPUC: 2/19/08

Date Served to the Service List: 2/19/08

Tariff Schedules: None

Subject of Filing: Revisions to SCE's 2008 Santa Catalina Island Water Revenue Requirement
(Service(s) included)

Authorization for Filing: Resolution W-4665 and Decision 07-12-049
(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

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 - _____

Rev. 04/01/05

Supv. / Analyst: _____ / _____

Due Date to Supv.: _____

Analyst Completion Date: _____

Supervisor Approval Date: _____

AL / Tariff Effective Date: _____

Notes: _____