
April 29, 2008

ADVICE 64-W
(U 338-W)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
WATER DIVISION

SUBJECT: Submission of a Revised Ground Water Modeling Study for
SCE's Catalina Water Utility

PURPOSE

In compliance with Resolution W-4665 (Resolution) authorizing a general rate increase for water service on Santa Catalina Island (Catalina), Southern California Edison Company (SCE) hereby submits for filing an update to its ground water modeling study to determine whether a revision to its safe annual yield is warranted.

BACKGROUND

On December 9, 2005, SCE filed Advice W000144 to request authority under Section VI of General Order (GO) 96-A and Section 454 of the Public Utilities Code to increase authorized water revenues for SCE on Catalina, a Class C water utility, by 248 percent or \$3,220,390 over 2005 revenues, for a 9.07 percent 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. SCE proposed that the 2006 revenue increase be phased in over a three-year period in order to mitigate the impact of this rate increase on its Catalina water service customers. SCE included a proposal to modify its existing rate design for water service on Catalina to include a third tier volumetric rate, for high usage customers, to encourage conservation of water resources.

The Resolution, issued on November 1, 2007, authorized an increase of \$2,569,390, or 198 percent relative to 2005 revenues, for an 8.77 percent return on rate base for Test Year 2006. This results in Test Year 2006 revenue of \$3,870,000. In order to mitigate the impacts on Catalina customers, the authorized revenue requirement increase will be phased in over four years from 2007 to 2010. The Resolution also adopted rates for 2007 and 2008 and approved SCE's proposal to change the current two-tier rate

structure to a three-tier structure. SCE implemented authorized 2007 rates on November 15, 2007 (Advice 59-W) and authorized 2008 rates on January 1, 2008 (Advice 60-W).

Ordering Paragraph 11 of the Resolution requires that SCE file an advice letter and submit a ground water modeling study to the Commission within 180 days of the effective date of the resolution demonstrating whether a revision to SCE's safe annual yield is warranted.

No cost information is required for this advice filing.

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

STUDY RESULTS

Based on an update to the safe annual yield study performed by SCE in 1990, SCE does not believe a revision to the current safe annual yield of 600 acre-feet is warranted at this time.

The currently authorized safe annual yield of 600 acre-feet consists of the following water sources:

Water Source	Values (acre-feet)
Middle Ranch Reservoir	372
Cottonwood	52
Howland's Landing	32
Poultry Farm Tunnel	7
Golf Links Tunnel	3
Bullrush	24
Eagle's Nest	32
Sweetwater	13
St. Catherine's	16
Toyon	16
Desalination Plant	85
Subtotal	652
Leakage	(52)
Total	600

Since the time this safe annual yield was authorized in 1990, no new water sources have been developed on Santa Catalina Island. In fact, several of the water sources included in this safe annual yield are no longer providing water to the system and should be removed from the calculation. Sources no longer providing water include the St. Catherine wells, the Poultry Farm tunnels, and the Golf Links tunnels.

The St. Catherine wells have not operated for nearly twenty years, and are not presently equipped with pumps. Because of this inactivity, these wells would require significant rehabilitation in order to be made operational, and it is possible these wells would not produce even if returned to service.. In that case, additional wells would need to be constructed and original wells abandoned.

The Poultry Farms and Golf Links Tunnels derive their water from natural springs equipped with spring boxes, and the water is conveyed through pipelines laid in small tunnels. These systems have not operated in years and may no longer be operational. Development of water from these springs would require construction of production wells, conveyance piping and electrical power lines.

Removal of these three sources of water reduces the safe annual yield total to 574 acre-feet a year. SCE recommends that this shortfall be made up by increasing the safe annual yield of the desalination plant, which SCE believes is capable of safely producing more than the 85 acre-feet included in the authorized 1990 safe annual yield.

Based on the information above, SCE proposes revising the safe annual yield as shown in the table below:

Water Source	1990 Totals (acre feet)	2008 Totals (acre feet)
Middle Ranch Reservoir	372	372
Cottonwood	52	52
Howland's Landing	32	32
Poultry Farm Tunnel	7	0
Golf Links Tunnel	3	0
Bullrush	24	24
Eagle's Nest	32	32
Sweetwater	13	13
St. Catherine's	16	0
Toyon	16	16
Desalination Plant	85	111
Subtotal	652	652
Leakage	(52)	(52)
Total	600	600

Production data for sources included in the study have been relatively consistent over the past four years, averaging an annual water production level of 585.4 acre-feet per year from 2004-2007. The annual production level, by source, is included in the following table:

(in acre feet)	2004	2005	2006	2007	4-Yr Avg
Middle Ranch Well 1A	125.8	136.7	111.7	31.5	101.4
Middle Ranch Well 5A	81.9	94.2	57.4	131.9	91.4
Middle Ranch Well 6	112.8	101.5	162.4	207.4	146.0
Cottonwood Well 1A	23.5	38.5	33.0	28.8	31.0
Cottonwood Well 2	22.5	4.9	16.4	6.8	12.7
Howland's Landing	33.4	33.6	42.5	36.0	36.4
Poultry Farm Tunnel	0.0	0.0	0.0	0.0	0.0
Golf Links Tunnel	0.0	0.0	0.0	0.0	0.0
Bullrush	8.9	6.9	5.9	0.0	5.4
Eagle's Nest	0.0	0.0	0.0	0.0	0.0
Sweetwater	20.0	1.0	13.9	8.8	10.9
St. Catherine's	0.0	0.0	0.0	0.0	0.0
Toyon	15.1	17.6	14.7	13.2	15.2
Desalination Plant	154.2	131.6	140.1	114.6	135.1
Total Production	598.1	566.5	598.0	579.0	585.4

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

This advice filing will become effective on May 29, 2008, 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:

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

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, 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 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 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 Daniel Marsh at (626) 302-6586 or by electronic mail at Daniel.marsh@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:dm:jm
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

Filing AL #: 64-W

Requested Effective Date: 5/29/08

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: None

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

Annual Revenue Change: \$ _____ %

Date Filed with the CPUC: 4/29/08

Date Served to the Service List: 4/29/08

Tariff Schedules:

Subject of Filing: Submission of a Revised Ground Water Modeling Study for SCE's Catalina Water Utility
(Service(s) included)

Authorization for Filing: Resolution W-4665
(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: _____