



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE **FILED**

STATE OF CALIFORNIA

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Application of Southern California Edison)
Company (U 338-E) for Authority to Establish Its)
Authorized Cost of Capital for Utility Operations)
for 2013 and to Reset the Annual Cost of Capital)
Adjustment Mechanism)

A. 12-04-
A1204015

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
AUTHORITY TO ESTABLISH ITS AUTHORIZED COST OF CAPITAL FOR UTILITY
OPERATIONS FOR 2013 AND TO RESET THE ANNUAL COST OF CAPITAL
ADJUSTMENT MECHANISM**

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Dated: **April 20, 2012**

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
AUTHORITY TO ESTABLISH ITS AUTHORIZED COST OF CAPITAL FOR UTILITY
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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
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Application of Southern California Edison)
Company (U 338-E) for Authority to Establish Its) A. 12-04-__
Authorized Cost of Capital for Utility Operations)
for 2013 and to Reset the Current Annual Cost of)
Capital Adjustment Mechanism)

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
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OPERATIONS FOR 2013 AND TO RESET THE ANNUAL COST OF CAPITAL
ADJUSTMENT MECHANISM**

Pursuant to the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure and applicable Commission decisions, Southern California Edison Company (SCE) hereby files its application for authority to establish its authorized cost of capital for utility operations in 2013 and to reset the current annual cost of capital adjustment mechanism (Application).¹ In this Application, SCE requests that the Commission find reasonable and authorize:

- The continuation of SCE’S capital structure for 2013 at the currently authorized 48% common equity, 43% long-term debt, and 9% preferred stock;
- SCE’s return on common equity of 11.10% for 2013;

¹ Decision (D.)08-05-035, Ordering Paragraph No. 1 (setting SCE’s, San Diego Gas & Electric Company’s (SDG&E), and Pacific Gas and Electric Company’s (PG&E) first triennial cost of capital application filing date for April 20, 2010); D.09-10-016, Ordering Paragraph No. 1 (modifying date of first triennial application filing for SCE and PG&E to April 20, 2012). SDG&E’s application filing date was subsequently extended to April 20, 2012, as well, pursuant to D.10-01-017. *See also*, Rate Case Plan, D.89-01-040, Appendix C.

- SCE's embedded cost of debt of 5.53% for 2013;
- SCE's embedded cost of preferred equity of 5.86% for 2013;
- Based on the preceding capital structure and cost factors, SCE's weighted average return on rate base of 8.24% for 2013; and,
- The reset of SCE's current cost of capital mechanism for a three-year term (including 2013), so that SCE's next cost of capital application will be filed in early 2015, for 2016.²

SCE calculated the revenue requirement impact of its proposed cost of capital and capital structure using its currently authorized 2011 GRC rate base, which results in a projected revenue requirement decrease of \$92.8 million in 2013. If SCE's pending GRC application is adopted, including the proposed post-test year ratemaking mechanism, the revenue requirement resulting from this cost of capital application would be a \$128 million decrease in 2013.

I.

PROCEDURAL BACKGROUND

On December 20, 2007, the Commission issued D.07-12-049, which established a cost of capital structure for SCE, SDG&E and PG&E.³ In D.08-05-035, the Commission established a uniform cost of capital mechanism (CCM) for SCE, SDG&E, and PG&E. The CCM provides that "[i]n any year where the difference between the current 12-month October through

² Under that mechanism, SCE's cost of capital would be subject to adjustment in 2014 and 2015 based on changes in interest rates outside a "deadband." The mechanism is discussed further below and in the prepared testimony accompanying this application.

³ SCE's 2008 cost of capital decision, D.07-12-049, miscalculated the weighted average cost of capital. SCE's authorized rate of return in that decision, 8.75%, was computed as the sum of the weighted costs of common equity, preferred stock, and long-term debt. However, in computing the weighted cost of preferred stock, the decision multiplied the percentage of preferred stock (9%) times the embedded cost of preferred stock (6.01%) and arrived at a weighted cost component of 0.55%, rather than 0.54%. Correcting for this miscomputation would have yielded 8.74% rather than the 8.75% adopted in that proceeding. Although the bar against retroactive ratemaking could be invoked to avoid an adjustment to SCE's 2008-2011 revenue requirements, SCE has decided in the interest of our customers to make a voluntary adjustment to its Base Revenue Requirement Balancing Account to refund the cumulative effect of the difference between 8.75% and 8.74%, plus interest at the balancing account rate, and provide supporting calculations in the next annual Energy Resource Recovery Account (ERRA) proceeding. Because the rate of return difference would also affect SCE's pending 2012 general rate case, SCE has separately notified the Administrative Law Judge and parties to that proceeding.

September average Moody's utility bond rates and the benchmark exceeds a 100-basis point trigger, an automatic adjustment to the utilities' returns on equity (ROE) shall be made by an October 15 advice letter to become effective on January 1 of the next year...."⁴ D.08-05-035 also changed the filing date of the utilities' cost of capital applications from an annual basis to once every three years. Specifically, D.08-05-035 specified that each of the utilities would file a full cost of capital application on a triennial basis beginning on April 20, 2010.

Due to projected increases in the 2009 interest rate indexes as a result of the Lehman Brothers 2008/2009 bankruptcy, SCE and PG&E were expected to trigger return on equity adjustments under the CCM in 2009, which would have increased both utilities' authorized costs of capital and revenue requirements beginning January 2010. Therefore, joint petitions to modify D.08-05-035 were filed by both SCE and Division of Ratepayer Advocates (DRA) and PG&E and DRA (Petitions to Modify), asking the Commission to authorize extensions of their currently authorized returns on equity through 2010, and to extend the date for filing a full cost of capital application to 2012, for test year 2013.

In D.09-10-016, the Commission granted the Petitions to Modify of SCE/DRA and PG&E/DRA by authorizing SCE and PG&E to extend their authorized returns through 2010, and extend their date for filing a full cost of capital application from April 20, 2010 to April 20, 2012, for the test year 2013. In D.10-01-017, SDG&E's authorized return was also extended and the date set for SDG&E to file a full cost of capital application was aligned to April 20, 2012.

Pursuant to the decisions above, SCE is required to file a full cost of capital application, on or before April 20, 2012 of each third year for the following test year.

Consistent with the directives of state law, Commission rulings, and SCE's assessment of the electricity industry in the prepared testimony accompanying this application, SCE addresses the following issues critical to any assessment of its cost of capital: business and regulatory risk,

⁴ D.08-05-035, Ordering Paragraph No. 2, p. 21.

debt equivalence, interest rates and general economic conditions, capital structure, and return on debt, common equity, and preferred equity.

II.

SCE'S REQUESTED COST OF CAPITAL FOR 2013

SCE requests Commission authorization of the following capital structure, costs of long-term debt and preferred equity, and return on common equity, to become effective January 1, 2013:

2013 Recommended Cost of Capital for SCE

Component	Percentage	Cost	Weighted Cost
Long-Term Debt	43.00%	5.53%	2.38%
Preferred Equity	9.00%	5.86%	0.53%
Common Equity	48.00%	11.10%	5.33%
Total	100.00%		8.24%

This rate of return is based on SCE's assessment of each cost of capital component on an integrated basis.

When ruling on SCE's requested cost of capital, the Commission should consider four principles set forth by the U.S. Supreme Court:

- The return should be comparable to those of similar investments with similar risk profiles;
- The return should be sufficient to maintain the utility's credit status;
- The return should allow the utility to attract the capital necessary to provide proper service to customers; and

- The return should be sufficient to ensure confidence in the financial soundness of the utility.⁵

These principles strike the appropriate balance between a reasonable shareholder return and the interests of customers in reasonable rates.

III.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Procedural Authority

Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and, (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below. The relief being sought is summarized above and is further described in the testimony accompanying this Application (Exhibit SCE-1, entitled *Testimony Supporting Southern California Edison's Application for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2013 and to Reset the Annual Cost of Capital Adjustment Mechanism*).⁶ The statutory and other authority under which this relief is being sought include Decision Nos. 07-12-049 and 08-05-035, as modified by D.09-10-016, which authorizes an April 20, 2012 filing date for SCE's Cost of Capital Application. In addition, this request complies with the Commission's Rules of Practice and Procedure, D.89-01-040, other prior decisions, orders, and resolutions.

⁵ See *Bluefield Waterworks & Improvement Co. v. Public Service Commission of West Virginia, et al.*, 262 U.S. 679 (1923), *Federal Power Commission, et al. v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

⁶ The Rate Case Plan Decision (D.)89-01-040, Appendix C, requires that SCE serve workpapers showing calculations of documentation to support its application on the Division of Ratepayer Advocates (DRA) on the same day the application is filed. On April 13, 2012, Robert Mark Pocta, on behalf of DRA, agreed to accept SCE's workpapers within seven days of the filing date of this application, *i.e.*, by April 27, 2012.

B. Proposed Categorization, Need for Hearings, Issues to Be Considered, and Proposed Schedule – Rule 2.1

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.” SCE proposes this application be designated a “ratesetting” proceeding, as defined in California Public Utilities Code §1701.1(c)(3) and Rule 1.3(e). The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE’s request. Assuming evidentiary hearings are necessary, SCE’s proposed procedural schedule is as follows:

DAY	DATE	DAY OF WEEK	EVENT
0	April 20, 2012	Friday	Application Filed
7	April 27, 2012	Friday	ALJ, Staff counsel, and Commissioner Assigned
33	May 23, 2012	Wednesday	Protests and responses due (assuming on PUC calendar April 23)
35	May 25, 2012	Friday	Applicants reply to protests and/or submit prehearing conference statements
40	May 30, 2012	Wednesday	Prehearing Conference
56	June 15, 2012	Friday	Scoping memo and proceeding schedule
84	July 13, 2012	Friday	DRA and intervenor testimony due; utility may file updated testimony (limited to certain issues)
119	August 17, 2012	Friday	Rebuttal testimony due
122	August 20, 2012	Monday	Case management statement (witness order)
129	August 27, 2012	Monday	Hearings begin
133	August 31, 2012	Friday	Hearings end
145	September 12, 2012	Wednesday	Late-filed exhibit (interest rate update); filed.
152	September 19, 2012	Wednesday	Opening briefs due
161	September 28, 2012	Friday	Reply briefs due
189	October 26, 2012	Friday	Proposed decision due
209	November 15, 2012	Thursday	Opening comments due (20 days)
214	November 20, 2012	Tuesday	Reply comments due (5 days)
223	November 29, 2012	Thursday	Final decision scheduled

C. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

SCE is a public utility organized and existing under the laws of the State of California. SCE's principal place of business is located at 2244 Walnut Grove Avenue, Rosemead, California 91770. SCE is a wholly-owned subsidiary of Edison International, a public utility holding company duly organized consistent with the Public Utility Holding Company Act of 1935 and incorporated in the State of Delaware. Correspondence or communications regarding this application should be addressed to:

Angelica Maria Morales
Attorney, Law Department
Southern California Edison Company
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Facsimile: (626) 302-6795
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To request a copy of this Application, please contact:

Case Administration
Law Department
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone: (626) 302-6809
Facsimile: (626) 302-3119
E-mail: case.admin@sce.com

D. Organization And Qualification To Transact Business – Rule 2.2

A copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission's Rules of Practice and Procedure.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and is by reference made a part hereof.

E. Balance Sheet and Income Statement – Rule 3.2(a)(1)

Appendix A to this application contains copies of SCE's balance sheet as of December 31, 2011, and income statement for the period ended December 31, 2011, the most recent period available.

F. Present and Proposed Rates – Rule 3.2(a)(2) and (a)(3)

SCE calculated the revenue requirement impact of its proposed cost of capital and capital structure using its currently authorized 2011 GRC rate base, which results in a projected revenue requirement decrease of \$92.8 million in 2013. If SCE's pending GRC application is adopted, including the proposed post-test year ratemaking mechanism, the revenue requirement resulting from this cost of capital application would be a \$128 million decrease in 2013. SCE proposes to consolidate the revenue requirement change adopted in this proceeding with revenue requirement changes from other SCE applications. If the revenue requirement change caused by this application were to be allocated on a system average percentage basis, the projected change by customer group would be as shown below.

Customer Group Revenue Impact Cost of Capital Application for 2013				
			Bundled	
Customer Group	Revenue Change (\$000)	% Change	Present Rates (¢/kWh)	Proposed Rates (¢/kWh)
Residential	-44,494	-0.99%	16.06	15.91
Lighting - Small and Medium Power	-32,588	-0.79%	15.27	15.15
Large Power	-12,670	-0.60%	10.20	10.13
Agricultural and Pumping	-2,813	-0.79%	11.66	11.56
Street and Area Lighting	-301	-0.23%	18.13	18.09
Total	-92,866	-0.83%	14.30	14.18

G. Description Of SCE’s Property and Utility System – Rule 3.2(a)(4)

Because this submittal is not a general rate application, this requirement is not applicable.

H. Summary of Earnings – Rule 3.2(a)(5)

Rule 3.2(a)(5) requires a summary of earnings (rate of return summary) on a depreciated rate base for the test period or periods upon which applicant bases its justification for an increase. SCE’s January 2011 Summary of Earnings is attached hereto as Appendix C.

I. Depreciation – 3.2(a)

Because this submittal is not a general rate application, this requirement is not applicable.

J. Capital Stock and Proxy Statement – Rule 3.2(a)(8)

Because this submittal is not a general rate application, this requirement is not applicable.

K. Statement Pursuant to Rule 3.2(a)(10)

Rule 3.2(a)(10) requires that the “application of electrical . . . corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it.” SCE’s Application proposes a rate decrease. In this application filing, SCE has requested that the Commission review and authorize a cost of capital for 2013, and reset the cost of capital mechanism to determine cost of capital for 2014 and 2015. The authorized cost of capital determines the return to be included in SCE’s Commission-jurisdictional revenue requirements. In this proceeding, the Commission will determine both the capital structure and the reasonable costs of long-term debt, preferred equity, and common equity that are the components of the authorized cost of capital. The authorized cost of capital adopted in this application will be applied to the 2013 rate base to be authorized in SCE’s pending GRC application.

L. Notice and Service of Application – Rule 3.2(b), (c) and (d)

In this Application, SCE is requesting a rate decrease, not a rate increase.⁷ Nonetheless, SCE will provide notice to customers in the forms prescribed in Rule 3.2. Rule 3.2(b) requires notice in general terms of the proposed increase in rates to be mailed to the designated officials of the state and the counties and cities listed in Appendix B to this Application. Rule 3.2(c) requires notice to be published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective. A list of the cities and counties affected by the decrease proposed in this application is attached as Appendix B. Finally, Rule 3.2(d) requires notice to be furnished to customers affected by the proposed decrease by including such notice with the regular bills mailed to those customers. SCE will provide these

⁷ Public Utilities Code § 454(a) requires customer notice for a rate “change.” Rule 3.2 requires notice for a rate “increase.”

three forms of notice and also file proof of its compliance with Rule 3.2, as proscribed by Rule 3.2(e).

IV.

CONCLUSION

SCE respectfully requests that the Commission:

1. Find reasonable and authorize SCE to maintain a capital structure for 2013 of 48% common equity, 43% long-term debt, and 9% preferred equity;
2. Find reasonable and authorize SCE a return on common equity of 11.10% for 2013, an embedded cost of debt of 5.53% for 2013, and an embedded cost of preferred equity of 5.86% for 2013;
3. Based on the preceding capital structure and cost factors, find reasonable and authorize a weighted average return on utility rate base of 8.24% for 2013;
4. Authorize the reset of SCE's current cost of capital mechanism to determine SCE's cost of capital for 2014 and 2015;⁸
5. Render such other Findings of Fact, Conclusions of Law, and issuing orders consistent with the foregoing request; and

⁸ As this application will reset SCE's authorized cost of capital for 2013, consistency requires that a new starting point for the cost of capital mechanism be established. That starting point should be the 12-month average of the Moody's Baa long-term bond yield for utilities for the period from October 2011 through September 2012.

6. Grant such other relief as the Commission finds to be just and reasonable.

Respectfully submitted,

FRANK A. MCNULTY
ANGELICA M. MORALES

/s/ Angelica M. Morales

By: Angelica M. Morales
Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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April 20, 2012

VERIFICATION

I am a Senior Vice President & Chief Financial Officer of Southern California Edison Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **20th day of April, 2012**, at Rosemead, California.

/s/ Linda G. Sullivan

By: Linda G. Sullivan
Senior Vice President & Chief Financial Officer

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

Appendix A

SCE's Balance Sheet

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2011

A S S E T S

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$30,061
Less - Accumulated depreciation	(6,894)
	<hr/> 23,167
Construction work in progress	3,922
Nuclear fuel, at amortized cost	480
	<hr/> 27,569

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$107	73
Nuclear decommissioning trusts	3,592
Other Investments	93
	<hr/> 3,758

CURRENT ASSETS:

Cash and cash equivalents	57
Receivables, less allowances of \$75 for uncollectible accounts	760
Accrued unbilled revenue	519
Inventory	350
Prepaid taxes	278
Derivative assets	65
Regulatory assets	494
Other current assets	89
	<hr/> 2,612

DEFERRED CHARGES:

Regulatory assets	5,815
Derivative assets	70
Other long-term assets	491
	<hr/> 6,376
	<hr/> \$40,315

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2011
CAPITALIZATION AND LIABILITIES
(Millions of Dollars)

CAPITALIZATION:

Common stock	\$2,168
Additional paid-in capital	596
Accumulated other comprehensive loss	(24)
Retained Earnings	6,173
Common shareholder's equity	<u>8,913</u>
Preferred and preference stock	1,045
Long-term debt	<u>8,431</u>
	<u>18,389</u>

CURRENT LIABILITIES:

Short-term debt	419
Accounts payable	1,319
Accrued taxes	49
Accrued interest	167
Customer deposits	199
Derivative liabilities	266
Regulatory liabilities	670
Other current liabilities	759
	<u>3,848</u>

DEFERRED CREDITS:

Deferred income taxes	5,781
Deferred investment tax credits	84
Customer advances	138
Derivative liabilities	805
Pensions and benefits	2,461
Asset retirement obligations	2,610
Regulatory liabilities	4,670
Other deferred credits and other long-term liabilities	1,529
	<u>18,078</u>
	<u>\$40,315</u>

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME

12 MONTHS ENDED DECEMBER 31, 2011

(Millions of Dollars)

OPERATING REVENUE	<u>\$10,577</u>
OPERATING EXPENSES:	
Fuel	367
Purchased power	2,989
Operation and maintenance	3,387
Depreciation, decommissioning and amortization	1,426
Property and other taxes	285
Total operating expenses	<u>8,454</u>
OPERATING INCOME	2,123
Interest income	5
Other income	135
Interest expense	(463)
Other expenses	(55)
INCOME BEFORE INCOME TAX	<u>1,745</u>
INCOME TAX EXPENSE	601
NET INCOME	<u>1,144</u>
Less: Dividends on preferred and preference stock	<u>59</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u>\$1,085</u>

Appendix B

Cities and Counties

Citizens or some of the citizens of the following counties and municipal corporations will or may be affected by the changes in rates proposed herein.

COUNTIES

Fresno	Kings	Orange	Tuolumne*
Imperial	Los Angeles	Riverside	Tulare
Inyo	Madera	San Bernardino	Ventura
Kern	Mono	Santa Barbara	

MUNICIPAL CORPORATIONS

Adelanto	Cudahy	Irwindale	Newport Beach	Santa Barbara
Agoura Hills	Culver City	La Canada Flintridge	Norco	Santa Clarita
Alhambra	Cypress	La Habra	Norwalk	Santa Fe Springs
Aliso Viejo	Delano	La Habra Heights	Ojai	Santa Monica
Apple Valley	Desert Hot Springs	La Mirada	Ontario	Santa Paula
Arcadia	Diamond Bar	La Palma	Orange	Seal Beach
Artesia	Downey	La Puente	Oxnard	Sierra Madre
Avalon	Duarte	La Verne	Palm Desert	Signal Hill
Baldwin Park	Eastvale	Laguna Beach	Palm Springs	Simi Valley
Barstow	El Centro	Laguna Hills	Palmdale	South El Monte
Beaumont	El Monte	Laguna Niguel	Palos Verdes Estates	South Gate
Bell	El Segundo	Laguna Woods	Paramount	South Pasadena
Bell Gardens	Exeter	Lake Elsinore	Perris	Stanton
Bellflower	Farmersville	Lake Forest	Pico Rivera	Tehachapi
Beverly Hills	Fillmore	Lakewood	Placentia	Temecula
Bishop	Fontana	Lancaster	Pomona	Temple City
Blythe	Fountain Valley	Lawndale	Port Hueneme	Thousand Oaks
Bradbury	Fullerton	Lindsay	Porterville	Torrance
Brea	Garden Grove	Loma Linda	Rancho Cucamonga	Tulare
Buena Park	Gardena	Lomita	Rancho Mirage	Tustin
Calabasas	Glendora	Long Beach	Rancho Palos Verdes	Twentynine Palms
California City	Goleta	Los Alamitos	Rancho Santa Margarita	Upland
Calimesa	Grand Terrace	Lynwood	Redlands	Vernon
Camarillo	Hanford	Malibu	Redondo Beach	Victorville
Canyon Lake	Hawaiian Gardens	Mammoth Lakes	Rialto	Villa Park
Carpinteria	Hawthorne	Manhattan Beach	Ridgecrest	Visalia
Carson	Hemet	Maywood	Rolling Hills	Walnut
Cathedral City	Hermosa Beach	McFarland	Rolling Hills Estates	West Covina
Cerritos	Hesperia	Menifee	Rosemead	West Hollywood
Chino	Hidden Hills	Mission Viejo	San Bernardino	Westlake Village
Chino Hills	Highland	Monrovia	San Buenaventura	Westminster
Claremont	Huntington Beach	Montclair	San Dimas	Whittier
Commerce	Huntington Park	Montebello	San Fernando	Wildomar
Compton	Indian Wells	Monterey Park	San Gabriel	Woodlake
Corona	Industry	Moorpark	San Jacinto	Yorba Linda
Costa Mesa	Inglewood	Moreno Valley	San Marino	Yucaipa
Covina	Irvine	Murrieta	Santa Ana	Yucca Valley

*SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.

Appendix C

Summary of Earnings

Summary of Earnings
2009 - 2011 GRC-Related Adopted Revenue Requirement ^{1/}
Thousands of Dollars

Line No.	Item	2009	2010		2011		Remove SONGS 2&3 Refueling & Maintenance Outage Rev. Req.	OOR Adjustment Rev. Req.	2011 Rev. Req.
		Rev. Req.	Multiplier	Rev. Req.	Multiplier	Rev. Req.			
1.	Base Revenues	4,829,742	1.0425	5,035,006	1.0435	5,254,029	(51,303)	(409)	5,202,317
2.	Expenses:								
3.	Operation & Maintenance	2,130,052							
4.	Depreciation	1,037,452							
5.	Taxes	723,783							
6.	Revenue Credits	(178,615)							
7.	Total Expenses	3,712,672							
8.	Net Operating Revenue	1,117,070							
9.	Rate Base	12,766,518							
10.	Rate of Return	8.75%							

^{1/} D.09-03-025

Includes one SONGS 2&3 refueling and maintenance outage for 2009 & 2010 and zero in 2011.