Southern California Edison Company’s (U 338-E) Application for Approval of Advanced Metering Infrastructure Deployment Activities and Cost Recovery Mechanism

SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM

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Dated: July 31, 2007
SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM

I. INTRODUCTION

Pursuant to Rule 2.1 of the California Public Utilities Commission’s Rules of Practice and Procedure, Southern California Edison Company (“SCE”) hereby files this application seeking authorization to deploy SCE’s advanced metering infrastructure (“AMI”) solution, Edison SmartConnect™, to all residential and business customers under 200 kW during a five-year period beginning in 2008 and to recover the costs associated with the deployment activities.

The testimony in support of this application provides (i) an overview of SCE’s policy objectives for Edison SmartConnect™; (ii) a detailed deployment plan, including estimates of the costs and benefits of Edison SmartConnect™ during the five-year deployment period; (iii) a cost benefit analysis of Edison SmartConnect™ full deployment, including assumptions for operational and demand response costs and benefits over the life of the project; and (iv) a
revenue requirement and cost recovery mechanism for the $1.7 billion ($384.2 million in O&M expenses and $1,330.7 million in capital expenditures) in estimated Phase III costs.¹

¹ All costs and revenue requirements presented in this Application include $8 million of Phase III costs forecast to be recorded to the AMI Memorandum Account in 2007. In addition, SCE will include in the Edison SmartConnect™ revenue requirement $14.1 million of capital expenditures (plus $0.4 million of AFUDC) approved in D.07-07-042, but not allowed rate base treatment.
II.

ORGANIZATION OF SCE’S TESTIMONY

The testimony submitted in support of this application is comprised of five volumes of testimony:

Exhibit SCE-1: Policy

Executive Summary

Chapter I: Introduction
Chapter II: Edison SmartConnect™ Will Deliver Lasting Customer Value
Chapter III: Edison SmartConnect™ Satisfies State Energy Policy Objectives and Meets Minimum Functionality Requirements
Chapter IV: Edison SmartConnect™ Deployment is Cost Effective
Chapter V: Summary Of Requests

Exhibit SCE-2: Edison SmartConnect™ Deployment Plan

Chapter I: Introduction
Chapter II: Overview of Edison SmartConnect™ Deployment
Chapter III: Description of Key Deployment Areas of Edison SmartConnect™
Chapter IV: Contingency
Chapter V: Deployment Period Costs and Benefits

Exhibit SCE-3: Edison SmartConnect™ Cost Benefit Analysis

Chapter I: Introduction
Chapter II: Overview of Edison SmartConnect™ Financial Assessment
Chapter III: Edison SmartConnect™ Financial Assessment
Chapter IV: Societal Benefits (Non-Financial)
Chapter V: Analysis of Edison SmartConnect™ Revenue Requirements and Ratepayer Impacts
Exhibit SCE-4: Demand Response

Chapter I: Introduction
Chapter II: Demand Response Policies and Objectives
Chapter III: Description of Demand Response Programs and Dynamic Rates

Exhibit SCE-5: Cost Recovery Mechanism

Chapter I: Cost Recovery Proposal
Chapter II: Edison SmartConnect™ Balancing Account Proposal
Chapter III: Forecast of Edison SmartConnect™ Revenue Requirements
Chapter IV: Edison SmartConnect™ Plant and Depreciation Forecast
Chapter V: Summary of Cost Recovery Proposal
III.

SUMMARY OF SCE’S EDISON SMARTCONNECT™ DEPLOYMENT PROPOSAL

In this Application, SCE requests authority to proceed with Phase III of its AMI deployment strategy. Where Phase I was dedicated to developing the functional requirements for the next generation of AMI metering systems that would deliver additional functionality and enhanced capabilities, and Phase II was focused on procuring the new AMI technologies, selecting a deployment contractor and validating the costs and benefits of the full deployment business case, Phase III involves the deployment of SCE’s cost-effective AMI solution – Edison SmartConnect™ – to all residential and business customers under 200 kW in SCE’s service territory.

In Phase III, SCE proposes to install state-of-the-art “smart” meters in every household and business under 200 kW throughout its service territory (approximately 5.3 million meters) over a five-year period beginning in 2008. These “smart” meters will be part of an advanced metering and telecommunications system that will enable powerful new tools to empower customers to manage their energy usage, enhance the efficiency of SCE’s customer services, enable new services with smart technology, provide new rate alternatives, and provide a flexible, robust platform that can create additional future value for SCE’s customers.

Edison SmartConnect™ is projected to deliver $109 million in net benefits (present value revenue requirement or PVRR) to customers over the life of the project, as shown in Table III-1 below. Operational savings are expected to cover approximately 63 percent of the related costs. Participation by residential and business customers in dynamic rates (Time of Use, Critical Peak Pricing), demand response programs (load control, pay-for-performance) and energy conservation is expected to provide sufficient additional benefits to justify the Edison SmartConnect™ project.
Table III-1
Edison SmartConnect™ Cost Benefit Analysis is Positive

<table>
<thead>
<tr>
<th>Costs</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>Total Benefits / Total Costs</td>
</tr>
<tr>
<td>$1,967M</td>
<td>$2,076M</td>
</tr>
<tr>
<td>B/C Ratio</td>
<td>106%</td>
</tr>
<tr>
<td>Price Response $465M</td>
<td></td>
</tr>
<tr>
<td>Load Control (LC) $376M</td>
<td></td>
</tr>
<tr>
<td>Operating Benefits $1,235M</td>
<td></td>
</tr>
</tbody>
</table>

The cost-effective business case for deploying Edison SmartConnect™ has been made possible by SCE’s innovative and award-winning approach to AMI. Driven by the state’s vision to achieve advanced metering and demand response for all investor-owned utility customers by 2007, and faced with the reality that a cost effective business case was not possible with then-available AMI technology, in 2005 SCE began an ambitious, multi-phased strategy to collaborate with the AMI vendor community and international utility industry to spur development of AMI solutions with the additional functionality and capabilities needed to reduce costs and add benefits of a full AMI deployment. SCE’s efforts, supported by the Commission through its approval of Phases I and II, have been successful in facilitating the development of a new generation of AMI solutions that will provide lasting value for SCE’s customers. SCE’s efforts have gained international recognition, recently earning the Department of Energy’s 2007 Smart Grid Implementation and Deployment Leadership Award. SCE’s AMI Phase I was selected by The Utility Peer Network as the 2005/06 Best AMR Initiative in a North American Investor Owned Utility.
expected meter and telecommunications selections are commercially available technologies that meet SCE’s business and technical requirements. The selected meter data management system is one of the leading software applications currently in deployment for utilities with similar AMI requirements.

The results of these efforts are reflected in SCE’s current business case analysis, which now forecasts approximately $1 billion (PVRR) more net benefits than SCE’s previous AMI business case analyses early in 2005. These benefits arose primarily from SCE’s work with the meter vendor community to enhance the capability, reliability, and useful life of the Edison SmartConnect™ meter.

Edison SmartConnect™ includes meter and communication functionality that (i) measures interval electricity usage and voltage; (ii) supports non proprietary, open standard communication interfaces with technology such as programmable communicating thermostats and device switches; (iii) improves reliability through remote outage detection at customer premises; (iv) improves service and reduces costs by remote service activation; (v) is capable of remote upgrades; (vi) is compatible with broadband over powerline use by third parties; (vii) supports contract gas and water meter reads; and (viii) incorporates industry-leading security capabilities. These functionalities far exceed the Commission’s six functionality requirements to provide a powerful tool to support federal and state energy policy objectives. They will also provide an enduring platform for continued innovation in meeting our customers’ needs in the future.

The benefits to SCE’s customers of Edison SmartConnect™ will be significant and long-term. By providing access to near real-time energy use and costs and by enabling dynamic pricing options for residential and business customers, Edison SmartConnect™ will be

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3 From a negative $951 million Present Value Revenue Requirement (PVRR) in 2005 (see A.05-03-026) to a positive $109 million PVRR in 2007 for full AMI deployment.

4 The Commission has already found that SCE’s proposed AMI solution satisfies the Commission’s minimum functionality requirements. See D.07-07-042 at Finding of Fact 1.
instrumental in managing peak consumption by providing incentives to customers to shift some of their usage to off-peak hours. Peak consumption is a key factor in determining generating capacity requirements and customer costs, so managing peak load is essential to controlling the need to build expensive new power plants.

Edison SmartConnect™ will enable all residential and business customers under 200 kW to participate in both reliability and price responsive load control and other demand response programs, potentially reducing peak demand by as much as 1,000 megawatts -- the entire output of a large power plant -- with related customer cost savings and environmental benefits, as shown in Figure III-1 below.

**Figure III-1**

*Estimated Peak Demand Reduction for Price Response and Load Control Programs*

Edison Smart Connect will also interface with “communicating” household devices, such as Title 24 compliant thermostats, lighting, electric dryers, other major appliances and pool
pumps that can communicate with the new meters through a non-proprietary open Home Area Network and allow automatic adjustment of usage at customers’ directions when power costs rise.

Edison SmartConnect™ will make doing business with SCE easier by allowing for convenient, remote service activation, tailored service bundles, and new billing and payment programs, among other customer services. Edison SmartConnect™ will also modernize SCE’s infrastructure with smart technologies to improve electric power line grid planning, and operations and maintenance. It will improve outage response time and decrease operating costs with higher productivity. SCE anticipates that Edison SmartConnect™ will continue to provide a catalyst for industry innovation to realize the full potential of this new generation technology.

SCE’s five-year deployment of Edison SmartConnect™ will entail a major technical, logistical and financial undertaking at an estimated cost of $1.7 billion. The annual incremental revenue requirement requested by SCE for the deployment costs amounts to about a one percent (1%) increase to SCE’s total revenue requirement.

As part of the detailed planning for deployment, SCE identified three distinct releases for all the systems development and integration work associated with Edison SmartConnect™. Phase III will begin with the execution of the first release, which involves the final development and testing of the Meter Data Management System and telecommunications network management system and integration with the customer billing system. A second field test of up to 10,000 additional meters will validate the installation processes and the expected revised version of the meter/telecom products based on Phase II engineering and development.

Phase III deployment will include two additional releases of the AMI system, each being slated to achieve a higher and more complex level of functionality than the previous one. These progressively increasing functionalities will be timed as illustrated in Figure III-2 below. This figure also shows the ramping-up of meter installations in relation to each respective Release and over time through June 2012 for the full Phase III deployment period.
Deployment of SCE’s AMI project should be implemented without delay to begin achieving the benefits of Edison SmartConnect™. SCE requests approval of this Application by June of 2008 to remain on schedule for meter installation to begin in January 2009.
IV.

SUMMARY OF SCE’S RATEMAKING PROPOSAL

A. Overview

SCE requests approval to recover the revenue requirement associated with the costs of Phase III activities described in Exhibit SCE-2. These costs are estimated at approximately $384.2 million in O&M and $1,330.7 million in capital expenditures over the 2008 through 2012 deployment period. ¹

SCE proposes to establish an Edison SmartConnect™ balancing account mechanism to provide for recovery of the deployment period revenue requirement, which will include the recognition of operational benefits in the form of offsets to the Phase III costs. ² This forecast revenue requirement will be recovered in distribution rates from 2009 through 2012 based on the estimated O&M expenses, depreciation, taxes, and authorized return on rate base amounts as derived from the estimated capital expenditures and the estimated operational benefits as set forth in this application. Beginning in 2009, the forecast Phase III revenue requirement for 2009 and any undercollection in the Base Revenue Requirement Balancing Account (BRRBA) arising from deployment activities in 2007 and 2008 will be reflected in SCE’s total distribution rates. However, the proposed operation of the Edison SmartConnect™ balancing account mechanism (i.e., only the actual revenue requirement recorded in the Edison SmartConnect™ balancing account will be transferred to the BRRBA each month) will ensure that no more and no less than

¹ These amounts include $8 million of capital expenditures and O&M expense that will be incurred in 2007 associated with Phase II activities that did not receive authorization for recovery in the Commission’s Phase II Decision No. 07-07-042. In addition, SCE will include in the Edison SmartConnect™ revenue requirement $14.1 million of capital expenditures (plus $0.4 million of AFUDC) approved in D.07-07-042, but not allowed rate base treatment.

² SCE proposes to flow back all Phase III capital-related benefits outside of the SmartConnect™ balancing account mechanism.
the reasonable revenue requirement associated with Phase III activities is ultimately collected from customers.

Assuming the Commission approves the scope of activities proposed by SCE and the forecast Phase III costs in this application, SCE’s incurred costs that are consistent with the scope and within the cost levels adopted by the Commission should not be subject to an after-the-fact reasonableness review. If actual costs exceed the forecast, or if the scope of activities differs from what the Commission has approved, then SCE would file an application, or other appropriate procedural vehicle, to request approval of the activities and recovery of the additional costs subject to a traditional after-the-fact reasonableness review.

B. Interaction with Other Proceedings

1. Advanced Metering Infrastructure (AMI) Phase I and II (A.05-03-026 and A.06-12-026)

On December 1, 2005, the Commission issued Decision (D.) 05-12-001, “Decision Adopting Settlement For Funding Of Southern California Edison Company’s Advanced Integrated Meter Project.” The adopted Settlement set forth the scope, timing, and funding for Phase I AMI activities. Pursuant to D.05-12-001, SCE established the Advanced Metering Infrastructure Balancing Account (AMIBA) to provide for the recovery of up to $12 million over an 18-month period for costs related to SCE’s Phase I AMI activities. The AMIBA also may be expanded by Commission decisions to include the recorded costs associated with later phases of SCE’s AMI project.

SCE initially projected that the Phase I AMI activities would occur over an 18-month time frame, from December 2005 through May 2007. Later, it became apparent that SCE would complete all Phase I AMI activities by year-end 2006. To expedite Phase II activities, SCE requested authority in Advice No. 2063-E to establish a memorandum account to track all

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2 The AMIBA was established through SCE Advice Filing No. 1937-E filed on December 6, 2005.
costs associated with SCE’s AMI Phase II pre-deployment activities prior to a Commission decision in that proceeding. The Advanced Metering Infrastructure Memorandum Account for Phase II activities (AMIMA) became effective on December 22, 2006.8

In A.06-12-026, SCE’s AMI Phase II application, SCE proposed to modify the current AMIBA to also record, in addition to Phase I AMI costs, up to $63.7 million in costs associated with Phase II AMI pre-deployment activities, from the effective date of a Commission decision in that proceeding through the completion of Phase II. Two sub-accounts within the existing AMIBA would separately record Phase I and Phase II AMI costs. In D.07-07-042, the Commission substantially adopted SCE’s ratemaking proposal and set an authorized Phase II expenditure level of $45.220 million. This decision also allowed the continued use of the AMIMA to record costs of any SCE proposed Phase II activities that were not pre-approved by the Commission. SCE expects to record the revenue requirement of approximately $8 million in 2007 to the AMIMA for Phase II activities that were found to be deployment-related activities and thus were not pre-approved for recovery in D.07-07-042. Consistent with the Commission’s direction in D.07-07-042 that it would be more appropriate to review Phase II costs that the Commission considers to be deployment-related costs in SCE’s deployment application, SCE is requesting cost recovery of this $8 million in this application and has included the amount in the forecast revenue requirements.9

2. 2009 General Rate Case

SCE expects to file its 2009 GRC application later in 2007.10 This application is being prepared on a “stand alone” basis; that is, the 2009 GRC application will not reflect the

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8 SCE plans to file an advice letter in the third quarter of 2007 requesting the expansion of the AMIMA to record Phase III costs prior to a Commission decision on this Application.

9 In addition, SCE will include in the Edison SmartConnect™ revenue requirement $14.1 million of capital expenditures (plus $0.4 million of AFUDC) approved in D.07-07-042, but not allowed rate base treatment. D.07-07-042 did allow $5.6 million of Phase II costs to be treated as rate base beginning in 2007 and those associated revenue requirements will be recorded into the existing AMIBA account.

10 SCE’s 2009 GRC Notice of Intent was tendered on July 23, 2007.
costs or benefits associated with the Edison SmartConnect™ project. All incremental costs and benefits (or decremental costs) from the Edison SmartConnect™ project for the full deployment period of 2008 through 2012 will be addressed in this application so that neither the costs nor benefits of the Edison SmartConnect™ project will be double-counted.

SCE currently anticipates that the financial impacts of the Edison SmartConnect™ project will be incorporated into its 2012 GRC application; however, due to the overlap between the last year of Edison SmartConnect™ deployment of 2012 and the 2012 GRC test year, SCE may need to seek modifications to the SmartConnect™ balancing account mechanism in its 2012 GRC application.

C. Edison SmartConnect Balancing Account Proposal

SCE proposes the establishment of a new balancing account — the SmartConnect™ Balancing Account (SmartConnect™ BA) — to record the revenue requirement reflecting all capital and O&M costs and to capture the operational benefits associated with SCE’s full deployment of advanced meters effective with a Commission decision in this proceeding. Each month, SCE will record into the SmartConnect™ BA:

1. Capital-related revenue requirements (debit), calculated on actual rate base amounts;
2. Actual incremental O&M costs (debit), calculated on recorded expenses; and
3. Calculated operational O&M benefits (credit).

The majority of the operational O&M benefits forecast by SCE are proportional to the number of meters installed and activated, and SCE therefore proposes to recognize all of the operational O&M benefits resulting from the Edison SmartConnect™ project monthly, as meters are activated. By crediting forecast O&M benefits as meters are activated, customers are assured of benefits as the project is implemented.\textsuperscript{11}

\textsuperscript{11} SCE is requesting the ability to utilize project contingency for any unanticipated SmartConnect™ deployment costs, whether the unanticipated costs arise from increases in estimated costs, or from unanticipated delays in realizing benefits from the meter deployment.
For the Phase III deployment period of 2008 through 2012, the accrual of O&M benefits in proportion to meter activation average $1.3601 per activated meter per month as shown in Table IV-2 below. For Phase III, SCE will calculate the monthly O&M benefits to be recorded in the SmartConnect BA by multiplying the actual number of activated meters by $1.3601.

**Table IV-2**

*Development of Average O&M Benefit per Active Meter Month*  
*2008 – 2012*

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>O&amp;M Benefits as set forth in SCE-2</td>
<td>$188,382,728</td>
</tr>
<tr>
<td>2.</td>
<td>O&amp;M Benefits net of pensions, PBOPs, &amp; Results Sharing</td>
<td>$165,836,646</td>
</tr>
<tr>
<td>3.</td>
<td>Total Sum of Active Meter Months</td>
<td>121,929,279</td>
</tr>
<tr>
<td>4.</td>
<td>Avg. O&amp;M Benefit per Active Meter Month</td>
<td>$1.3601</td>
</tr>
</tbody>
</table>

(Line 4 = Line 2 divided by Line 3)

The capital benefits SCE forecasts to result from the Edison SmartConnect™ project are primarily related to: (1) avoided cost of electro-mechanical meters, (2) deferred projects (load control and price response projects), and (3) computers. All of these capital projects are, or will be, included in the Authorized Distribution Base Revenue Requirement (ADBRR) adopted in SCE’s GRCs (2006 GRC for 2008, and 2009 GRC for 2009 – 2011), and the revenue requirement for each project will be credited back to customers based on the actual amounts associated with each and reflected in rates through annual advice letter filings.

Demand response-related benefits (e.g. avoided procurement costs) are not included in SCE’s net revenue requirements since these benefits are dependent on customer behavior and should not be viewed as utility cost savings unless they materialize in the future.

SCE currently anticipates that it will address the operational benefit savings achieved after 2012 in its 2012 GRC.

**D. Reasonableness Review**

Assuming the Commission approves the scope of activities proposed by SCE and the forecast Phase III costs in this application, SCE’s incurred costs that are consistent with the scope and within the cost levels adopted by the Commission should not be subject to an after-
the-fact reasonableness review. If actual costs exceed the forecast, or if the scope of activities differs from what the Commission has approved, then SCE would file an application, or use other appropriate procedural vehicles, to request approval of the activities and recovery of the additional costs through a traditional after-the-fact reasonableness review.

Pursuant to the Commission-adopted process for reviewing other SCE balancing accounts, including the current AMIBA review procedures, SCE proposes that the recorded operation of the SmartConnect BA be reviewed by the Commission in SCE’s annual ERRA reasonableness applications. This review of the SmartConnect BA will ensure that all entries to the account are stated correctly and are consistent with Commission decisions. Similar to the adopted Commission review procedures for Phase I and Phase II AMI costs, Commission review procedures for Phase III Edison SmartConnect™ costs should continue to be limited to ensuring that all recorded costs are associated with Phase III activities as defined and within the cost levels adopted by the Commission in this proceeding, in addition to ensuring that benefits are being captured according to the Commission-adopted methodology.

**E. Forecast of Edison SmartConnect™ Revenue Requirements**

The Edison SmartConnect™ Phase III 2008 – 2012 revenue requirements include all capital-related costs and incremental O&M expenses, net of forecast operational benefits, needed from customers to recover the cost of the Edison SmartConnect™ project. SCE’s forecast Edison SmartConnect™ revenue requirement reflects Phase III funding of $384.2 million in O&M expenses and $1,330.7 million in capital expenditures over the period commencing January 1, 2008 through December 31, 2012. This revenue requirement is incremental to the revenue requirement reflected in either SCE’s 2006 GRC or in SCE’s 2009 GRC to be filed later in 2007.
### Table IV-3
**Summary of Edison SmartConnect™ Revenue Requirements**
(O&M and Capital Costs, net of operating benefits)

**Thousands of Dollars**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Operating Revenues 1/</td>
<td>1,403</td>
<td>39,576</td>
<td>104,204</td>
<td>163,304</td>
<td>214,595</td>
<td>231,522</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>O&amp;M Expense</td>
<td>1,354</td>
<td>36,000</td>
<td>71,149</td>
<td>86,216</td>
<td>94,173</td>
<td>85,725</td>
</tr>
<tr>
<td>5.</td>
<td>Uncollectible Expense</td>
<td>3</td>
<td>89</td>
<td>234</td>
<td>367</td>
<td>483</td>
<td>521</td>
</tr>
<tr>
<td>6.</td>
<td>Franchise Requirements</td>
<td>13</td>
<td>353</td>
<td>931</td>
<td>1,458</td>
<td>1,916</td>
<td>2,067</td>
</tr>
<tr>
<td>7.</td>
<td>Depreciation</td>
<td>631</td>
<td>7,659</td>
<td>23,867</td>
<td>44,705</td>
<td>65,586</td>
<td>79,904</td>
</tr>
<tr>
<td>8.</td>
<td>Taxes Other than Income</td>
<td>-</td>
<td>10</td>
<td>321</td>
<td>2,120</td>
<td>5,381</td>
<td>8,780</td>
</tr>
<tr>
<td>9.</td>
<td>Taxes Based on Income</td>
<td>(921)</td>
<td>(9,751)</td>
<td>(9,600)</td>
<td>8,686</td>
<td>28,040</td>
<td>44,514</td>
</tr>
<tr>
<td>10.</td>
<td>Total Operating Expenses</td>
<td>1,080</td>
<td>34,194</td>
<td>81,974</td>
<td>115,439</td>
<td>141,407</td>
<td>143,056</td>
</tr>
<tr>
<td>11.</td>
<td><strong>Net Operating Revenue</strong></td>
<td>323</td>
<td>5,382</td>
<td>22,230</td>
<td>47,865</td>
<td>73,188</td>
<td>88,466</td>
</tr>
<tr>
<td>12.</td>
<td><strong>Rate Base (Average)</strong></td>
<td>3,680</td>
<td>61,369</td>
<td>253,481</td>
<td>545,782</td>
<td>834,531</td>
<td>1,008,737</td>
</tr>
<tr>
<td>13.</td>
<td><strong>Rate of Return</strong></td>
<td>8.77%</td>
<td>8.77%</td>
<td>8.77%</td>
<td>8.77%</td>
<td>8.77%</td>
<td>8.77%</td>
</tr>
</tbody>
</table>

1/ Includes $14.1 million of approved Phase II capital expenditures not allowed rate base treatment.

Upon Commission approval of this application, SCE will file an advice letter to implement changes to its preliminary statements and to include in distribution rates, effective January 1, 2009: (1) the forecast Edison SmartConnect™ 2009 revenue requirement of $104.2 million, (2) any undercollection in the BRRBA arising from deployment activities in 2008, (3) 2007 and 2008 recorded amounts in the AMIMA associated with the $8 million of costs that will be incurred in 2007 associated with Phase II activities that did not receive authorization for recovery in D.07-07-042, and (4) 2007 and 2008 recorded amounts in the AMIMA associated with the $14.1 million of capital expenditures (plus $0.4 million of AFUDC) approved in D.07-07-042 but not allowed rate base treatment. The total of these deployment revenue requirements is estimated to be $145.183 million. These revenue changes would be consolidated.
and made when all other previously authorized revenue changes are reflected in rates, consistent with the practice adopted for SCE’s ERRA applications.

SCE will provide revised January 1, 2009 through 2012 SmartConnect™ revenue requirements to the Commission for approval at least 60 days in advance of the January 1 effective dates by Advice Letter. In the annual advice filings, SCE will update the 2009 through 2012 SmartConnect™ revenue requirements to reflect the most recently adopted rate of return on rate base, franchise fees and uncollectible rates, and tax rates. SCE would then consolidate the changes in its distribution rates to reflect these updated SmartConnect™ revenue requirements in conjunction with other rate level changes in its annual August ERRA applications.

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SCE currently expects that all of the Phase III costs and benefits, as adopted in a decision in this proceeding, will be incorporated into its 2012 GRC forecast; and therefore a separate rate change for the 2012 Phase III revenue requirement may not be necessary.
V.

SUMMARY OF REQUESTS

This application requests authorization to deploy SCE’s advanced metering infrastructure (“AMI”) solution, Edison SmartConnect™, to all residential and business customers under 200 kW during a five-year period beginning in 2008, and to recover the costs associated with the deployment activities. SCE respectfully requests that the Commission:

(i) Authorize SCE to proceed with full deployment of Edison SmartConnect™ to all residential and business customers under 200 kW (approximately 5.3 million meters) in SCE’s service territory over a five-year period beginning in 2008;

(ii) Approve SCE’s proposed budget for the Phase III activities of $1.7 billion;

(iii) Authorize SCE to implement a voluntary Programmable Communicating Thermostat (PCT) load control program throughout the five-year deployment period and conduct marketing, outreach and education on the dynamic rates and demand response program offerings for customers receiving the Edison SmartConnect™ meters; \(^\text{13}\)

(iv) Authorize SCE to establish the Edison SmartConnect™ Balancing Account (SmartConnect™ BA) to provide for the recovery of Phase III recorded revenue requirements, which include recorded incremental costs and recognition of forecast operational O&M benefits, effective upon a Commission decision on this application;

(v) Authorize SCE to reduce its Authorized Distribution Base Revenue Requirement (ADBRR), on an annual basis, in order to recognize the Phase III capital benefits related to specific projects as set forth, and as adopted, in this proceeding, through the effective date of SCE’s 2012 GRC Decision;

(vi) Authorize SCE to transfer the balance in the SmartConnect™ BA, each month, to the Base Revenue Requirement Balancing Account (BRRBA) to enable recovery, through distribution rate levels, of the actual Edison SmartConnect™-related revenue requirements for Phase III activities beginning on the effective date of a decision in this proceeding and continuing through the effective date of SCE’s 2012 GRC Decision;

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\(^{13}\) SCE intends to re-activate the CPP rate(s) used for the SPP via an advice filing, and offer existing TOU rates and re-activated CPP rates pending approval of a modified TOU and CPP rates in Phase II of SCE’s 2009 GRC. SCE also plans to seek approval of a new Peak Time Rebate program in Phase II of SCE’s 2009 GRC.
(vii) Approve the transfer from the AMIMA to the BRRBA 2007 and 2008 recorded revenue requirements associated with costs that will be incurred in 2007 associated with Phase II activities that did not receive authorization for recovery in D.07-07-042 and 2007 and 2008 recorded revenue requirements associated with the $14.1 million of capital expenditures (plus $0.4 million of AFUDC) approved in D.07-07-042 but not allowed rate base treatment;

(viii) Authorize recovery, through distribution rate levels, of SCE’s forecast Edison SmartConnect™ revenue requirements for Phase III activities effective upon a Commission decision on this application and continuing through the effective date of SCE’s 2012 GRC Decision;

(ix) Limit reasonableness review of the SmartConnect™ BA to ensure all recorded costs are associated with Phase III activities as defined and adopted by the Commission in this proceeding; and

(x) Grant such additional relief as the Commission finds just and reasonable.
VI.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. Statutory and Procedural Authority

This application is made pursuant to the Commission’s Rules of Practice and Procedure and the California Public Utilities Code. SCE’s authority for this request is Sections 399.2, 451, 454, 491, 701, 728, and 729 of the Public Utilities Code of the State of California. SCE’s request complies with Article 1, which specifies the procedures for the filing of documents, specifically:

1. Form and size of tendered documents (Rule 1.5);
2. Title page (Rule 1.6);
3. Scope of Filing (Rule 1.7);
4. Signatures (Rule 1.8);
5. Service (Rule 1.9 - 1.10);
6. Verification (Rule 1.11); and

In addition, this request complies with Article 2 and Rule 3.2 of the Commission’s Rules of Practice and Procedure, and prior decisions, orders and resolutions of this Commission.

B. SB 960 Requirements – Rule 2.1

Rule 2.1 requires that applications shall state “the proposed category for the proceeding, the need for hearings, the issues to be considered, and a proposed schedule.” These requirements are discussed below.

14 Because this is a new application, no service list has yet been established. SCE is serving this application in accordance with the service directives on the service lists established for SCE’s AMI Phase I application, A.05-03-026, and Phase II application, A.06-12-026.
1. **Proposed Categorization**

SCE proposes to characterize this proceeding as “ratesetting” as defined in Rule 1.3(e).

2. **Need for Hearings and Proposed Schedule for Resolution of Issues**

SCE’s proposed schedule assumes that there will be evidentiary hearings and briefing, although SCE anticipates that many of the issues addressed in this application may be resolved through settlement or stipulation or through written comments, depending on whether intervening parties dispute factual issues.

If the Commission believes evidentiary hearings are necessary, then SCE proposes the following schedule, which will enable SCE to remain on schedule for meter installations to begin in January 2009.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE files Application</td>
<td>July 31, 2007</td>
</tr>
<tr>
<td>Daily Calendar Notice Appears</td>
<td>August 2007</td>
</tr>
<tr>
<td>Protests Due</td>
<td>August 30, 2007</td>
</tr>
<tr>
<td>Reply to Protests</td>
<td>September 10, 2007</td>
</tr>
<tr>
<td>Prehearing Conference</td>
<td>September 20, 2007</td>
</tr>
<tr>
<td>ORA and Intervenors File Opening Testimony</td>
<td>November 20, 2007</td>
</tr>
<tr>
<td>Rebuttal Testimony Due</td>
<td>December 21, 2007</td>
</tr>
<tr>
<td>Hearings</td>
<td>January 14-26, 2008</td>
</tr>
<tr>
<td>Concurrent Opening Briefs Due</td>
<td>February 26, 2008</td>
</tr>
<tr>
<td>Concurrent Reply Briefs Due</td>
<td>March 14, 2008</td>
</tr>
<tr>
<td>Commission Issues Proposed Decision Due</td>
<td>May 13, 2008</td>
</tr>
<tr>
<td>Comments to Proposed Decision Due</td>
<td>June 3, 2008</td>
</tr>
<tr>
<td>Replies to Comments to Proposed Decision</td>
<td>June 9, 2008</td>
</tr>
<tr>
<td>Commission issues Final Decision</td>
<td>June 12, 2008</td>
</tr>
</tbody>
</table>

3. **Issues to be Considered**

The issues to be considered in this proceeding are described above and set forth in much greater detail in SCE’s testimony in support of this application. Major issues include:

a) Whether to approve the deployment of Edison SmartConnect™ and funding; and
b) Whether to adopt SCE’s proposed ratemaking treatment for the recovery of the costs associated with the Edison SmartConnect™ deployment activities.

4. **Legal Name and Correspondence**

Southern California Edison Company is an electric public utility organized and existing under the laws of the State of California. The location of SCE’s principal place of business is 2244 Walnut Grove Avenue, Post Office Box 800, Rosemead, California 91770. SCE’s attorneys in this matter are Jennifer T. Shigekawa, Bruce A. Reed and Janet S. Combs. Correspondence or communications regarding this application should be addressed to:

   Janet S. Combs  
   Attorney  
   Southern California Edison Company  
   P.O. Box 800  
   2244 Walnut Grove Avenue  
   Rosemead, California 91770  
   Telephone: (626) 302-1524  
   Facsimile: (626) 302-7740  
   e-mail: janet.combs@sce.com

   To request a copy of this application, please contact:  
   Meraj Rizvi  
   Southern California Edison Company  
   P.O. Box 800  
   2244 Walnut Grove Avenue  
   Rosemead, California 91770  
   Telephone: (626) 302-1063  
   Facsimile: (626) 302-3119  
   E-mail: caseadmin@sce.com

C. **Articles of Incorporation – 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 by reference made a part hereof.
Certain classes and series of SCE’s capital stock are listed on a “national securities exchange” as defined in the Securities Exchange Act of 1934 and copies of SCE’s latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission.

D. Authority to Increase Rates – Rule 3.2

Rule 3.2 requires that applications for authority to increase rates, or to implement changes that would result in increased rates, contain the following data.

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

Appendix A to this application contains copies of SCE’s balance sheet as of March 31, 2007, and income statement for the period ended March 31, 2007, the most recent period available.

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

The cost recovery mechanism proposal and the projected impact on rates are summarized in Section IV above and discussed in Exhibit SCE-5.

3. Description of SCE’s Service Territory and Utility System – Rule 3.2(a)(4)

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

4. 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 2007 Summary of Earnings is attached hereto as Appendix B.
5. **Depreciation – Rule 3.2(a)(7)**

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

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

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

7. **Statement Pursuant to Rule 3.2(a)(10)**

Rule 3.5(a)(10) requires the applicant to state whether its request is limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.” This application seeks only to pass through to SCE’s customers the costs incurred by SCE in Phase III of its AMI program.

8. **Service of Notice – Rule 3.2(b), (c) and (d)**

A list of the cities and counties affected by the rate changes resulting from this application is attached as Appendix C. The State of California is also an SCE customer whose rates would be affected by the proposed revisions.

As provided in Rule 3.2(b) – (d), notice of filing of this application will be: (1) mailed to the appropriate officials of the state and the counties and cities listed in Appendix C; (2) published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective; and (3) mailed to all customers affected by the proposed changes.

E. **Service List**

SCE is serving this application and its exhibits on all parties on the Commission’s service lists for proceedings A.05-03-026 and A.06-12-026.
VII.

CONCLUSION

SCE has attached to this application all of the data required to support it and will provide orally or in writing any other information the Commission finds necessary to act on it. SCE respectfully requests that the Commission review and resolve this application on the schedule proposed above.

Dated this 31st day of July 2007, at Rosemead, California.

Respectfully submitted,

SOUTHERN CALIFORNIA EDISON COMPANY

/s/ Lynda L. Ziegler

By: Lynda L. Ziegler
Senior Vice President

JENNIFER T. SHIGEKAWA
BRUCE A. REED
JANET S. COMBS

/s/ Janet S. Combs

By: Janet S. Combs
Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California  91770
Telephone:  (626) 302-1524
Facsimile:  (626) 302-7740
E-mail:  janet.combs@SCE.com

July 31, 2007
VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

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

Executed this 31st day of July, 2007, at Rosemead, California.

/s/ Lynda L. Ziegler

Lynda L. Ziegler
Senior Vice President
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Southern California Edison Company’s (U 338-E) Application for Approval of Advanced Metering Infrastructure Deployment Activities and Cost Recovery Mechanism

A.07-07-____
(Filed July 31, 2007)

NOTICE OF AVAILABILITY OF SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM

JENNIFER T. SHIGEKAWA
BRUCE A. REED
JANET S. COMBS

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1524
Facsimile: (626) 302-7740
E-mail: janet.combs@sce.com

Dated: July 31, 2007
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Southern California Edison Company’s (U 338-E) Application for Approval of Advanced Metering Infrastructure Deployment Activities and Cost Recovery Mechanism

A.07-07-____
(Filed July 31, 2007)

NOTICE OF AVAILABILITY OF SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM

In accordance with Rule 1.9(c) of the Commission’s Rules of Practice and Procedure, Southern California Edison Company (“SCE”) provides copies of this Notice of Availability to all parties on the service lists in proceedings A.05-03-026 and A.06-12-026 of the availability of the following documents on SCE’s website at http://www.sce.com/smartconnect:

1. SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM, filed July 31, 2007;

2. EXHIBIT SCE-1: TESTIMONY OF SOUTHERN CALIFORNIA EDISON COMPANY IN SUPPORT OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM (Volume 1 – Policy);

3. EXHIBIT SCE-2: TESTIMONY OF SOUTHERN CALIFORNIA EDISON COMPANY IN SUPPORT OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM (Volume 2 – Deployment Plan);

4. EXHIBIT SCE-3: TESTIMONY OF SOUTHERN CALIFORNIA EDISON COMPANY IN SUPPORT OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM (Volume 3 – Financial Assessment and Cost Benefit Analysis);

5. EXHIBIT SCE-4: TESTIMONY OF SOUTHERN CALIFORNIA EDISON COMPANY IN SUPPORT OF ADVANCED METERING INFRASTRUCTURE
DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM (Volume 4 – Demand Response);

6. EXHIBIT SCE-5: TESTIMONY OF SOUTHERN CALIFORNIA EDISON COMPANY IN SUPPORT OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM (Volume 5 – Cost Recovery Proposal)

The documents are presented in Adobe Acrobat (PDF) searchable format and can be viewed on-line, printed or saved to your hard drive.

Copies may be obtained by sending a request to:

Meraj Rizvi  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, CA  91770  
Telephone:  (626) 302-1063  
Facsimile:  (626) 302-3119  
E-mail:  case.admin@sce.com

Respectfully submitted,

JENNIFER T. SHIGEKAWA  
BRUCE A. REED  
JANET S. COMBS

By: /s/ Janet S. Combs

Janet S. Combs  
2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, CA  91770  
Telephone:  (626) 302-1524  
Facsimile: (626) 302-7740

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

Dated: July 31, 2007
APPENDIX A
Southern California Edison Company’s
Balance Sheet and Income Statement
## SOUTHERN CALIFORNIA EDISON COMPANY

### BALANCE SHEET

**MARCH 31, 2007**

### ASSETS

(Unaudited)

(Millions of Dollars)

#### UTILITY PLANT:

- Utility plant, at original cost $19,385
- Less - Accumulated depreciation and decommissioning $(4,937)$
- Construction work in progress 1,578
- Nuclear fuel, at amortized cost 176

**Total Utility Plant:** 14,448

#### OTHER PROPERTY AND INVESTMENTS:

- Nonutility property - less accumulated provision for depreciation of $650 1,033
- Nuclear decommissioning trusts 3,220
- Other Investments 80

**Total Other Property and Investments:** 4,333

#### CURRENT ASSETS:

- Cash and equivalents 85
- Restricted cash 53
- Margin and collateral deposits 36
- Receivables, including unbilled revenues, less reserves of $26 for uncollectible accounts 878
- Accrued unbilled revenue 296
- Inventory 234
- Accumulated deferred income taxes - net 294
- Derivative assets 172
- Regulatory assets 443
- Other current assets 195

**Total Current Assets:** 2,686

#### DEFERRED CHARGES:

- Regulatory assets 2,874
- Derivative assets 12
- Other long-term assets 484

**Total Deferred Charges:** 3,370

**Total Assets:** $26,591
## BALANCE SHEET

**MARCH 31, 2007**

**CAPITALIZATION AND LIABILITIES**

(Unaudited)

(Millions of Dollars)

### CAPITALIZATION:

- **Common stock**: $2,168
- **Additional paid-in capital**: 385
- **Accumulated other comprehensive loss**: (13)
- **Retained Earnings**: 3,255
- **Common shareholder’s equity**: 5,795

- **Preferred and preference stock not subject to redemption requirements**: 929
- **Long-term debt**: 5,162

**Total Capitalization**: 11,886

### CURRENT LIABILITIES:

- **Short-term debt**: 120
- **Long-term debt due within one year**: 334
- **Accounts payable**: 635
- **Accrued taxes**: 182
- **Accrued interest**: 113
- **Counterparty collateral**: 50
- **Customer deposits**: 207
- **Book overdrafts**: 164
- **Derivative liabilities**: 32
- **Regulatory liabilities**: 1,163
- **Other current liabilities**: 575

**Total Current Liabilities**: 3,575

### DEFERRED CREDITS:

- **Accumulated deferred income taxes - net**: 2,672
- **Accumulated deferred investment tax credits**: 110
- **Customer advances**: 162
- **Derivative liabilities**: 30
- **Power purchase contracts**: 29
- **Accumulated provision for pensions and benefits**: 825
- **Asset retirement obligations**: 2,778
- **Regulatory liabilities**: 3,157
- **Other deferred credits and other long-term liabilities**: 1,025

**Total Deferred Credits**: 10,788

**Minority interest**: 342

**Total Liabilities**: $26,591
SOUTHERN CALIFORNIA EDISON COMPANY  
STATEMENT OF INCOME  
THREE MONTHS ENDED MARCH 31, 2007  
(Unaudited)  
(Millions of Dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$2,222</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>310</td>
</tr>
<tr>
<td>Purchased power</td>
<td>317</td>
</tr>
<tr>
<td>Provisions for regulatory adjustment clauses - net</td>
<td>289</td>
</tr>
<tr>
<td>Other operation and maintenance expenses</td>
<td>601</td>
</tr>
<tr>
<td>Depreciation, decommissioning and amortization</td>
<td>276</td>
</tr>
<tr>
<td>Property and other taxes</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,848</strong></td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>11</td>
</tr>
<tr>
<td>Other nonoperating income</td>
<td>17</td>
</tr>
<tr>
<td>Interest expense - net of amounts capitalized</td>
<td>(107)</td>
</tr>
<tr>
<td>Other nonoperating deductions</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE TAX AND MINORITY INTEREST</strong></td>
<td><strong>284</strong></td>
</tr>
<tr>
<td>INCOME TAX</td>
<td>53</td>
</tr>
<tr>
<td>MINORITY INTEREST</td>
<td>38</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>193</strong></td>
</tr>
<tr>
<td>DIVIDENDS ON PREFERRED AND PREFERENCE STOCK - NOT SUBJECT TO MANDATORY REDEMPTION</td>
<td><strong>13</strong></td>
</tr>
<tr>
<td><strong>NET INCOME AVAILABLE FOR COMMON STOCK</strong></td>
<td><strong>$180</strong></td>
</tr>
</tbody>
</table>
APPENDIX B
Southern California Edison Company’s
2006 Summary of Earnings
# Southern California Edison
## Summary of Earnings
### 2007 GRC-Related Adopted Revenue Requirement
#### Thousands of Dollars

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Base Revenues</strong></td>
<td>3,915,200</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Operation &amp; Maintenance</td>
<td>1,812,704</td>
</tr>
<tr>
<td>4.</td>
<td>Depreciation</td>
<td>826,047</td>
</tr>
<tr>
<td>5.</td>
<td>Taxes</td>
<td>588,142</td>
</tr>
<tr>
<td>6.</td>
<td>Revenue Credits</td>
<td>(167,481)</td>
</tr>
<tr>
<td>7.</td>
<td>Total Expenses</td>
<td>3,059,412</td>
</tr>
<tr>
<td>8.</td>
<td><strong>Net Operating Revenue</strong></td>
<td>855,788</td>
</tr>
<tr>
<td>9.</td>
<td><strong>Rate Base</strong></td>
<td>9,758,124</td>
</tr>
<tr>
<td>10.</td>
<td><strong>Rate of Return</strong></td>
<td>8.77%</td>
</tr>
</tbody>
</table>

1/ D.06-05-016/Advice Letter 2054-E-A
Includes one SONGS 2&3 refueling and maintenance outage
APPENDIX C
List of 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

<table>
<thead>
<tr>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno</td>
</tr>
<tr>
<td>Imperial</td>
</tr>
<tr>
<td>Inyo</td>
</tr>
<tr>
<td>Kern</td>
</tr>
<tr>
<td>Kings</td>
</tr>
<tr>
<td>Los Angeles</td>
</tr>
<tr>
<td>Madera</td>
</tr>
<tr>
<td>Mono</td>
</tr>
<tr>
<td>Orange</td>
</tr>
<tr>
<td>San Bernardino</td>
</tr>
<tr>
<td>Tulare</td>
</tr>
<tr>
<td>Tuolumne*</td>
</tr>
<tr>
<td>Ventura</td>
</tr>
</tbody>
</table>

### MUNICIPAL CORPORATIONS

<table>
<thead>
<tr>
<th>Adelanto</th>
<th>Cudahy</th>
<th>La Habra</th>
<th>La Habra Heights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agoura Hills</td>
<td>Culver City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alhambra</td>
<td>Cypress</td>
<td>La Mirada</td>
<td></td>
</tr>
<tr>
<td>Aliso Viejo</td>
<td>Delano</td>
<td>La Palma</td>
<td></td>
</tr>
<tr>
<td>Apple Valley</td>
<td>Desert Hot Springs</td>
<td>La Puente</td>
<td></td>
</tr>
<tr>
<td>Arcadia</td>
<td>Diamond Bar</td>
<td>La Verne</td>
<td></td>
</tr>
<tr>
<td>Artesia</td>
<td>Downey</td>
<td>Laguna Beach</td>
<td></td>
</tr>
<tr>
<td>Avalon</td>
<td>Duarte</td>
<td>Laguna Hills</td>
<td></td>
</tr>
<tr>
<td>Baldwin Park</td>
<td>El Monte</td>
<td>Laguna Niguel</td>
<td></td>
</tr>
<tr>
<td>Barstow</td>
<td>El Segundo</td>
<td>Laguna Woods</td>
<td></td>
</tr>
<tr>
<td>Beaumont</td>
<td>Exeter</td>
<td>Lake Elsinore</td>
<td></td>
</tr>
<tr>
<td>Bell</td>
<td>Farmersville</td>
<td>Lake Forest</td>
<td></td>
</tr>
<tr>
<td>Bell Gardens</td>
<td>Fillmore</td>
<td>Lakewood</td>
<td></td>
</tr>
<tr>
<td>Bellflower</td>
<td>Fontana</td>
<td>Lancaster</td>
<td></td>
</tr>
<tr>
<td>Beverly Hills</td>
<td>Fountain Valley</td>
<td>Lawndale</td>
<td></td>
</tr>
<tr>
<td>Bishop</td>
<td>Fullerton</td>
<td>Lindsay</td>
<td></td>
</tr>
<tr>
<td>Blythe</td>
<td>Garden Grove</td>
<td>Loma Linda</td>
<td></td>
</tr>
<tr>
<td>Bradbury</td>
<td>Gardena</td>
<td>Lomita</td>
<td></td>
</tr>
<tr>
<td>Brea</td>
<td>Glendora</td>
<td>Long Beach</td>
<td></td>
</tr>
<tr>
<td>Buena Park</td>
<td>Goleta</td>
<td>Los Alamitos</td>
<td></td>
</tr>
<tr>
<td>Calabasas</td>
<td>Grand Terrace</td>
<td>Lynwood</td>
<td></td>
</tr>
<tr>
<td>California City</td>
<td>Hanford</td>
<td>Malibu</td>
<td></td>
</tr>
<tr>
<td>Calimesa</td>
<td>Hawaiian Gardens</td>
<td>Mammoth Lakes</td>
<td></td>
</tr>
<tr>
<td>Camarillo</td>
<td>Hawthorne</td>
<td>Manhattan Beach</td>
<td></td>
</tr>
<tr>
<td>Canyon Lake</td>
<td>Hemet</td>
<td>Maywood</td>
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<tr>
<td>Covina</td>
<td>La Canada Flintridge</td>
<td>Norwalk</td>
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</table>

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

I hereby certify that, pursuant to the Commission’s Rules of Practice and Procedure, I have this day served a true copy of NOTICE OF AVAILABILITY OF SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) APPLICATION FOR APPROVAL OF ADVANCED METERING INFRASTRUCTURE DEPLOYMENT ACTIVITIES AND COST RECOVERY MECHANISM AND SUPPORTING TESTIMONY on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this 31st day of July 2007, at Rosemead, California.

/s/ Meraj Rizvi  
Meraj Rizvi  
Case Analyst  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California  91770