July 12, 2010

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

Subject: Modification of the Reliability Investment Incentive Mechanism in Compliance with D.09-03-025

Dear Mr. Jazayeri:

Advice Letter 2408-E is effective June 24, 2010 per Resolution E-4313.

Sincerely,

Julie A. Fitch, Director
Energy Division
Utility Name: SCE  
Utility No./Type: U 338-E  
Advice Letter No.: 2408-E  
Date AL filed: November 20, 2009  
Utility Contact Person: Mr. James Yee  
Utility Phone No.: (626) 302-2509  
Date Utility Notified: December 20, 2009  
via: e-mail:  
Date AL filed: November 20, 2009  
ED Staff Contact: David K. Lee  
Advice Letter No.: 2408-E  
Fax No.:  
Date Calendar Clerk Notified:  
Date Commissioners/Advisors Notified:  

[X] INITIAL SUSPENSION (up to 120 DAYS)  
This is to notify that the above-indicated AL is suspended for up to 120 days beginning December 21, 2009 for the following reason(s) below. If the AL requires a Commission resolution and the Commission’s deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] Section 455 Hearing is Required.  
[ ] Advice Letter Requests a Commission Order.  
[X] Advice Letter Requires Staff Review  
Expected duration of initial suspension period: 120 days.

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)  
The AL requires a Commission resolution and the Commission’s deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact David K. Lee at (415) 703-1137 or via e-mail at dkl@cpuc.ca.gov.

cc: Brian Schumacher  
Honesto Gatchalian  
Protestants to the advice letter: TURN

November 20, 2009

ADVICE 2408-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Modification of the Reliability Investment Incentive Mechanism in Compliance With Decision 09-03-025

In compliance with the California Public Utilities Commission (Commission) Decision (D.)09-03-025, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedule. The tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

Pursuant to Ordering Paragraph 25 of D.09-03-025, this advice filing revises Preliminary Statement, Part LL, the Reliability Investment Incentive Mechanism.

BACKGROUND

From 1997 through 2008, SCE operated with a form of reliability incentive mechanism in which it could earn rewards or suffer penalties based on its performance relative to benchmarks for frequency and duration of electric service interruptions. The first such mechanism was adopted for SCE in D.96-09-092. More recently, the Commission authorized a modified version of a distribution reliability mechanism in SCE’s 2003 General Rate Case (GRC) D.04-07-022.

In SCE’s 2006 GRC, SCE, the Coalition of California Utility Employees (CUE), and The Utility Reform Network (TURN) entered into a stipulation asking for Commission approval to establish the Reliability Investment Incentive Mechanism (RIIM). The RIIM replaced the benchmark-based reliability mechanism with a system focused on reliability-related capital expenditures and workforce increases. If SCE did not spend as much as authorized, or increase certain workforce categories consistent with RIIM targets, funds were returned to ratepayers at the end of the rate case cycle. The RIIM was based on SCE’s priority system for capital expenditures, allowing funds to flow to higher priority requirements as circumstances dictated. The Commission approved that stipulation in D.06-05-016.
In SCE’s 2009 GRC, SCE and CUE served testimony recommending the Commission continue the RIIM; however, each party proposed different modifications to the RIIM framework. On May 23, 2008, a Settlement Conference was held and, subsequently, SCE and CUE filed a Settlement Agreement (Joint Motion for Approval of Settlement on Reliability Investment Incentive Mechanism). This Settlement was adopted by the Commission in D.09-03-025.

RIIM SETTLEMENT

- Capital

The terms of the RIIM Settlement identify certain categories of SCE’s capital expenditure request related to preserving long-term electric service reliability for SCE customers. Those certain categories will be tracked on a recorded basis from the effective date of the 2009 GRC Phase 1 through December 31, 2011, and include: Distribution Infrastructure Replacement, Preventative Maintenance, Load Growth, and Substation Infrastructure Replacement. The terms also identify high priority categories of capital expenditures related to New Service Connections, Storms, and Breakdown Replacement. Capital expenditures in these high priority categories are recognized as affecting expenditures in the reliability categories.¹

- Operations and Maintenance (O&M)

The RIIM Settlement also states that adequate recruitment and retention of line positions and training for these positions are an important indicator of SCE’s ability to preserve long-term electric system reliability. Towards that goal, SCE agrees to add a cumulative total of 150 line positions to its workforce during the 2009-2011 period.

RIIM RATEMAKING

Pursuant to Ordering Paragraph 25 of D.09-03-025, SCE is modifying the RIIM to track the difference between the adjusted-recorded² and authorized RIIM capital additions from 2009 through 2011, as well as the number of RIIM Employee Targets I and II positions.³

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¹ Settlement, Section 3.4.2 and 3.4.3 states that the Parties recognize that the Commission’s decision in this GRC may adopt capital expenditures that differ from SCE’s proposed amounts and, as such, that will change the amounts set forth in Attachments A and B of the Settlement.

² The amount of recorded RIIM-related capital additions may be increased or decreased by the difference in recorded and authorized RIIM - High Priority Exceptions Capital Additions.

³ RIIM Employee Target I is set at a combined net increase of 125 over the 2009-2011 period of the combined categories of Lineman, Troublemen, E-Crew Foreman, Senior Cable Splicers, Senior Patrolmen and Apprentice Lineman. RIIM Employee Target II is set at a combined net increase of 150 over the 2009-2011 period when Groundmen are included with the RIIM Employee Target I categories.
The RIIM will track and determine the difference between: (1) actual (recorded-adjusted) reliability-related capital additions; and (2) the authorized level of reliability-related capital additions in D.09-03-025. The total related RIIM capital expenditures proposed in the Settlement for 2009 was $1.255 billion. However, in D.09-03-025, the Commission disallowed $103 million of forecast reliability-related capital expenditures that were subject to the RIIM. In addition, SCE reduced its reliability-related capital expenditures request by $73 million to reflect the economic downturn.

D.09-03-025 adopts a post-test year ratemaking mechanism that escalates the approved 2009 revenue requirement by an escalation factor of 4.25 percent for 2010, and then escalates the resulting 2010 revenue requirement by an escalation factor of 4.35 percent to derive the 2011 revenue requirement. Consistent with D.09-03-025, SCE has calculated the 2010 and 2011 capital expenditures and additions subject to RIIM by escalating the 2009 approved capital expenditures and additions by 4.25 percent and the resulting 2010 capital expenditures and additions by 4.35 percent. Table 1 below shows the 2009 authorized RIIM-related capital expenditures and Table 2 shows 2009 authorized capital additions (with cost of removal included).

**TABLE 1**

<table>
<thead>
<tr>
<th>RIIM-Authorized Capital Expenditures</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIIM Expenditures4</td>
<td>765.6</td>
<td>798.1</td>
<td>832.8</td>
</tr>
<tr>
<td>RIIM - High Priority Exceptions Expenditures</td>
<td>313.6</td>
<td>326.9</td>
<td>341.1</td>
</tr>
<tr>
<td>Total</td>
<td>1,079.2</td>
<td>1,125.0</td>
<td>1,173.9</td>
</tr>
</tbody>
</table>

**TABLE 2**

<table>
<thead>
<tr>
<th>RIIM-Authorized Capital Additions</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIIM Capital Additions</td>
<td>752.1</td>
<td>784.0</td>
<td>818.1</td>
</tr>
<tr>
<td>RIIM - High Priority Exceptions Capital Additions</td>
<td>284.2</td>
<td>296.2</td>
<td>309.1</td>
</tr>
<tr>
<td>Total</td>
<td>1,036.3</td>
<td>1,080.2</td>
<td>1,127.2</td>
</tr>
</tbody>
</table>

Additionally, the RIIM will track the net increase in RIIM Employee Targets I and II. If by the end of 2011, SCE has fully implemented its reliability-related capital spending and added a net increase from end of year 2008 levels of 125 RIIM Employee Target I

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4 Pursuant to Section 3.7 2 of the Settlement, SCE and CUE have agreed to capital expenditure and addition levels subject to the RIIM mechanism in the absence of Commission-authorized levels for 2010 and 2011.
positions (and met its RIIM Employee Target II net increase of 150 employees) to its workforce, no customer refunds shall be required.

Table 3 below details the amount of O&M reductions SCE shall refund to customers if the actual increase in RIIM Employee Targets are not met by the end of 2011.

<table>
<thead>
<tr>
<th>Net Shortfall in positions</th>
<th>O&amp;M Reduction Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Shortfall in new positions is less than 30</td>
<td>= $16.5 thousand multiplied by net shortfall in the number of new positions</td>
</tr>
<tr>
<td>Net Shortfall in new positions is greater than 30</td>
<td>= $495 thousand plus $77.5 thousand multiplied by the number of positions in excess</td>
</tr>
</tbody>
</table>

If an overcollection in revenue requirement is determined from (1) the authorized reliability-related capital additions being greater than recorded adjusted capital additions or (2) from a net shortfall in RIIM Employee Targets I and II, these amounts shall be refunded to customers.

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

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.1, this advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

Consistent with the effective date of the revenue requirement authorized in D.09-03-025, which is January 1, 2009, this advice filing is effective on January 1, 2009.

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:

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5 For example, if the net shortfall is 10 (less than 30) then the amount returned to customers would be $165 thousand ($16,500 times 10). If the net shortfall is 40 (greater than 30) then the amount returned to customers would be $1.270 million ($495,000 plus $775,000 ($77,500 times 10)).
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) 929-5540  
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and A.07-11-011 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to all other service lists, please contact the Commission’s Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE’s corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE’s web site at http://www.sce.com/AboutSCE/Regulatory/adviceletters.
For questions, please contact Karen Salvato at (626) 302-2504 or by electronic mail at Karen.Salvato@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:ks:sq
Enclosures
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:  
- ☑ ELC  
- ☐ GAS  
- ☐ PLC  
- ☐ HEAT  
- ☐ WATER  

Contact Person: James Yee  
Phone #: (626) 302-2509  
E-mail: James.Yee@sce.com  
E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
<th>PLC = Pipeline</th>
<th>HEAT = Heat</th>
<th>WATER = Water</th>
</tr>
</thead>
</table>

Advice Letter (AL) #: 2408-E  
Tier Designation: 1

Subject of AL: Modification of the Reliability Investment Incentive Mechanism in Compliance With Decision 09-03-025

Keywords (choose from CPUC listing): Compliance

AL filing type: ☑ Monthly  ☐ Quarterly  ☐ Annual  ☑ One-Time  ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.09-03-025

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: 

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

Confidential treatment requested?  ☑ Yes  ☐ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  ☑ Yes  ☐ No

Requested effective date: 01/01/09  
No. of tariff sheets: -8-

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement Part LL and Table of Contents

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹ Discuss in AL if more space is needed.
Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jn@cpuc.ca.gov and mas@cpuc.ca.gov

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) 929-5540
E-mail: Karyn.Gansecki@sce.com
<table>
<thead>
<tr>
<th>Cal. P.U.C. Sheet No.</th>
<th>Title of Sheet</th>
<th>Cancelling Cal. P.U.C. Sheet No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised 46160-E</td>
<td>Preliminary Statement Part LL</td>
<td>Original 40941-E*</td>
</tr>
<tr>
<td>Revised 46161-E*</td>
<td>Preliminary Statement Part LL</td>
<td>Original 40942-E</td>
</tr>
<tr>
<td>Revised 46162-E*</td>
<td>Preliminary Statement Part LL</td>
<td>Original 40943-E</td>
</tr>
<tr>
<td>Revised 46163-E*</td>
<td>Preliminary Statement Part LL</td>
<td>Original 40944-E</td>
</tr>
<tr>
<td>Revised 46164-E*</td>
<td>Preliminary Statement Part LL</td>
<td>Revised 43351-E</td>
</tr>
<tr>
<td>Revised 46165-E**</td>
<td>Preliminary Statement Part LL</td>
<td>Original 40946-E</td>
</tr>
<tr>
<td>Revised 46166-E</td>
<td>Table of Contents</td>
<td>Revised 45933-E</td>
</tr>
<tr>
<td>Revised 46167-E</td>
<td>Table of Contents</td>
<td>Revised 45934-E</td>
</tr>
</tbody>
</table>
LL.  Reliability Investment Incentive Mechanism (RIIM)

1. Purpose

The Reliability Investment Incentive Mechanism (RIIM) shall determine the difference between: (1) actual (recorded) reliability-related capital additions; and (2) the authorized level of reliability-related capital additions in D.09-03-025. Additionally, the RIIM will track the net increase in line positions. If by the end of 2011, SCE has fully implemented its reliability-related capital spending and added a net increase from end of year 2008 levels of 125 RIIM Employee Target I positions (and met its RIIM Employee Target II net increase of 150 employees) to its workforce, no customer refunds shall be required. If an overcollection in revenue requirement is determined from (1) the authorized reliability-related capital additions being greater than recorded adjusted capital additions or (2) from a net shortfall in RIIM Employee Targets I and II, these amounts shall be refunded to customers.

2. Definitions

a. RIIM Capital Additions

For purposes of recording entries in the RIIM, Capital Additions shall be defined as Gross Capital Additions plus associated Cost of Removal.

b. Authorized RIIM Reliability-Related Capital Expenditures and Capital Additions

The RIIM Reliability-Related Capital Expenditures, as outlined in Attachment A of the Settlement with SCE and CCUE are the capital-related costs specifically identified in preserving long-term electric service reliability for customers. The Settlement amounts are revised to reflect approved expenditures in D.09-03-025, as shown in Table A.

<table>
<thead>
<tr>
<th>TABLE A - Authorized RIIM Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Distribution Infrastructure Replacement</td>
</tr>
<tr>
<td>Preventative Maintenance</td>
</tr>
<tr>
<td>Substation Infrastructure Replacement</td>
</tr>
<tr>
<td>Load Growth</td>
</tr>
<tr>
<td>Total Expenditures</td>
</tr>
</tbody>
</table>

(Continued)
LL. Reliability Investment Incentive Mechanism (RIIM) (Continued)

2. Definitions (Continued)

The associated authorized capital additions including cost of removal are shown in Table B.

**TABLE B - RIIM Authorized Capital Additions**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total RIIM Capital Additions</td>
<td>752.1</td>
<td>784.0</td>
<td>818.1</td>
<td>2,354.2 (C)</td>
</tr>
</tbody>
</table>

The capital expenditures identified in TABLE A and the associated cumulative capital additions forecast to be added to plant-in-service by December 31, 2011 (plus associated cost of removal) are subject to RIIM.

c. Authorized RIIM High Priority Exception Expenditures and Capital Additions

The High Priority Capital Expenditures, as outlined in Attachment B, of the Settlement, are expenditures identified as affecting the RIIM categories above (section 2.b). The High Priority capital additions are used to adjust the recorded RIIM Capital Additions.

The authorized RIIM High Priority Capital Expenditures and associated Capital Additions settlement amounts are revised to reflect approved expenditures in D.09-03-025, including cost of removal are shown in Tables C and D.

**TABLE C - High Priority Exception Authorized Expenditures**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Service</td>
<td>174.9</td>
<td>182.3</td>
<td>190.2</td>
<td></td>
</tr>
<tr>
<td>Storms</td>
<td>52.7</td>
<td>54.9</td>
<td>57.3</td>
<td></td>
</tr>
<tr>
<td>Breakdown Replacement</td>
<td>86.0</td>
<td>89.7</td>
<td>93.6</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>313.6</td>
<td>326.9</td>
<td>341.1</td>
<td>(C)</td>
</tr>
</tbody>
</table>
LL. Reliability Investment Incentive Mechanism (RIIM) (Continued)

2. Definitions (Continued)

<table>
<thead>
<tr>
<th>TABLE D - High Priority Exception Authorized Capital Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total High Priority Capital Additions</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

d. Recorded RIIM Capital Additions Adjustment

The difference between the authorized High Priority exception Capital Additions and recorded High Priority exception Capital Additions is used to increase or reduce the recorded RIIM Capital Additions. That is, if recorded High Priority Capital Additions exceed amounts authorized by the Commission, recorded RIIM Capital Additions will be increased by this amount. If recorded High Priority Capital Additions are less than the authorized High Priority Capital Additions, Recorded RIIM Capital Additions will be decreased by this amount.

e. Adjusted Recorded RIIM Capital Additions

Adjusted recorded RIIM Capital Additions shall be the sum of the Recorded RIIM Capital Additions (section 2a) and the Recorded RIIM Capital Additions Adjustment (section 2d).

f. Effective Date

The effective date of RIIM is January 1, 2009.

(T)

g. Cumulative Shortfall

1. The Capital Additions Cumulative Shortfall (if any) is the difference between the Authorized RIIM capital additions (including associated cost of removal) and the Adjusted Recorded RIIM Capital Additions from the effective date of the GRC decision through December 31, 2011. If there is a cumulative shortfall at the end of RIIM, SCE shall return to customers the accumulated capital-related revenue requirement plus interest.

2. RIIM Employee Targets I and II Shortfall (if any) is the result of the net shortfall in line positions from the effective date of the GRC decision through December 31, 2011. If there is a cumulative shortfall at the end of RIIM, SCE shall return to customers the O&M related costs revenue requirement plus interest.

(Continued)
LL. Reliability Investment Incentive Mechanism (RIIM) (Continued)

2. Definitions (Continued)

h. CPUC Jurisdictional Factor

1. The distribution Capital-related CPUC Jurisdictional Factor shall be the CPUC jurisdictional factors reflected in the Settlement Agreement. That is 95.8 percent Commission Jurisdictional for RIIM Reliability Capital Expenditures and Additions and 99.9 percent for High Priority exception Capital Expenditures and Additions.

2. The distribution O&M-related CPUC jurisdictional factor reflected in D.09-03-025 is 98.83 percent.

i. RIIM Employee Target I

RIIM Employee Target I is set at a combined net increase of 125 over the 2009-2011 period for the combined categories of Lineman, Troublemen, E-Crew Foreman, Senior Cable Splicers, Senior Patrolment and Apprentice Lineman.

j. RIIM Employee Target II

RIIM Employee Target II is set at a combined net increase of 150 over the 2009-2011 period when Groundmen are included with the RIIM Employee Target I positions.

k. RIIM Employee Target Adjustment Factors

1. Net Shortfall is less than 30
   If SCE’s net shortfall in RIIM Employee Target positions is less than 30, SCE will return $16,500 per position under 30 to customers.

2. Net Shortfall is greater than 30
   If SCE’s net shortfall in RIIM Employee Target positions is greater than 30, SCE will return an additional amount of $495,000, plus $77,500 for each position greater than 30, to customers.
2. Definitions (Continued)

k. Interest Rate

The Interest Rate shall be the most recent annual interest rate on three month Financial or Non-financial Commercial Paper rate (prime, three months) published monthly in the Federal Reserve Statistical Release H.15, whichever is available on the first day of the month.

l. Revenue Requirement Multiplier

The Revenue Requirement Multipliers shall reflect SCE’s most current Commission-authorized factors that are used in calculating a capital-related revenue requirement including depreciation rates, rate of return on rate base, and income tax rates.

For 2009, the annual Revenue Requirement Multiplier shall be set at 16.26%.

3. Determining a Capital Related RIIM Base Revenue Requirement Reduction Amount

If a calculation of 2009 – 2011 RIIM Capital Additions base revenue requirement reduction amount is necessary, that is if a Capital Additions cumulative shortfall exists, the base revenue requirement reduction amount shall be determined as follows:

a. The 2009 – 2011 recorded adjusted RIIM Capital Additions under expenditure shall be allocated to each month during the period January 1, 2009 through December 31, 2011 evenly after it has been CPUC jurisdictionalized by applying the applicable distribution capital-related CPUC Jurisdictional Factor;

b. A monthly revenue requirement balance shall be determined for each month during the period January 1, 2009 through December 31, 2011 by multiplying the monthly cumulative difference between the authorized and the adjusted recorded RIIM Capital Additions by the applicable monthly Revenue Requirement Multiplier;

If SCE’s recorded 2009-2011 Capital Additions exceed authorized levels, SCE shall not recover from customers any additional base revenue requirement associated with its recorded 2009-2011 Capital Additions.

c. Monthly interest shall be added by applying the Interest Rate to the average of the beginning and ending monthly revenue requirement balances;

d. The Distribution-related revenue requirement shall be credited to the Distribution Sub-account of the BRRBA to be returned to customers.
Preliminary Statement

Sheet 6

LL. Reliability Investment Incentive Mechanism (RIIM) (Continued)

4. Determining RIIM Employee Target Related Revenue Reduction Amount

If a calculation of 2009 – 2011 RIIM Employee Target I and/or II positions reduction is necessary, that is RIIM Employee Target I and/or II cumulative shortfall exists, the reduction amount shall be determined as follows:

a. If RIIM Employee Target net shortfall in positions is less than 30, multiply the difference between 30 and the amount less than 30 by $16,500 (the net shortfall less than 30 adjustment factor).

b. If RIIM Employee Target net shortfall in positions is greater than 30, multiply the difference between 30 and the amount greater than 30 by $77,500 plus $495,000 (the net shortfall greater than 30 adjustment factors).

c. The amount determined in (a) or (b) above shall be allocated each month during the period January 1, 2009 through December 31, 2011 evenly.

d. The monthly revenue requirement amount shall be CPUC jurisdictionalized by applying the distribution O&M CPUC jurisdictional factor.

e. Monthly interest shall be added by applying the Interest Rate to the average of the beginning and ending monthly revenue requirement balances;

5. RIIM Report

By March 2012 SCE shall submit an advice letter to the Commission that reports SCE’s adjusted recorded RIIM capital additions for calendar years 2009 through 2011 and includes support for the calculation of a base revenue requirement reduction amount (if any). The advice letter will include all necessary information and supporting workpapers for the Commission to review and approve SCE’s post test year RIIM Capital Additions rate recovery. The advice letter will also include the recorded number RIIM Employee Target positions for calendar years 2009 through 2011 and include support for the calculation of a reduction amount (if any). SCE will also include all necessary information and supporting workpapers for the Commission to review and approve.

(To be inserted by utility)  Issued by  (To be inserted by Cal. PUC)
Advice 2408-E Akbar Jazayeri Date Filed Nov 20, 2009
Decision 09-03-025 Vice President Effective Jun 24, 2010
Resolution E-4313
# TABLE OF CONTENTS

**Cal. P.U.C.**
**Sheet No.**

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November 23, 2009

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA  94102

Attn: Honest Gatchalian
Energy Division

Re: Substitute Sheets for Advice 2408-E

Dear Mr. Gatchalian:

Enclosed are an original and four copies of Attachment A and Substitute Sheet Numbers 46161-E*, 46162-E*, 46163-E*, 46164-E*, and 46165-E* for Advice 2408-E. These substitute sheets are necessary to correct the symboling of tariff changes in Preliminary Statement LL. These substitute sheets ensure that all filed changes are correctly denoted.

These substitute sheets ensure that all appropriate, approved revisions are contained in the affected tariff sheets. Please include the enclosed sheets in your master Advice 2408-E and distribute copies to those reviewing the filing. If you have any questions, please contact Betty Bell at (626) 302-4858.

Sincerely,

Lisa Vellanoweth

Enclosures
2408-ESub.doc

* An asterisk denotes a substituted sheet.
April 5, 2011

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA  94102

Attn:  Honesto Gatchalian
Energy Division

Re:  Substitute Sheets for Advice 2408-E

Dear Mr. Gatchalian:

Enclosed are an original and four copies of Attachment A and Substitute Sheet Number 46165-E** for Advice 2408-E.  This substitute sheet is necessary to correct the year in which SCE is to file the Reliability Investment Incentive Mechanism Report that is stated in Condition 5. To abide by Decision 09-03-025, the date has been corrected from March 2011 to March 2012.

This substitute sheet ensures that all appropriate, approved revisions are contained in the affected tariff sheets. Please include the enclosed sheets in your master Advice 2408-E and distribute copies to those reviewing the filing.  If you have any questions, please contact Lisa Foulds at (626) 302-2010.

Sincerely,

Lisa Vellanoweth