

May 27, 2009

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, D. C. 20555

Subject: **Docket Nos. 50-361, 50-362, 50-528, 50-529, and 50-530**  
**Annual Report of Guarantee of Payment of Deferred Premium**  
**San Onofre Nuclear Generating Station Units 2 and 3**  
**Palo Verde Nuclear Generating Station Units 1, 2, and 3**

Dear Sir or Madam:

10 CFR 140.21 requires Southern California Edison (SCE), as agent for the owners of the San Onofre Nuclear Generating Station Units 2 and 3 and SCE's 15.8% ownership share of Palo Verde Units 1, 2, and 3, to provide evidence that it maintains a guarantee of payment of deferred premium in an amount of \$17.5 million for each reactor SCE is licensed to operate. In accordance with option (e) of 10 CFR 140.21 and with 10 CFR 50.71(b), SCE has provided its quarterly Form 10-Q report to the Securities and Exchange Commission in lieu of an annual certified financial statement.

SCE is providing the enclosed 2008 Internal Cash Flow statement which is from the consolidated financial statements included in SCE's 2008 annual report.

There are no commitments contained in this letter or its enclosure.

If you have any questions or require further information about this matter, please contact Ms. L. T. Conklin at 949-368-9443.

Sincerely,



Enclosure

cc: E. E. Collins, Regional Administrator, NRC Region IV  
R. Hall, NRC Project Manager, San Onofre Units 2 and 3  
G. G. Warnick, NRC Senior Resident Inspector, San Onofre Units 2 and 3

# SOUTHERN CALIFORNIA EDISON COMPANY

## 2008 Internal Cash Flow

(Dollars in Millions)

	<u>2008</u> <u>Actual</u>
Net Income After Taxes	\$734
Dividends Paid	<u>(\$376)</u>
Retained Earnings	\$358
Adjustments:	
Depreciation & Decommissioning	\$1,114
Net Deferred Taxes & ITC	\$131
Allowance for Funds Used During Construction	<u>(\$81)</u>
Total Adjustments	\$1,164
Internal Cash Flow	\$1,522
Average Quarterly Cash Flow	\$381

### Percentage Ownership in All Nuclear Units:

San Onofre Nuclear Generating Station Units 2 & 3	
o Southern California Edison Company	78.21%
o San Diego Gas & Electric Company	20.00%
o City of Riverside	1.79%

Palo Verde Nuclear Generating Station Units 1, 2 & 3	15.80%
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### Maximum Total Contingent Liability:

San Onofre Nuclear Generating Station Unit 2	\$17.50	(1)
San Onofre Nuclear Generating Station Unit 3	\$17.50	(1)
Palo Verde Nuclear Generating Station Unit 1	\$2.77	(2)
Palo Verde Nuclear Generating Station Unit 2	\$2.77	(2)
Palo Verde Nuclear Generating Station Unit 3	\$2.77	(2)
Total	\$43.30	

(1) The value represents 100% of the SONGS Annual Per Incident Contingent Liability. The Maximum Total Contingent Liability was increased to \$17.50 (Dollars in Millions) per reactor, as announced in the Federal Register, Volume 73, No. 189, Monday, September 29, 2008, Page 56,451, and became effective on October 29, 2008.

(2) The value represents 15.8% (SCE's Share) of the Palo Verde Annual Per Incident Contingent Liability