
January 7, 2000

ADVICE 1409-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Modifications To Southern California Edison Company's Preliminary Statements To Reflect Recovery Of Industry Restructuring Implementation Costs And The Tracking Of Displaced Transition Costs In Compliance With Decision Nos. 99-09-064 and 99-12-032

In compliance with the California Public Utilities Commission (Commission) Decision No. 99-09-064 (D.99-09-064), dated September 16, 1999, and Decision No. 99-12-032 (D.99-12-032), dated December 16, 1999, Southern California Edison Company (SCE), hereby transmits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

The purpose of this advice filing is to revise the Preliminary Statements of SCE's tariffs to reflect certain changes necessary in order to comply with D.99-09-064 and D.99-12-032 issued in Application No. 98-05-015. This Supplemental Advice Letter reflects the clarification and guidance contained in D.99-12-032 which had not yet been issued when SCE filed Advice 1409-E on October 15, 1999. D.99-09-064 authorized the recovery of Electric Industry Restructuring Implementation costs and the tracking of transition costs displaced by the portion of these Restructuring Implementation costs eligible for Section 376 treatment.

This advice filing supplements Advice 1409-E in its entirety.

BACKGROUND

Settlement Agreement

D.99-09-064 issued September 16, 1999 adopted the May 18, 1999 Settlement Agreement entered into between SCE and the Settling Parties¹ in Application No. 98-05-015 (A.98-05-015) with certain modifications. This settlement addressed the recovery of Restructuring Implementation costs and the treatment of such costs under Public Utilities Code Section 376. D.99-09-064 approved the Settlement Agreement as being reasonable in light of the whole record, consistent with the law, and in the public interest. D.99-09-064 modified the Settlement Agreement by clarifying that the recovery of Restructuring Implementation costs incurred during the rate freeze cannot be deferred to after the rate freeze, but rather, these costs must be recovered from headroom through the Transition Revenue Account (TRA) mechanism during the transition period. In their comments on D.99-09-064, the Settling Parties accepted the Commission's modifications to the settlement based on the clarifications found in page 19 of that decision.

D.99-12-032 issued December 16, 1999 provided further clarifications of the Settlement Agreement adopted in D.99-09-064. Among other things, D.99-12-032 clarified that restructuring related costs incurred during the rate freeze period must be recovered prior to the end of the rate freeze. If restructuring related expenditures are made after the rate freeze ends, SCE may request recovery of these costs. Also, if the Commission authorizes other restructuring programs, SCE may also request recovery of those program costs.

EMCs and IMCs

Pursuant to D.99-09-064, the Restructuring Implementation costs recorded and tracked in the Industry Restructuring Memorandum Account (IRMA) subaccounts are separated into two major categories. The first category is the Externally Managed Costs (EMCs) which consist of FERC approved amounts for the Power Exchange (PX) Initial Charge, the start-up and development cost portion of the Independent System Operators (ISO) Grid Management Charge, and Commission approved Consumer Education Program costs, Electric Education Trust costs, and related customer education costs. These amounts should be recovered on a dollar for dollar basis through the TRA mechanism. The second category is the Internally Managed Costs (IMCs) which consist

¹ The Settling Parties include the Office of Ratepayer Advocates (ORA), California Association of Cogenerators, California Farm Bureau Federation, California Industrial Users, California Large Energy Consumers Association, California Manufacturers Association, Energy Producers and Users Coalition, The Utility Reform Network, University of California, and California State University.

primarily of Direct Access Implementation Costs, Hourly Interval Meter Installation and Reading Costs, Utility Distribution Company Billing Systems Modification Costs, Customer Information Release Systems Costs, and Utility Energy Supply Forecast Costs. Recovery of the IMCs shall be capped at \$160 million, and like the EMCs, recovery shall be achieved through the TRA mechanism.

D.99-12-032 clarified that it was not the Commission's intent to create a violation of the tax normalization rules applicable to capitalized expenditures authorized in D.99-09-064 and that SCE would be allowed to continue to recover the revenue requirements associated with the remaining deferred taxes in order to be in full compliance with the Internal Revenue Code and other associated regulations.

CTC Displacement Tracking Account

D.99-09-064 also authorized the establishment of a Competition Transition Charge (CTC) Displacement Tracking Account where the appropriate IMCs and EMCs are to be recorded. Pursuant to the Settlement Agreement, the Settling Parties agreed that the CTC Displacement Amount shall consist of all EMCs and a limit of \$58.593 million of IMCs. At the end of the rate freeze, the amount in the CTC Displacement Tracking Account (generation related Transition costs which are unrecovered due to the recovery of Section 376 eligible EMCs and IMCs during the transition period) will be compared with the undercollection in the Transition Cost Balancing Account (TCBA), if any, to determine the amount of displaced transition costs eligible for post transition period recovery pursuant to Section 376. If the TCBA reflects an undercollection which is less than or equal to the amount recorded in the CTC Displacement Tracking Account, SCE shall be entitled to recover the TCBA undercollection after the transition period.

Other Industry Restructuring Costs

D.99-09-064 also recognized that Other Industry Restructuring Costs such as those associated with Power System Control Modifications, Meter Certification, Electric Supply Settlement, Generation ISO/PX Settlement, Billing, and Bidding Systems, and Western Power Exchange Project are to be treated as generation "going forward costs" and would have to be recovered from market revenues. Specifically, these costs will be allocated to generation plants based on plant output during the first quarter of 1999. Costs allocated to nuclear generation will be recorded in the Current Cost Subaccount (for SONGS and Palo Verde respectively) of the TCBA. Costs allocated to hydro generation will be recorded in the Hydro Generation Memorandum Account as a reduction to recorded revenue. Costs allocated to coal generation will be recorded in the Power Exchange Revenue Memorandum Account as a "going forward cost."

Further Reviews and Adjustments

D.99-09-064 also adopted the Settling Parties agreement that the IMCs and EMCs are not subject to further investigation, review, reasonableness review, adjustment, true-ups between actual and forecasted costs or reconciliations of any nature. SCE shall continue to track the IMC expenditures and report these expenditures according to the current Industry Restructuring Memorandum Account(IRMA) categories to the ORA on an annual basis.

EFFECTIVE DATE

In compliance with Conclusion of Law No. 4 and Order No. 2 of D.99-12-032, this advice filing shall become effective on the issuance date of D.99-12-032, which is December 16, 1999. No resolution is required for this advice filing; therefore, approval of this item is not subject to the review and comment provisions of Senate Bill 779.

NOTICE

Anyone wishing to protest this advice filing may do so by letter or facsimile and received by SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200

Copies should also be sent to the attention of the Director, Energy Division, Room 4004 (same address above), and Donald A. Fellows, Manager of Revenue and Tariffs, Southern California Edison Company, 2244 Walnut Grove Avenue, Rosemead, California 91770, Facsimile (626) 302-4829. 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 III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list and Application 98-05-015. Address change requests should be directed to Emelyn Lawler at (626) 302-3985.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

ADVICE 1409-E-A
(U 338-E)

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January 7, 2000

Southern California Edison Company

Donald A. Fellows, Jr.

DAF:eml:1409EA.DOC
Enclosures

cc: GO 96-A Service List
A.98-05-015

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 26483-E	Preliminary Statement, Part N	Revised 25441-E*
Revised 26484-E	Preliminary Statement, Part N	Original 23211-E**
Revised 26485-E	Preliminary Statement, Part N	Original 23211-E**
Revised 26486-E	Preliminary Statement, Part N	Revised 24198-E*
Revised 26487-E	Preliminary Statement, Part N	Original 23225-E**
Revised 26488-E	Preliminary Statement, Part N	Original 23226-E**
Revised 26489-E	Preliminary Statement, Part R	Revised 24203-E*
Revised 26490-E	Preliminary Statement, Part R	Revised 24204-E*
Revised 26491-E	Preliminary Statement, Part R	Revised 24203-E*
Revised 26491-E	Preliminary Statement, Part R	Revised 24204-E*
Revised 26492-E	Preliminary Statement, Part JJ	Original 23264-E
Revised 26493-E	Preliminary Statement, Part JJ	Original 23275-E
Revised 26494-E	Table of Contents	Revised 26080-E
Revised 26495-E	Table of Contents	Revised 26109-E



PRELIMINARY STATEMENT
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>	
(34)	SONGS 2&3 Permanent Closure Memorandum Account	Yes	
(35)	SONGS 2&3 Property Tax Memorandum Account	Yes	
(36)	Palo Verde Permanent Closure Memorandum Account	Yes	
(37)	California Public Utilities (PU) CODE "SECTION 376" - CTC Displacement Tracking Memorandum Account	Yes	(T)
(38)	California Public Utilities (PU) CODE "SECTION 381 (d)" - Renewable Program Tracking Memorandum count	No	
(39)	Rate Group Tracking Memorandum Account	No	
(40)	Independent System Operator Revenue Memorandum Account	Yes**	
(41)	Power Exchange Revenue Memorandum Account	Yes**	
(42)	Unavoidable Fuel Contract Costs Memorandum	Yes	
(43)	Hydro Generation Memorandum Account	Yes**	
(44)	Increased Return on Equity on Divestiture Memorandum Account	Yes	
(45)	Deemed Fossil Inventory Memorandum Account	Yes	
(46)	Jurisdictional Allocation Memorandum Account	Yes	
(47)	Non-nuclear Generation Capital Additions (NGCA) Memorandum Account	Yes	
(48)	Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA)	Yes	
(49)	Santa Catalina Island Diesel Fuel (SCIDF) Memorandum Account	Yes	
(50)	Streamlining Residual Memorandum Account (SRA)	Yes	
(51)	ISO/PX Implementation Delay Memorandum Account	Yes	
(52)	Direct Access Discretionary Services Costs (DADSC) Memorandum Account (DADSC Memorandum Account)	Yes	
(53)	Affiliate Transfer Fee Memorandum Account	Yes	

* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

** Interest shall accrue monthly to credit balances only. See specific memorandum accounts for more information.

(Continued)



PRELIMINARY STATEMENT
(Continued)

- N. MEMORANDUM ACCOUNTS (Continued)
37. California Public Utilities (PU) Code "Section 376" - CTC Displacement Tracking Memorandum Account (T)
- a. Purpose:
- The purpose of the CTC Displacement Tracking Memorandum Account is to record the Externally Managed Costs (EMCs) and Internally Managed Costs (IMCs) associated with electric industry restructuring recovered through the TRA mechanism through December 31, 2001 to determine the extent to which generation-related transition costs may be collected after December 31, 2001 if, and only if, those categories of transition costs where collection must end by December 31, 2001 are not fully collected on December 31, 2001, per AB 1890, California PU Code Section 376. (T)
- The EMCs include FERC approved amounts for the PX Initial Charge, the start-up and development cost portion of the ISO Grid Management Charge, and Commission approved Consumer Education Program costs, Electric Education Trust costs, and related customer education costs. The IMCs include Direct Access Implementation Costs, Hourly Interval Meter Installation and Reading Costs, UDC Billing Systems Modification Costs, Customer Information Release Systems Costs, and Utility Energy Supply Forecast Costs. (T)
- The EMCs tracked in this Memorandum Account shall be the actual dollar for dollar amounts incurred during the rate freeze period. The IMCs tracked in this Memorandum Account shall be limited to no more than \$58.593 million. (N)
- b. Determination of the Amount of Generation-Related Costs That May Be Collected After December 31, 2001:
- The CTC Displacement Tracking Memorandum Account shall be effective through December 31, 2001, and entries made to this tracking account shall be determined from the following calculations: (T)
- (1) The EMCs and IMCs recovered through the TRA mechanism through December 31, 2001 within the limits set forth in Part a; (T)
- (2) Less: Recorded reimbursements by the ISO or PX. (T)
- (L)

(Continued)



PRELIMINARY STATEMENT
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

37. California Public Utilities (PU) Code "Section 376" - CTC Displacement Tracking Memorandum Account (L) (T)

Interest will accrue monthly to the subaccount by applying the Interest Rate to the average of the beginning of month and end of month balance.

To the extent there is an undercollection in the Transition Cost Balancing Account on December 31, 2001, excluding any Post 2001 Eligible Costs (Category III) subaccounts, then generation-related transition costs equal to the amounts recorded in the CTC Displacement Tracking Memorandum Account as of December 31, 2001, may be collected in rates after December 31, 2001 until such time as recovery is complete. (T)

In accordance with D.99-09-064, the EMCs and IMCs are not subject to further investigation, review, reasonableness review, adjustment, true-ups between actual and forecasted (or estimated) costs or reconciliations of any nature. (L) (D) (N) (N)

(Continued)

(To be inserted by utility)
Advice 1409-E-A
Decision 99-09-064
1409EA.DOC (57.1)

Issued by
John Fielder

Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Jan 07, 2000
Effective _____
Resolution _____



PRELIMINARY STATEMENT
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

41. Power Exchange Revenue Memorandum Account

The Utility shall maintain a Power Exchange ("PX") Revenue Memorandum Account (PXRMA) as ordered by the Commission in Decision No. 97-11-074 (Ordering Paragraph No. 2). The purpose of the PXRMA is to track monthly "going forward" costs and revenues (and other credits/offsets) associated with the Utility's fossil generating facilities which are not deemed to be "must-run" by the Independent System Operator. The PXRMA shall become effective on the date the Commission or its delegate declares to be the start date for Direct Access.

Entries to the PXRMA shall be made for each non "must-run" fossil generating facility until such time that the fossil generating facility is market valued (through divestiture, appraisal, or spin-off).

For purposes of making monthly entries to the PXRMA, "going-forward" costs shall include the following expense/cost categories:

- a. Operation and Maintenance ("O&M") expenses.
- b. Administrative and General ("A&G") expenses.
- c. Taxes - Income, property, and other.
- d. Capital additions (commencing the date the Commission or its delegate declares to be the start date for Direct Access) - including depreciation expense, taxes, and return at 7.22 percent.
- e. Fuel expenses (excluding fuel expenses recorded in the Unavoidable Fuel Contract Costs Memorandum Account).
- f. Materials and Supply ("M&S") amounts (commencing the date the Commission or its delegate declares to be the start date for Direct Access).
- g. Fuel inventory (except fuel oil) carrying costs.
- h. Cost of consumed emission credits.
- i. Auxiliary power purchased from the PX.
- j. Fossil generation site environmental remediation costs actually incurred for incidents occurring subsequent to the date the Commission or its delegate declares to be the start date for Direct Access.
- k. Generation related costs associated with Industry Restructuring allocated to coal generation in accordance with the Other Industry Restructuring Cost allocation methodology adopted in D.99-09-064. (N)
|
(N)
- l. Other costs the Commission may authorize. (T)

Expenses recorded in this Memorandum Account shall be on a CPUC-Jurisdictional basis in accordance with the methodology for determining monthly CPUC-Jurisdictional percentages as defined in the Utility's Preliminary Statement "Transition Cost Balancing Account".

(Continued)



PRELIMINARY STATEMENT
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

43. Hydro Generation Memorandum Account (Continued)

b. Definitions: (Continued)

(4) Hydro Incremental Capital Additions Revenue Requirement

The Hydro Incremental Capital Additions Revenue Requirement for incremental capital additions after December 31, 1997 shall be an annualized amount including depreciation, taxes and a return as authorized in D.97-11-074.

(5) Hydro Rate of Return:

The Hydro Rate of Return shall be applied to the post 1997 Hydro Capital Additions during the period from the Effective Date through the date of market valuation or December 31, 2001, whichever is earlier, pursuant to the Table below:

Hydro Rate of Return
D. 97-11-074

<u>Component</u>	<u>Capital Ratio</u> (1)	<u>Cost Factor</u> (2)	<u>Weighted Cost</u> (3)=(1) x (2)
Long-term Debt	47.00%	7.64%	3.59%
Preferred Stock	5.00%	6.62%	0.33%
Common Equity	48.00%		90%x7.64=6.88
Hydro Rate of Return			<u>7.22%</u>

(6) CPUC - Jurisdictional Factor:

Expenses recorded in this Memorandum Account shall be on a CPUC-Jurisdictional basis in accordance with the methodology for determining monthly CPUC-Jurisdictional percentages as defined in the Utility's Preliminary Statement "Transition Cost Balancing Account."

(7) Hydro Allocated Industry Restructuring Costs:

The Hydro Allocated Industry Restructuring Costs shall be those generation related costs associated with industry restructuring allocated to hydro generation in accordance with the Other Industry Restructuring Cost allocation methodology adopted in D.99-09-064.

(N)
|
|
|
|
(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

43. Hydro Generation Memorandum Account (Continued)

c. Operation of the Hydro Generation Memorandum Account:
Commencing on the Effective Date and prior to market valuation of Hydro, the Utility shall make monthly entries to the Hydro Generation Memorandum Account determined from the following calculations:

(1) One-twelfth of the annual Hydro Generation Revenue Requirement multiplied by the CPUC-Jurisdictional Factor (less Franchise Fees and Uncollectible Account Expenses);

Plus: Hydro Allocated Industry Restructuring Costs; (N)

(2) Less: Recorded revenues received from sales of Hydro-related energy to the PX (net of station light and power including reserve and auxiliary power);

(3) Less: Recorded revenues received by the Utility from the ISO for ancillary services;

(4) If the result of "(1)" through "(3)" above is a credit amount, interest shall accrue by applying the Hydro Rate of Return to the average of the beginning of month and end of month balances; or
If the result of "(1)" through "(3)" above is a debit amount, no interest shall accrue.

(5) If the balance at December 31st is a credit, such credit shall be transferred to the Hydro Subaccount of the Transition Cost Balancing Account (TCBA).

The balance in this Memorandum Account shall be set to zero every January 1st of the Rate Freeze Period prior to market valuation (through divestiture, appraisal, or spin off). After market valuation (through divestiture, appraisal, or spin off), entries to this Memorandum Account shall cease.

(Continued)



PRELIMINARY STATEMENT

Sheet 2 of 3 (T)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

5. Accounting Procedures: (L)

Edison shall maintain the TRA by making entries to this account at the end of each month as follows:

- a. A debit entry equal to the recorded revenue from residential and Small Commercial customers from the Fixed Transition Amount Charge (FTAC), as provided for in Decision 97-09-056.
- b. A credit entry equal to the amount of total recorded CPUC-jurisdictional revenue from the sale and/or delivery of electricity during the month.
- c. A debit entry equal to the Transmission TRA Separated Revenues, based upon rates approved by the Federal Energy Regulatory Commission (FERC).^{1/}
- d. A debit entry equal to the Distribution PBR-related TRA Separated Revenues.^{1/}
- e. A debit entry equal to the annual applicable Distribution PBR Exclusions TRA Separated Revenue Requirement Amount divided by twelve. (L)
- f. A debit entry equal to the annual applicable Nuclear Decommissioning TRA Separated Revenue Requirement Amount divided by twelve.
- g. A debit entry equal to the annual applicable Public Purpose Programs TRA Separated Revenue Requirement Amount divided by twelve.
- h. A debit entry equal to the amount recorded for FERC-authorized ISO charges for transmission support, exclusive of charges in item c.
- i. A debit entry equal to the amount recorded for purchases from the PX for all power Edison's customers obtain from the PX.
- j. A credit entry equal to the amount of Shareholder Participation as defined in Section 6.
- k. A debit entry equal to the internally managed costs subject to the cap limitations set forth in Decision 99-09-064 for electric industry restructuring and the dollar for dollar recovery of externally managed costs for electric industry restructuring. (N)

Each month, if the sum of items 5.a through 5.k above, plus the cumulative balance in the TRA from the previous month result in (i) a net credit balance, then such credit balance shall be immediately transferred to the Revenue Account of the TCBA or (ii) a net debit balance, then such debit balance shall remain in the TRA and accrue interest. Interest shall accrue monthly to debit balances by applying the three month commercial paper rate to the average of the beginning and ending balance. (N)

^{1/} Prior to the date the Commission or its delegate declares to be the start date for Direct Access, Edison shall combine the transmission and distribution rates for revenue recording purposes to revert back to a nongeneration rate. (L)

(Continued) (L)
(L)



PRELIMINARY STATEMENT
(Continued)

Sheet 3 of 3 (T)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

6. Shareholder Participation:

(L)

Decision 96-08-025 requires Edison's shareholders to share a portion of any Net Incremental Revenue Change associated with business attraction and expansion Flexible Pricing Options (FPOs) with ratepayers. Edison maintains the Optional Pricing Adjustment Clause (OPAC), as set forth in Part P of the Preliminary Statement associated with Commission approved FPOs. The OPAC Balancing Account balance shall be made available for Commission review in the annual Revenue Adjustment Proceeding (RAP). Upon Commission approval, Edison shall transfer the balance to the TRA (as identified in 5.j. above).

(L)



PRELIMINARY STATEMENT

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

6. Current Costs (Category 1) Account (Continued)

d. Songs 2&3 ICIP Subaccount - (The Effective Date through December 31, 2001) (Continued)

(2) Definitions: (Continued)

(i) SONGS 2&3 Corporate A&G Expenses:

SONGS 2&3 Corporate Administrative and General (A&G) Expenses are certain expenses allocable to SONGS 2&3 pursuant to Commission Decision Number 97-08-056 (Ratesetting). SONGS 2&3 Corporate A&G Expenses shall be 0.21 cents per net transmitted kWh for SONGS 2 and SONGS 3 pursuant to Commission Decision Number 97-11-076.

(j) SONGS 2&3 Allocated Industry Restructuring Costs:

The SONGS 2&3 Allocated Industry Restructuring Costs shall be those generation related costs associated with industry restructuring allocated to nuclear generation at SONGS 2&3 in accordance with the Other Industry Restructuring Cost allocation methodology adopted in D.99-09-064.

(N)

(N)

(3) Operation of the Current Costs (Category I) - SONGS 2&3 ICIP Subaccount

Commencing on the Effective Date, Edison shall make monthly entries to the Current Costs (Category I) - SONGS 2&3 Subaccount determined from the following calculations:

(a) Monthly recorded SONGS 2&3 ICIP Revenue Requirement;

(b) Plus: monthly SONGS 2&3 Corporate A&G Expenses derived by multiplying 0.21 cents per kWh by SONGS 2&3 monthly net transmitted kWh. This amount shall then be multiplied by the CPUC-Jurisdictional Factor.

(c) Plus: The SONGS 2&3 Allocated Industry Restructuring Costs;

(d) Less: Recorded ISO/PX revenues associated with SONGS 2&3 generation;

(N)
(N)
(T)

(e) Plus: The amount transferred from the SONGS 2&3 ICIP Balancing Account on the Effective Date;

(f) Plus: The annual negative amount (overcollection), if any, in the SONGS 2&3 Property Tax Memorandum Account, due to factors related to the accelerated recovery of SONGS 2&3 Sunk Costs.

(T)
(T)

If such calculations produce a net positive amount, such amounts will be debited to the Subaccount. If such calculations produce a net negative amount, such amounts will be credited to the Subaccount.

(Continued)



PRELIMINARY STATEMENT
(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

6. Current Costs (Category 1) Account (Continued)

f. Palo Verde 1, 2, & 3 ("Palo Verde") Incremental Costs Subaccount (The Effective Date through December 31, 2001) (Continued)

(2) Definitions: (Continued) (N)

(b) Palo Verde Allocated Industry Restructuring Costs:

The Palo Verde Allocated Industry Restructuring Costs shall be those generation related costs associated with industry restructuring allocated to nuclear generation at Palo Verde 1, 2, & 3 in accordance with the Other Industry Restructuring Cost allocation methodology adopted in D.99-09-064. (N)

(3) Operation of the Current Costs (Category I) - Palo Verde Incremental Cost Subaccount:

Commencing on the Effective Date, Edison shall make monthly entries to the Current Costs (Category I) - PVIC Subaccount determined from the following calculations:

(a) The sum of recorded CPUC-Jurisdictional Palo Verde Incremental Costs (as defined herein),

(b) Plus: Palo Verde Allocated Industry Restructuring Costs; (N)

(c) Less: Recorded ISO/PX revenues associated with Palo Verde generation; (T)

(d) Plus: NUIP rewards; (T)

(e) Plus: The amount transferred from the Palo Verde Incremental Cost Balancing Account on the Effective Date. (T)

If such calculations produce a net positive amount, such amounts will be debited to the Subaccount. If such calculations produce a net negative amount, such amounts will be credited to the Subaccount

(4) Incremental Cost Reasonableness Trigger Mechanism

If Edison's recorded Incremental Capital, O&M Expenses and A&G Expenses (as defined herein) exceed the Trigger Total amounts identified in the table below for any calendar year during the Transition Period, Edison must demonstrate that any amounts of these costs (i.e., Incremental Capital, O&M, and A&G) exceeding the amounts in the Table below for that calendar year are reasonable.

(Continued)



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(To be inserted by utility)
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Issued by
John Fielder

Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Jan 07, 2000
Effective _____
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March 03, 2000

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

Attn: Jerry Royer
Energy Division

Re: Substitute Sheets for Advice Letter 1409-E-A

Dear Mr. Royer:

Enclosed are six copies of Attachment A and Sheet Nos. 26483-E*¹, 26490-E*, 26491-E*, 26493-E*, 26494-E*, and 26495-E* for Advice 1409-E-A. The enclosed sheets are necessary due to advice letters becoming effective out of chronological order. Specifically, these substitute sheets reflect corrected cancelling sheet numbers.

Please replace the enclosed sheet in your master Advice 1409-E-A file. If you have any questions, please contact Renee Vazquez at (626) 302-2077.

Sincerely,

Enclosures
1409eaSub.doc

¹ Asterisk denotes a substituted sheet.

March 21, 2000

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

Attn: Jerry Royer
Energy Division

Re: Substitute Sheets for Advice Letter 1409-E-A

Dear Mr. Royer:

Enclosed are an original and six copies of Attachment A and Sheet Nos. 26483-E**¹, 26490-E**, and 26493-E** for Advice 1409-E-A. These enclosed substitute sheets are necessary due to Advice Letters becoming effective out of chronological order. Specifically, these sheets reflect corrected cancelling sheet numbers and include previously-approved information from the following Advice Letters.

- Sheet No. 26483-E** of Advice Letter 1409-E-A cancelled Sheet No. 26756-E of Advice Letter 1419-E
- Sheet No. 26490-E** of Advice Letter 1409-E-A cancelled Sheet Nos. 26009-E of Advice Letter 1387-E and 24203-E** of Advice Letter 1285-E
- Sheet No. 26493-E** of Advice Letter 1409-E-A cancelled Sheet No. 26327-E of Advice Letter 1406-E

Please replace the enclosed sheet in your master Advice 1409-E-A file. If you have any questions, please contact Renee Vazquez at (626) 302-2077.

Sincerely,

Enclosures
1409eaSub.doc

¹ Asterisk denotes a substituted sheet.