

PUBLIC UTILITIES COMMISSION

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February 18, 2000

Advice Letter: 1413-E/  
1413-E-A  
**RECEIVED**  
**FEB 28 2000**  
**D. A. FELLOWS**

Mr. Don Fellows, Manager  
Pricing Design and Tariffs  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

Reference: Gross Revenue Sharing Mechanism for Certain Other Operating Revenues

Dear Mr. Fellows:

Advice Letter 1413-E/1413-E-A is effective September 16, 1999. A copy of the advice letter is returned herewith for your records.

Sincerely,

Kevin P. Coughlan, Chief  
IMC Branch  
Energy Division

*Filed: 10/29/99  
1/24/00*

*Effective: 9/16/99*

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October 29, 1999

**ADVICE 1413-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Gross Revenue Sharing Mechanism for Certain Other  
Operating Revenues

In compliance with Decision No. 99-09-070 (D.99-09-070), dated September 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**

This advice filing revises various sections of SCE's Preliminary Statements to incorporate the gross revenue sharing mechanism for certain Other Operating Revenues (OOR) adopted by the California Public Utilities Commission (Commission) in D.99-09-070.

**BACKGROUND**

On June 12, 1997, SCE filed Application No. 97-06-021 seeking authority to adopt a gross revenue sharing mechanism for certain other operating revenues. The proposed mechanism would apply to OOR, except revenue that: 1) derives from tariffs, fees, or charges established by the Commission or the Federal Energy Regulatory Commission; 2) is subject to other established ratemaking procedures or mechanisms; or 3) is subject to the Demand-Side Management Balancing Account.

Because processing the application depended on the nature of the Commission's Affiliate Transaction Rules adopted with respect to new products and services, the

application was held in abeyance until August 1998, when the Commission adopted significant modifications of Rule VII of the Affiliate Transaction Rules.<sup>1</sup>

On October 7, 1998, SCE and the Office of Ratepayer Advocates (ORA) filed a motion for the adoption of a settlement.<sup>2</sup> In the Settlement, SCE and ORA agreed that a sharing mechanism based on gross revenue is preferable to a net revenue sharing mechanism because it reduces the level of regulatory oversight required and provides utility customers with benefits even if the overall product or service has negative net values.

The Settlement<sup>3</sup> proposes two sharing allocations: (1) a 90/10 (shareholder/customer) sharing allocation for "active" products and services; and (2) a 70/30 (shareholder/customer) sharing allocation for "passive" products and services for all revenues in excess of the \$16.7 million forecast revenues in SCE's 1995 General Rate Case (GRC) and adopted in Decision No. 96-01-011.

On September 16, 1999, the Commission issued D.99-09-070, conditionally adopting the revenue sharing mechanism for certain other operating revenues set forth in the Settlement between SCE and ORA. D.99-09-070 clarifies the circumstance by which SCE can change the designation of a category of products and services from "passive" to "active," and certain other procedural matters addressed by the Settlement. In their comments to the alternate draft decision, SCE and ORA notified the Commission of their acceptance of the Commission's clarifications of the Settlement. The Commission, therefore, adopted the Settlement as clarified in D.99-09-070.

Finally, on September 28, 1999, SCE requested an extension of 30 days to comply with Ordering Paragraph 4 of D.99-09-070. Pursuant to the authorization granted by the Commission's Executive Director on October 1, 1999, this advice letter is to be filed by October 31, 1999.

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<sup>1</sup> Issued in Decision No. 98-08-035.

<sup>2</sup> The Settlement's sharing mechanism for other operating revenues would replace the Distribution Performance Based Ratemaking (PBR) mechanism that the Commission already has in place for that share of SCE's revenues derived from non-tariffed products and services.

<sup>3</sup> SCE and ORA agreed to merge SCE's original classification of utility assets (physical property, services, and intellectual property) into one category entitled "Non-tariffed Products and Services."

### **Specific Preliminary Statements Modifications**

In accordance with D.99-09-070, SCE is modifying the following Preliminary Statements:

1. Part G, "Gross Revenue Sharing Mechanism" to reflect the addition of a new section associated with the gross revenue sharing mechanism adopted in D.99-09-070;
2. Part N, "Memorandum Accounts," Section 22 "Telecommunication Lease Revenue Memorandum Account" to reflect a termination of entries (except for accrued interest) on the effective date of D.99-09-070 - which is September 16, 1999;
3. Part N, "Memorandum Accounts," Section 27 "Secondary Land Use Revenue Memorandum Account" to reflect a termination of entries (except for accrued interest) on the effective date of D.99-09-070 - which is September 16, 1999;
4. Part Q, "Demand-Side Management Adjustment Clause" to reflect the addition of recorded OOR to the operation of the Demand-Side Management Adjustment Account;
5. Part CC, "PBR Distribution Rate Performance Mechanism" to reflect the exclusion of incremental distribution-related OOR (and associated incremental costs) from the calculation of SCE's Recorded PBR Distribution Return on Equity;
6. Part EE, "Electric Deferred Refund Account" to reflect the addition of an annual transfer of credit amounts recorded in the Gross Revenue Sharing Tracking Account; and
7. Part GG, "Energy Efficiency Program Adjustment Mechanism" to reflect the addition of recorded OOR to the operation of the Energy Efficiency Programs Balancing Account.

As a result of the gross revenue sharing mechanism adopted in D.99-09-070, entries to the Telecommunication Lease Revenue Memorandum Account and the Secondary Land Use Revenue Memorandum Account ceased (except for accrued interest) on September 16, 1999 – the effective date of D.99-09-070. The revenues recorded in these memorandum accounts from their inception through September 15, 1999, will be split between SCE's shareholders and customers on a 50/50 basis. Commencing on September 16, 1999, the OOR that was recorded in these two memorandum accounts is reflected in the gross revenue sharing mechanism adopted in D.99-09-070. SCE will include a proposal for the disposition of the balances in these two memorandum accounts in its next Revenue Adjustment Proceeding (RAP) application that will be filed in 2000. Until the Commission issues a decision in SCE's 2000 RAP application, interest will continue to accrue in these two memorandum accounts.

**EFFECTIVE DATE**

Because this advice filing is made in compliance with D.99-09-070 and GO 96-A, SCE requests that this advice filing become effective on September 16, 1999, the effective date of D.99-09-070. 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 sending a letter 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 mailed 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 all interested parties in A.97-06-021. 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.

**Southern California Edison Company**

Donald A. Fellows, Jr.

DAF:eml:1413e.doc

Enclosures

cc: GO 96-A Service List  
All Parties of A.97-06-021

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 26591-E	Preliminary Statement, Part G	----- --E
Original 26592-E	Preliminary Statement, Part G	----- --E
Original 26593-E	Preliminary Statement, Part G	----- --E
Original 26594-E	Preliminary Statement, Part G	----- --E
Revised 26595-E	Preliminary Statement, Part N	Revised 22375-E
Revised 26596-E	Preliminary Statement, Part N	Revised 24398-E**
Revised 26597-E	Preliminary Statement, Part Q	Revised 22168-E*
Revised 26598-E	Preliminary Statement, Part CC	Revised 25221-E
Revised 26599-E	Preliminary Statement, Part CC	Revised 25278-E
Revised 26600-E	Preliminary Statement, Part EE	Revised 21213-E
Revised 26601-E	Preliminary Statement, Part GG	Original 24256-E
Revised 26602-E	Table of Contents	Revised 26494-E
Revised 26603-E	Table of Contents	Revised 26495-E



PRELIMINARY STATEMENT  
(Continued)

Sheet 1

G. Gross Revenue Sharing Mechanism

The purpose of the Gross Revenue Sharing Mechanism (GRSM) is to record the customers' share of certain Other Operating Revenue (OOR) pursuant to Decision No. 99-09-070 (D.99-09-070).

In D.99-09-070 the Commission adopted, with clarifications, a Settlement Agreement between SCE and the ORA for a gross revenue sharing mechanism associated with the SCE's non-tariffed products and services.

The gross revenue sharing mechanism adopted in D.99-09-070 applies to all of SCE's OOR, except revenue that is:

- Derived from tariffs, fees, or charges established by the Commission or Federal Energy Regulatory Commission;
- Subject to other established ratemaking procedures or mechanisms; or
- Subject to the Demand Side Management Balancing Account.

1. Definitions

a. Active Sharing Allocation

The Active Sharing Allocation is 90%/10% (shareholder/customer) for Incremental OOR associated with non-tariffed products and services deemed "active" by the Commission. The allocation shall apply over the life of the non-tariffed product or service offering and/or applicable contract.

b. Incremental OOR

Incremental OOR is the recorded gross revenue derived from non-tariffed products and services subject to the GRSM that exceeds the OOR Threshold during each calendar year. Incremental OOR is subject to the gross revenue sharing mechanism adopted in D.99-09-070, and shall be allocated between shareholders and customers using the Active Sharing Allocation or the Passive Sharing Allocation.

(Continued)

PRELIMINARY STATEMENT

Sheet 2

(Continued)

G. Gross Revenue Sharing Mechanism (Continued)

1. Definitions (Continued)

c. OOR Threshold

The annual calendar year OOR Threshold is equivalent to the amount of OOR from non-tariffed products and services reflected as a revenue credit in SCE's most recent GRC. The current OOR Threshold is \$16,671,389 and is based upon the level of OOR from non-tariffed products and services reflected as a revenue credit in SCE's 1995 Test Year GRC (D.96-01-011). This amount shall remain fixed until SCE's next GRC or otherwise modified by the Commission. Recorded non-tariffed products and services gross revenues that is greater than the OOR Threshold during any calendar year is considered Incremental OOR and shall be allocated to SCE's shareholders and customers using the Active Sharing Allocation or the Passive Sharing Allocation.

d. Passive Sharing Allocation

The Passive Sharing Allocation is 70%/30% (shareholder/customer) for Incremental OOR associated with non-tariffed products and services deemed "passive" by the Commission. The allocation shall apply over the life of the non-tariffed product or service offering and/or applicable contract.

2. Operation of the Gross Revenue Sharing Tracking Account

SCE shall maintain a Gross Revenue Sharing Tracking Account (GRSTA). Entries to the GRSTA shall be made on a monthly basis and shall be determined as follows:

a. GRSTA entries when the annual calendar year OOR Threshold is not reached.

The following calculation shall commence on January 1st of each calendar year, and shall continue until the OOR Threshold is reached during the calendar year.

(1) Annual calendar year OOR Threshold;

(2) Less: Recorded calendar year-to-date gross revenues from non-tariffed products and services subject to the GRSM (as of the end of the applicable month);

(3) If the result of "2.a.(1)" and "2.a.(2)" above is a positive amount, there shall be no entries made to the GRSTA for the month.

(Continued)

PRELIMINARY STATEMENT

Sheet 3

(Continued)

G. Gross Revenue Sharing Mechanism (Continued)

2. Operation of the GRSTA (Continued)

a. GRSTA entries when the annual calendar year OOR Threshold is not reached. (Continued)

(4) If the result of the calculation of "2.a.(1)" and "2.a.(2)" above is a negative amount, then the OOR Threshold has been reached and recorded Incremental OOR must be allocated between shareholders and customers. See 2.b. and 2.c. below.

b. GRSTA entries in the month that the OOR Threshold is reached.

(1) If the result of the calculation of "2.a.(1)" and "2.a.(2)" above is a negative amount, then the Incremental OOR for that month shall be shared between shareholders and customers using the Active Sharing Allocation and the Passive Sharing Allocation.

(2) In the month of each calendar year that the OOR Threshold has been reached, Incremental OOR shall be allocated between "active" and "passive" non-tariffed products and services based upon the proportion for each of the non-tariffed products and services gross revenues recorded during the month.

(3) The customers' share of Incremental OOR shall be credited to the GRSTA by applying the Active Sharing Allocation and the Passive Sharing Allocation. The shareholder portion of Incremental OOR shall not be recorded in the GRSTA.

c. GRSTA entries in the months during the calendar year subsequent to the month in which the OOR Threshold is reached.

During these months of each calendar year all recorded non-tariffed products and services OOR subject to the GRSM shall be considered Incremental OOR for gross revenue sharing purposes.

(1) Recorded Incremental OOR for the month shall be allocated to shareholders and customers by applying the applicable Active Sharing Allocation or Passive Sharing Allocation to the recorded gross revenues from non-tariffed products and services subject to the GRSM.

(2) The customers' share of the resultant allocations shall be credited to the GRSTA. The shareholder portion of Incremental OOR shall not be recorded in the GRSTA.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

Sheet 4

G. Gross Revenue Sharing Mechanism (Continued)

2. Operation of the GRSTA (Continued)

d. Monthly Interest

Interest shall accrue monthly in the GRSTA by applying the Interest Rate to the average of the beginning of month balance and the end of month balance.

e. Annual Calendar Year-End Transfers of the GRSTA

At the end of each calendar year the utility shall transfer the balance in the GRSTA (including accrued interest) to the Electric Deferred Refund Account (EDRA), or other ratemaking mechanism authorized by the Commission. On each January 1st the balance in the GRSTA shall be reset to zero subsequent to the transfer of the December 31st GRSTA balance.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

21. Divestiture of Fossil Generation Memorandum Account (DFG Memorandum Account)

The purpose of the DFG Memorandum Account is to record all costs incurred by the Company associated with the fossil fueled generation divestiture pursuant to Commission Decision Nos. 95-12-063 and 96-01-009. Costs recorded in the DFG Memorandum Account shall include all costs associated with the development of the Divestiture Public Utilities Code Section 851 Application, the Proponents Environmental Assessment\*, and those activities associated with divestiture of the fossil fuel units including the divestiture auction process. Such costs shall exclude Company labor and labor associated expenses associated with the preparation of the divestiture plans, applications and filings but shall separately identify and include work force management costs associated with the divestiture of fossil fueled generation units.

Entries shall be made to the DFG Memorandum Account at the end of each month. The monthly entry shall be equal to the Company's recorded costs. Interest shall accrue monthly to the DFG Memorandum Account by applying the interest rate to the average of the beginning and ending balance.

The Company may request recovery of the balance in the DFG Memorandum Account by separate application to the Commission, or by any other means deemed appropriate by the Commission.

\* Under the provisions of Title 20 of the California Code of Regulations, Rule 17.1, Edison expects to include a Proponent's Environment Assessment (PEA) with its § 851 Application for Divestiture of Fossil Generation.

22. Telecommunication Lease Revenue Memorandum Account (TLR Memorandum Account)

The purpose of the TLR Memorandum Account is to record the customer's share (50%) of revenues from lease agreements between the Company and other parties for use of parts of Edison's fiber optic cable space and facilities. (T) (T) (D)

Credit entries shall be made to the TLR Memorandum Account at the end of each month, and shall cease (except for accrued interest) on September 16, 1999 (the effective date of D.99-09-070). The monthly credit entry shall be equal to 50% of the Company's recorded revenues for agreements. Interest shall accrue monthly to the TLR Memorandum Account by applying the interest rate to the average of the beginning and ending balance. Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission. (T) (T) (T) (T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

27. Secondary Land Use Revenue Memorandum Account (SLUR Memorandum Account)

The purpose of the SLUR Memorandum Account is to record the ratepayers' share (fifty percent) of lease revenues from certain secondary land use lease agreements recorded in the Other Operating Revenue Accounts. The secondary land use lease agreements subject to this memorandum account treatment are listed in Table A below.

Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

Credit entries shall be made to the SLUR at the end of each month, and shall cease (except for accrued interest) on September 16, 1999 (the effective date of D.99-09-070). The monthly credit entry shall be equal to fifty percent of the revenues (effective through September 15, 1999) from certain lease agreements listed in Table A below for secondary land use recorded in the Other Operating Revenue Accounts. Interest shall accrue monthly to the SLUR Memorandum Account by applying the interest rate to the average of the beginning and ending balance. (T)

Table A

<u>LEASE AGREEMENT</u>	<u>COMMISSION AUTHORIZATION</u>
Villa Park Substation (Outback/Taft, Limited Liability Corp "LLC")	Decision No. 96-12-024
Merced Substation (SSD, LLC)	Decision No. 97-10-015
Garvey Avenue, Transmission Facilities Site (Everest Storage, LLC)	Decision No. 97-10-020

(Continued)

PRELIMINARY STATEMENT

(Continued)

Q. DEMAND SIDE MANAGEMENT ADJUSTMENT CLAUSE (DSMAC) (Continued)

4. Demand Side Management Adjustment Account (DSMAA). (Continued)

f. Less: Any adjustments made to the DSMAA to reflect the Funding Flexibility Mechanism as set forth in Section 3 above.

g. Less: Recorded Other Operating Revenues resulting from Demand Side Management programs. (N)  
(N)

If the above calculation produces a positive amount (overexpenditure), such amount will be debited to the DSMAA. If the calculation produces a negative amount (underexpenditure), such amount will be credited to the DSMAA.

Interest on the DSMAA shall be calculated annually by applying the Interest Rate to the average of the beginning-of-year and end-of-year balances. Due to the one-way nature of the DSMAA, interest will only be calculated when the average balance is a negative (under expended amount). The interest amount shall then be returned to ratepayers.

Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

The ratemaking treatment for the balance in the DSMAA at the end of the Utility's General Rate Case (GRC) cycle shall be determined by Advice Letter filing on March 1 in the year following the close of the GRC cycle or other rate setting proceeding. Such determination shall be based on the balance in the DSMAA as of December 31 of the year immediately preceding the GRC test year. However, the Company shall not seek rate recovery of any overexpenditure of the funding for DSM Programs recorded in the DSMAA. For all years not immediately preceding Edison's GRC test year, the December 31 balance in the DSMAA, shall carry over or carry forward to the subsequent year.

5. Demand Side Management Performance Mechanism.

a. Purpose. The purpose of the Demand Side Management Performance Mechanism is to provide a performance standard applicable to Edison's expenditures on Performance Adder Programs and Shared Savings Programs. The Demand Side Management Performance Mechanism is applied by use of a formula which converts an Incentive Period Performance Factor to a Performance Amount in dollars.

b. Applicability. The Demand Side Management Incentive Mechanism shall be applied to all Performance Adder and Shared Savings Programs.

(Continued)

PRELIMINARY STATEMENT  
(Continued)

Sheet 2 of 14

CC. PBR DISTRIBUTION RATE PERFORMANCE MECHANISM (PDRPM) (Continued)

2. Definitions. (Continued)

d. Recorded PBR Distribution Rate Base:

The Recorded PBR Distribution Rate Base shall be calculated in accordance with the Commission-approved methods specified in Decision No. 96-01-011 and Decision No. 96-09-092.

e. Recorded PBR Distribution Common Equity:

The Recorded PBR Distribution Common Equity shall be calculated by multiplying the Recorded PBR Distribution Rate Base by the share of common equity in the Utility's authorized capital structure as adopted in Decision 96-11-060 in A.96-05-023.

f. Recorded PBR Distribution Return on Equity:

The Recorded PBR Distribution Return on Equity shall be calculated by subtracting the Utility's costs of providing Distribution services (including income taxes and a component for Franchise Fees and Uncollectible Accounts expense) from the Distribution-related revenues received by the Utility and then dividing by the Recorded PBR Distribution Common Equity. The costs of providing Distribution services shall be calculated in accordance with the Commission's methodology adopted in Decision No. 96-01-011 and Decision No. 96-09-092. Interest costs and the costs of preferred equity shall be calculated using the cost of long-term debt and the cost of preferred stock adopted in Decision No. 96-11-060 in A.96-05-023 and the capital structure adopted by the Commission in the same decision. Income taxes, certain other taxes, and the cost of franchise fees and uncollectibles shall be calculated using the most recent factors adopted by the Commission. The PBR Distribution-related revenues received by the Utility shall be the revenues recorded in the Revenue Sharing Tracking Account maintained in this section of the Preliminary Statement, Part 4. The following shall be excluded from the calculation of the Recorded PBR Distribution Return on Equity:

- (1) Rewards and penalties associated with Commission adopted incentive mechanisms shall be excluded;
- (2) Incremental OOR and related incremental costs associated with the Gross Revenue Sharing Mechanism adopted in D.99-09-070. (N)  
(N)

(Continued)

PRELIMINARY STATEMENT  
(Continued)

Sheet 3 of 14

CC. PBR DISTRIBUTION RATE PERFORMANCE MECHANISM (PDRPM) (Continued)

2. Definitions. (Continued)

f. Recorded PBR Distribution Return on Equity: (Continued)

- (3) Revenues and costs associated with the operation of Edison Pipeline Terminal Utility, in accordance with Decision No. 94-10-044, in which the Commission adopted specific revenue sharing; and (T)
- (4) The Net Incremental Revenue Change associated with Flexible Pricing Options in accordance with the specific revenue sharing adopted in Decision No. 96-08-025. (T)

g. Net-To-Gross Multiplier:

The Net-To-Gross Multiplier is used to derive the incremental change in required operating revenue resulting from a required change in net revenue. The initial value for the Net-To-Gross Multiplier shall be as adopted in Decision No. 96-01-011. The Utility may file an advice letter to adjust the Net-To-Gross Multiplier for any changes in tax rates, franchise fees or uncollectible accounts expense. Table B sets forth the Net-To-Gross Multiplier for each year:

Table B  
Net-To-Gross Multiplier

<u>Year</u>	<u>Net-To-Gross Multiplier</u>	<u>Authorization</u>
1997	1.8045	D.96-01-011
1998	1.8045	D.96-01-011
1999	1.8045	D.96-01-011

h. Recorded Distribution-related Other Operating Revenue (OOR):

Recorded Distribution-related OOR shall be the Distribution revenue received from sources other than sales of electricity. Distribution-related OOR that is currently subject to specific ratemaking treatment pursuant to Commission orders shall be excluded from the Recorded Distribution-related OOR.

(Continued)



Preliminary Statement  
(Continued)

Sheet 2 of 2

EE. Electric Deferred Refund Account (EDRA) (Continued)

3. Electric Deferred Refund Account: (Continued)

- b. Subsequent to the Effective Date, the CPUC jurisdictional portion of credits for electric disallowances ordered by the Commission, UEG shares of gas disallowances ordered by the Commission or FERC, and electric and UEG amounts resulting from the settlement of reasonableness disputes at the Commission or FERC, increased to provide for franchise fees and uncollectible expenses, shall be recorded in the EDRA as a credit entry.
- c. Plus: An annual credit entry for the transfer of the December 31<sup>st</sup> balance in the Gross Revenue Sharing Tracking Account. (N)  
(N)
- d. Plus: A monthly credit entry for interest derived by applying the Interest Rate to the average of the beginning of month account balance and the end of month account balance. (T)
- e. Upon Commission approval, the Utility shall make a debit entry to the EDRA to reflect the refund of these accumulated amounts to customers. (T)



PRELIMINARY STATEMENT  
(Continued)

Sheet 8

GG. Energy Efficiency Program Adjustment Mechanism (EEPAM)

1. Purpose:

The purpose of the EEPAM is to (i) establish the Energy Efficiency Programs Balancing Account to track the Public Purpose Program Charge (PPPC) funds allocable to the 1998 energy efficiency programs, and the 1998 energy efficiency programs expenses, and (ii) establish the Energy Efficiency Program Incentive Procedure.

2. Applicability:

The EEPAM applies to all rate schedules and special contracts subject to the jurisdiction of the Commission.

3. Energy Efficiency Programs Balancing Account (EEPBA):

In compliance with Ordering Paragraph No. 13 of Decision No. 97-12-103, the EEPBA will track the PPPC funds allocable to the 1998 energy efficiency programs, and the 1998 energy efficiency program expenses. The EEPBA will also be used to reflect Edison's share of start up costs of the California Board of Energy Efficiency (CBEE), and funds directed by the CBEE to the new administrator(s).

Entries made to the EEPBA at the end of the month shall be determined by the following calculation:

- (a) The 1998 energy efficiency program expenses incurred during the month including Edison's share of CBEE start up costs;
- (b) Less: one twelfth of the PPPC funds allocable to the 1998 energy efficiency programs.
- (c) Less: Other Operating Revenues resulting from energy efficiency programs. (N)

If the above calculation produces a positive amount (undercollection), such amount will be debited to the EEPBA. If the calculation produces a negative amount (overcollection), such amount will be credited to the EEPBA.

Interest will accrue monthly to the EEPBA by applying one twelfth of the Interest Rate to the average of the beginning and ending balance in the EEPBA. The Interest Rate shall be the interest rate on Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release G.13, or its successor.

Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

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