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June 19, 2000

**ADVICE 1459-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Establishment of the Generation Asset Balancing Account

In compliance with Decision 00-06-004 (D.00-06-004), dated June 8, 2000, Southern California Edison Company (SCE) hereby submits 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 establishes the Generation Asset Balancing Account (GABA) to SCE's Preliminary Statement, Part I.

**BACKGROUND**

On February 17, 2000, the California Public Utilities Commission (Commission) issued D.00-02-048 for the January 1, 1998 through June 30, 1998 Annual Transition Cost Proceeding (ATCP) Record Period. In D.00-02-048, the Commission ordered the TCBA be credited for the estimated market value of certain non-nuclear generation assets. D.00-02-048 inadvertently omitted a mechanism that would have enabled SCE to record the corresponding debit associated with such assets. Consequently, compliance with D.00-02-048 would have required SCE to record a corresponding charge against its earnings.

As a result, SCE filed a Petition for a Stay and Application for Rehearing in A.98-09-008 to remedy the oversight. On February 29, 2000, SCE requested an extension of time to file the compliance advice letter ordered in D.00-02-048, Ordering Paragraph No. 11. On March 2, 2000, the Commission issued an "Assigned Commissioner's Ruling Regarding Comments on Establishing New Account" (ACR) which proposed to create an account in which to record the debit corresponding to the above-described TCBA Credit. On March 3, 2000, SCE was granted an extension until May 31, 2000, "unless the Commission takes further

action extending this date.” The ACR allowed parties to comment on the proposal to create the new account. On June 8, 2000, the Commission issued D.00-06-004, which adopted a new account (GABA).

Pursuant to D.00-06-004 in Ordering Paragraph No. 1, this advice letter establishes a new Generation Asset Balancing Account in SCE’s Preliminary Statement. The purpose of the GABA is to record: 1) a debit amount for the estimated market value of SCE’s remaining non-nuclear generation-related assets, at not less than the aggregate net book value of such assets (excluding assets that are jointly-owned with other utilities); and 2) a debit or credit amount to “true-up” the estimated and actual market value of each applicable non-nuclear generation asset upon final market valuation.

In accordance with D.00-06-004 in Ordering Paragraph No. 2, the GABA shall accrue monthly interest using the 90-day commercial paper interest rate. In addition, pursuant to D.00-06-004 in Ordering Paragraph No. 3, the balance in the GABA shall be zeroed-out when the last remaining non-nuclear generation asset in the GABA undergoes a final market valuation.

No cost information is required for this advice filing.

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

### **EFFECTIVE DATE**

In accordance with D.00-06-004 in Ordering Paragraph No. 1, the tariff changes proposed in this advice filing will become effective five days after the date filed, which is June 24, 2000.

### **NOTICE**

Anyone wishing to protest this advice filing may do so by letter or facsimile which must be received by the Commission and 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).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile to the attention of:

Donald A. Fellows  
Manager of Revenue and Tariffs  
Southern California Edison Company  
2244 Walnut Grove Avenue, Rm. 303  
Rosemead, California 91770  
Facsimile: (626) 302-4829

Bruce Foster  
Southern California Edison Company  
Vice President of Regulatory Operations  
601 Van Ness Avenue, Suite 2040  
San Francisco, California 94102  
Facsimile: (415) 673-1116

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 A.98-09-008. Address change requests to the attached GO 96-A Service List 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.

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Enclosures

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
Original 27306-E*	Preliminary Statement, Part I	----- -E
Original 27307-E*	Preliminary Statement, Part I	----- -E
Revised 27308-E	Table of Contents	Revised 27284-E



PRELIMINARY STATEMENT

Sheet 1

***WITHDRAWN IN 1586-E-A***

I. GENERATION ASSET BALANCING ACCOUNT

1. Purpose

The purpose of the Generation Asset Balancing Account (GABA) is to: (1) record the aggregate estimated market value of SCE's remaining non-nuclear generation assets (excluding assets that are jointly-owned with other utilities); and (2) record a "true-up" of estimated and actual market value upon a final market valuation of the applicable non-nuclear generation assets, in accordance with D.00-06-004 and D.00-02-048.

The GABA shall be initially debited for an estimated market value not less than the aggregate net book value of SCE's remaining non-nuclear generating assets (the offsetting credit shall be recorded in SCE's Transition Cost Balancing Account (TCBA)). The estimated market value for each non-nuclear generation asset used to determine the amount recorded both in the GABA and TCBA shall be separately tracked for purposes of a subsequent "true up" of estimated and actual market value when each applicable non-nuclear generation asset undergoes a final market valuation.

At the time of final market valuation of each applicable non-nuclear generation asset, a true-up between the estimated market value and the final market value shall be made in the GABA, and the difference (whether a debit or credit) shall be transferred to the TCBA for recovery from, or return to, customers (plus accrued interest).

2. Initial Debit Entry to Record Estimated Market Value

SCE shall record an initial debit entry to the GABA that shall be equal to or greater than the most recently recorded aggregate net book value of SCE's remaining non-nuclear generation assets in accordance with D.00-06-004 and D.00-02-048.

The initial debit to the GABA shall be made simultaneously with, and be equal to, the aggregate credit made to the TCBA associated with the estimated market value of SCE's remaining non-nuclear generation assets.

3. Entries to the GABA Upon Final Market Valuation

Upon the final market valuation of each of the remaining non-nuclear generation assets, a GABA market value "true-up" shall be made for each asset in accordance with D.00-06-004 and D.00-02-048.

a. Final Net Market Value Amount That Exceeds Estimated Market Value

If the final net market value amount (gross proceeds less transaction costs, net book value, and adjusted for taxes) of a remaining non-nuclear generation asset exceeds its previously estimated market value:

- (1) The GABA shall be credited for the final net market value amount (as defined above);
- (2) The difference between the final net market value amount and the amount previously debited to the GABA shall be debited to the GABA, and shall also be credited to the applicable Subaccount of the TCBA. The amount credited to the TCBA shall also include accrued interest.

(Continued)

(To be inserted by utility)  
Advice 1459-E  
Decision 00-06-004

Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)  
Date Filed Jun 19, 2000  
Effective \_\_\_\_\_  
Resolution \_\_\_\_\_



Southern California Edison  
Rosemead, California

Original  
Cancelling

Cal. PUC Sheet No. 27306-E\*  
Cal. PUC Sheet No.

PRELIMINARY STATEMENT

Sheet 1

(Continued)

(To be inserted by utility)

Advice 1459-E  
Decision 00-06-004

Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 19, 2000  
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PRELIMINARY STATEMENT

Sheet 2

(Continued)

***WITHDRAWN IN 1586-E-A***

## I. GENERATION ASSET BALANCING ACCOUNT (Continued)

## 3. Entries to the GABA Upon Final Market Valuation (Continued)

## b. Final Net Market Value Amount that is Less Than Estimated Market Value

If the final net market value amount (gross proceeds less transaction costs, net book value, and adjusted for taxes) of a remaining non-nuclear generation asset is less than its previously estimated market value:

- (1) The GABA shall be credited for the final net market value amount (as defined above);
- (2) The difference between the final net market value amount and the amount previously credited to the GABA shall be credited to the GABA, and shall also be debited to the applicable Subaccount of the TCBA. The amount debited to the TCBA shall also include accrued interest.

## c. Final Net Market Value Amount that is Equal to Estimated Market Value

If the final net market value amount (gross proceeds less transaction costs, net book value, and adjusted for taxes) of a remaining non-nuclear generation asset is equal to its estimated market value:

- (1) The GABA shall be credited for the final net market value amount;
- (2) There shall be no need for a market value true-up since the initial debit entry equals the final credit entry. The accrued interest shall be zeroed-out of the GABA through an equal credit entry to the GABA and a debit entry to the applicable Subaccount of the TCBA.

## 4. Other

Interest shall accrue monthly by applying the Interest Rate to the average of the beginning and ending balance of the GABA. The Interest Rate is one-twelfth of the most recent month's interest rate of Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Rate (prime, 3-months) be discontinued, interest shall so accrue at the rate of one-twelfth of the most recent month's interest rate on Commercial Paper that most closely approximates the rate that was discontinued, and that is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

In accordance with Ordering Paragraph No. 3 of D.00-06-004, when the last Remaining Non-Nuclear Generation Asset undergoes a final market valuation, the balance in the GABA shall be "zeroed-out", and entries to the GABA shall cease.

Entries to the GABA shall be reviewed in SCE's Annual Transition Cost Proceeding (ATCP), or other proceeding as ordered by the Commission. SCE shall request removal of the GABA from its Preliminary Statement in the applicable Revenue Adjustment Procedure (RAP), or other proceeding as ordered by the Commission.

(To be inserted by utility)

Advice 1459-E  
Decision 00-06-004

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 19, 2000  
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Southern California Edison  
Rosemead, California

Original  
Cancelling

Cal. PUC Sheet No. 27307-E\*  
Cal. PUC Sheet No.

PRELIMINARY STATEMENT

Sheet 2

(Continued)

(To be inserted by utility)

Advice 1459-E  
Decision 00-06-004

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Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 19, 2000  
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(To be inserted by utility)

Advice 1459-E  
Decision 00-06-004

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John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

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Effective \_\_\_\_\_  
Resolution \_\_\_\_\_

July 18, 2000

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

Attn: Jerry Royer  
Energy Division

Re: Substitute Sheet for Advice 1459-E

Dear Mr. Royer:

Enclosed are an original and six copies of Attachment A and substitute Sheet Nos. 27306-E\*<sup>1</sup> and 27307-E\* for Advice 1459-E, Establishment of the Generation Asset Balancing Account. The enclosed substitute sheets are necessary due to discussions between SCE and Kay Kajopaiye of the Energy Division.

Please replace the enclosed sheets in your master Advice Letter 1459-E file and distribute any copies to the appropriate people reviewing this Advice Letter. If you have any questions, please contact Jim Yee at (626) 302-2509.

Sincerely,

Chris C. Dominski

Enclosures

1459-ESub.doc

cc: Kay Kajopaiye, Energy Division of CPUC  
Don Lafrenz, Energy Division of CPUC

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<sup>1</sup> Asterisk denotes substituted sheet.