
August 10, 2000

**ADVICE 1464-E-A
(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Emergency Modification to Southern California Edison Company's Air Conditioner Cycling Program For Residential and Nonresidential Customers to Assist in the Shortage of Generating Capacity in the State of California In Accordance With Resolution E-3688

In compliance with Resolution E-3688, 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 supplements SCE's Advice 1464-E, which proposed to modify SCE's Air Conditioner Cycling (ACC) Program and its associated tariffs, Domestic-Automatic Powershift (Schedule D-APS) and General Service-Automatic Powershift (Schedule GS-APS), in an effort to help alleviate this summer's shortage of generating capacity in the State of California and is being made in accordance with the authority provided in California Public Utilities Commission (Commission) Resolution E-3688. Specifically, this compliance advice filing conforms to the directions set forth in Resolution E-3688 that requires SCE to: (1) revise tariff sheets, listed in Attachment A, to reflect limited program participation; (2) create an Air Conditioner Cycling Memorandum Account to track and record program costs; and (3) update the cost-effectiveness assumptions presented in Advice 1464-E.¹

¹ Ordering Paragraph No. 1, p. 12.

This advice filing supplements, in part, Advice 1464-E.

BACKGROUND

On July 10, 2000, SCE submitted Advice 1464-E seeking authorization to implement the residential and nonresidential ACC program for program years (PY) 2000 and 2001 utilizing unspent energy efficiency funds. As stated in Advice 1464-E, the ACC program was part of SCE's energy efficiency program proposal for summer 2000 and 2001.² In Resolution E-3688, the Commission denied SCE's request for authorization to utilize unspent energy efficiency monies to fund the ACC program. Instead, the Commission directed SCE to create an ACC Memorandum Account to record and track costs.³ The creation of a memorandum account will allow the Commission more time to consider the proper treatment of costs associated with this portion of the program. Furthermore, Resolution E-3688 allows SCE to recruit only customers at sites where an ACC device has already been installed but not currently in use.⁴ As for recruiting customers at sites that do not have an ACC device currently installed, Resolution E-3688 allows SCE to request funding for this program activity as part of the Commission's Summer Initiative process.⁵ On August 7, 2000, SCE sent a letter of intent to the Commission's Energy Division asking that this portion of the program be considered for funding through the Commission's Summer Initiative process.⁶ Finally, the Commission required SCE to submit revisions to its cost-effectiveness analysis to reflect changes in program design and cost/benefit assumptions presented in Resolution E-3688.

Pursuant to Resolution E-3688, SCE hereby submits revisions to its cost-effectiveness assumptions for both existing and new installation of ACC devices.

REVISED COST-EFFECTIVENESS ASSUMPTIONS

The revised cost-effectiveness calculations conform to the modifications presented in Resolution E-3688. In addition, the cost-effectiveness analysis is divided into two portions, that representing the existing units and those representing new units, in accordance with the division of the programs in Resolution E-3688. A detailed summary of the revised cost-effectiveness assumptions and corresponding results are shown in Attachment B.

² Footnote 1, p. 4.

³ Ordering Paragraph No. 1.c, p. 12.

⁴ Ordering Paragraph No. 1.e and 1.f, p. 12.

⁵ Ordering Paragraph No. 2, p. 12.

⁶ Letter of Intent of Preferred Option for Program Implementation and Associated Cost Recovery Funding dated August 7, 2000.

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

EFFECTIVE DATE

The tariff changes in this advice filing were authorized by Resolution E-3688 and are effective August 3, 2000, the effective date of the resolution.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter which must be 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
E-mail: jjr@cpuc.ca.gov

Copies should 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 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
E-mail: fellowda@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile (415) 673-1116
E-mail: fosterbc@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 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.99-09-049. Address change requests to the attached GO 96-A Service List should be directed to John Montanye at (626) 302-2308 or John.Montanye@sce.com.

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:jhm:1464ea.doc
Enclosures

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
Revised 27499-E Original 27500-E	Preliminary Statement, Part N Preliminary Statement, Part N	Revised 27423-E ----- -E
Revised 27364-E Revised 27365-E	Schedule D-APS Schedule GS-APS	Revised 25955-E Revised 25960-E
Revised 27366-E Revised 27367-E Revised 27368-E	Table of Contents Table of Contents Table of Contents	Revised 27251-E Revised 27340-E Revised 27296-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
(38)	California Public Utilities (PU) CODE "SECTION 381 (d)" - Renewable Program Tracking Memorandum Account	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 Account	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
(54)	Fuel Oil Inventory Memorandum Account (FOIMA)	Yes
(55)	Energy Efficiency DSM (EEDSM) Memorandum Account	Yes
(56)	Block-Forward Market Memorandum Account (BFMMA)	Yes
(57)	Power Exchange Credit Audit Memorandum Account (PXCA Memorandum Account)	Yes
(58)	Interim Power Exchange Market Clearing Price (IPXMCP) Memorandum Account	Yes
(59)	Hourly Pricing Implementation Cost (HPIC) Memorandum Account	Yes
(60)	Voluntary Power Reduction Credit Memorandum Account (VPRCMA)	Yes
(61)	Applicant Installed Trench Inspection Memorandum Account (AITIMA)	No
(62)	Air Conditioner Cycling Memorandum Account (ACCMA)	Yes

(N)

* 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)

62. Air Conditioner Cycling Memorandum Account (ACCMA)

The purpose of the ACCMA is to record and track the costs associated with customer recruiting and administration of SCE's Air Conditioner Cycling Program.

A monthly debit entry shall be made to the ACCMA to record the costs associated with recruiting customers at sites where an air conditioner device has already been installed but not currently in use and the administrative costs associated with the Air Conditioner Cycling Program.

Interest shall accrue monthly by applying the Interest Rate to the average of the beginning and ending balance in the ACCMA.

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



Schedule D-APS
DOMESTIC AUTOMATIC POWERSHIFT

Sheet 1 of 5

APPLICABILITY

Applicable to domestic service customers in an individually metered single-family accommodation with central electric air conditioning where a portion of customer's electrical load is subject, on a selective basis at the Company's option, to disconnection from the Company's service by the Company through automatic control devices. Service pursuant to this schedule shall be subject to adequate signal strength and acceptable operating condition of the air conditioner unit. This schedule is not applicable to customers receiving a Medical Baseline Allocation for air conditioning, receiving service under Schedules DM, DMS-1, DMS-2, DMS-3, DS, TOU-D-1, TOU-D-2, or who do not already have an automatic control device on their air conditioner unit previously installed by the Company. (C)

TERRITORY

Within the entire territory served.

RATES

The rates, as applicable under Schedule D, Domestic Service, shall apply, except as follows:

The customer's bill shall be reduced by a credit equal to:
Air Conditioning Cycling Strategies:

Strategy A
\$0.18 per Summer Season day per connected ton of central air conditioning for 100% cycling

Strategy B *
\$0.10 per Summer Season day per connected ton of central air conditioning for 67% cycling

Strategy C *
\$0.05 per Summer Season day per connected ton of central air conditioning for 50% cycling

The rate components used for customer billing are determined using the components shown in the Rate Components Section following the Special Conditions Section.

* Closed to new customers as of June 5, 1986.

In no event shall the amount of credit exceed the product of the Annualized Base Rate, in effect on June 10, 1996, as shown on Schedule D, multiplied by the daily kWh used. Also, the Basic Charge as shown on Schedule D shall apply.

MINIMUM CHARGE: The Minimum Charge provision of Schedule D shall apply.

(Continued)



Schedule GS-APS
GENERAL SERVICE AUTOMATIC POWERSHIFT

Sheet 1 of 5

APPLICABILITY

Applicable to customers served under Schedules GS-1, GS-2, TOU-GS-1, TOU-GS-2, or TOU-8 where the customer's central electric air conditioner compressor is subject to cycling by the Company. Service hereunder is on a selective basis at the Company's option and is subject to the acceptable operating condition of the air conditioner unit. This Schedule is not applicable to customers who do not already have an automatic control device on their air conditioner unit previously installed by the Company.

(C)
|
|
(C)

TERRITORY

Within the entire territory served.

RATES

The rates specified in Schedule GS-1 and TOU-GS-1 are applicable to this service and shall be adjusted as follows:

The customer's bill shall be reduced by an amount equal to:

- \$0.014 per Summer Season day per connected ton of air conditioning for 30% cycling
- \$0.042 per Summer Season day per connected ton of air conditioning for 40% cycling
- \$0.070 per Summer Season day per connected ton of air conditioning for 50% cycling
- \$0.200 per Summer Season day per connected ton of air conditioning for 100% cycling

The rates specified in Schedules GS-2, TOU-GS-2, or TOU-8 are applicable to this service and shall be adjusted as follows:

The customer's bill shall be reduced by an amount equal to:

- \$0.42 per Summer Season month per connected ton of air conditioning for 30% cycling
- \$1.25 per Summer Season month per connected ton of air conditioning for 40% cycling
- \$2.10 per Summer Season month per connected ton of air conditioning for 50% cycling
- \$6.00 per Summer Season month per connected ton of air conditioning for 100% cycling

In no event shall the amount of reduction exceed the Base Rate Charges, in effect on June 10, 1996, which would have resulted under the regularly filed General Service Schedule. Also, the monthly Customer Charge shall apply. The applicable Base Rate Energy Charges are as follows:

<u>Schedules</u>	<u>Base Rate Energy Charges (\$/kWh)</u> <u>In Effect on June 10, 1996</u>
GS-1/TOU-GS-1	0.06987
GS-2	0.02307
TOU-GS-2	
Option A	
Summer On-Peak	0.09445
All other TOU periods	0.01640
Option B	0.01640
TOU-8-SEC	0.00973
TOU-8-PRI	0.00854
TOU-8-SUB	0.00396

The rate components used for customer billing are determined using the components shown in the Rate Components Section following the Special Conditions Section.

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(To be inserted by utility)
Advice 1464-E-A
Decision
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Issued by
John Fielder
Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Aug 10, 2000
Effective Aug 03, 2000
Resolution _____



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Attachment B

Revised Cost-effectiveness Analysis

SCE's Residential and Nonresidential Air Conditioner Cycling Program

Existing Devices

As directed in Resolution E-3688, the Commission allowed SCE to re-open the residential and nonresidential air conditioner cycling program for 2000 and 2001 only to customers where a cycling device is currently installed at their homes or facilities. The following cost-effectiveness showing reflects this limited program offering along with various modifications to the cost-effectiveness inputs as discussed in Resolution E-3688.

Potential Demand Reduction

The revised potential demand reduction forecast conforms to the Commission's suggested estimate of 1.5 kW per device. Due to the late-August implementation date, SCE has reduced the forecast of expected program participants by half in 2000. The reactivation of approximately 40,000 devices in the program is forecasted to result in a total of 60 MW of potential peak demand reductions in 2001. Approximately 30 MW (or 20,000 devices) is expected to enroll in the program during 2000 with additional 30 MW (or 20,000 devices) enrolled by the summer of 2001.

Administrative and Incentive Costs

The administrative and incentive costs reflect the program design of the program with existing units. The total administrative cost for this program is expected to be \$300,000 in 2000 and \$200,000 in 2001. With the forecast of devices as described above, a total of \$500,000 in incentives will be paid in 2000 and a total of \$4,000,000 in 2001.

Summer Peak Hours

The peak hours still reflect the 90 annual hours as recommended in Resolution E-3688.

Energy Price

SCE utilized the price of \$250/MWh as recommended in Resolution E-3688.

Benefit Cost Ratio

SCE believes that the true value of this program is the possibility that it may provide some additional load willing to be curtailed in order to avoid the curtailment of firm service customers under an ISO Stage III emergency. Notwithstanding this, SCE provides the updated cost effectiveness analysis called for in Resolution E-3688 below.

Using the inputs and assumptions recommended in Resolution E-3688, the benefit cost ratio for the summer of 2000 is 0.84, representing total benefits of \$680,000 and total costs of \$800,000.

Using the inputs and assumptions recommended in Resolution E-3688, the benefit cost ratio for the summer of 2001 is 0.32, representing total benefits of \$1,350,000 and total costs of \$4,200,000.

Cost-effectiveness Summary

Table 1
Existing Units
(\$ in millions)

Year: 2000			Costs (\$M)			Summer Peak Hours (g)	Energy Price Cap per MWh (h)	Benefits (\$M)	
No. (a)	Program (b)	Summer Capacity Savings (MW) (c)	Admin Cost (d)	Incentive (e)	Total Cost (f = d+e)			Total Benefits at Cap (i = c x g x h)	Benefit/Cost Ratio (j = i / f)
1	AC Cycling	30.0	\$ 0.30	\$ 0.50	\$ 0.80	90	\$ 250	\$ 0.68	0.84

Year: 2001 (Includes 2000 load impact)			Costs (\$M)			Summer Peak Hours (g)	Energy Price Cap per MWh (h)	Benefits (\$M)	
No. (a)	Program (b)	Summer Capacity Savings (MW) (c)	Admin Cost (d)	Incentive (e)	Total Cost (f = d+e)			Total Benefits at Cap (i = c x g x h)	Benefit/Cost Ratio (j = i / f)
1	AC Cycling	60.0	\$ 0.20	\$ 4.00	\$ 4.20	90	\$ 250	\$ 1.35	0.32

Notes:

[1] (20 Peak days in August, 2000 and 20 Peak days in September, 2000) x 6 peak hours per day

0New Installations

Resolution E-3688 does not allow SCE to re-open the residential and nonresidential air conditioner cycling program for 2000 and 2001 to customers where a cycling device is not currently installed at their homes or facilities. Instead, the Resolution allows SCE to submit this portion of the residential and nonresidential air conditioner cycling program under the Summer Initiative. The following cost-effectiveness analysis reflects this portion of the program along with various modifications to the cost-effectiveness inputs as discussed in Resolution E-3688.

Potential Demand Reductions

The revised potential demand reduction forecast conforms to the Commission's suggested estimate of 1.5 kW per device. Due to the frequency of interruptions and the fact that the summer period will expire on October 1, 2000, SCE has adjusted the forecast of new devices to approximately 5,000 in 2000 and an additional 10,000 by summer 2001. The installation of 15,000 devices by the summer of 2001 results in a total of 22.5 MW of potential peak demand reductions by the summer of 2001. Approximately 7.5 MW (or 5,000 devices) is expected to be enrolled in the program

during 2000 with an additional 15 MW (or 10,000 devices) enrolled by the summer of 2001.

Administrative and Incentive Costs

The administrative and incentive costs reflect the program design of the program with new units. The total administrative cost for this program is expected to be \$950,000 in 2000 and \$1,650,000 in 2001. With the forecast of devices as described above, and assuming an effective program date of August 31, 2000, a total of \$125,000 in incentives will be paid in 2000 and a total of \$1,500,000 in 2001.

Summer Peak Hours

The peak hours still reflect the 90 annual hours as recommended in Resolution E-3688.

Energy Price

SCE utilized the price of \$250/MWh as recommended in Resolution E-3688.

Benefit Cost Ratio

SCE believes that the true value of this program is the possibility that it may provide some additional load willing to be curtailed in order to avoid the curtailment of firm service customers under an ISO Stage III emergency. Notwithstanding this, SCE provides the updated cost effectiveness analysis called for in Resolution E-3688 below.

Using the inputs and assumptions recommended in Resolution E-3688, the benefit cost ratio for the summer of 2000 is 0.16, representing total benefits of \$170,000 and total costs of \$1,080,000.

Using the inputs and assumptions recommended in Resolution E-3688, the benefit cost ratio for the summer of 2001 is 0.16, representing total benefits of \$510,000 and total costs of \$3,150,000.

Cost-effectiveness Summary

Table 1
New Units
 (\$ in millions)

Year: 2000			Costs (\$M)			Summer Peak Hours (g)	Energy Price Cap per MWh (h)	Benefits (\$M)	
No. (a)	Program (b)	Summer Capacity Savings (MW) (c)	Admin Cost (d)	Incentive (e)	Total Cost (f = d+e)			Total Benefits at Cap (i = c x g x h)	Benefit/Cost Ratio (j = i / f)
1	AC Cycling	7.5	\$ 0.95	\$ 0.13	\$ 1.08	90	\$ 250	\$ 0.17	0.16

Year: 2001 (Includes 2000 load impact)			Costs (\$M)			Summer Peak Hours (g)	Energy Price Cap per MWh (h)	Benefits (\$M)	
No. (a)	Program (b)	Summer Capacity Savings (MW) (c)	Admin Cost (d)	Incentive (e)	Total Cost (f = d+e)			Total Benefits at Cap (i = c x g x h)	Benefit/Cost Ratio (j = i / f)
1	AC Cycling	22.5	\$ 1.65	\$ 1.50	\$ 3.15	90	\$ 250	\$ 0.51	0.16

Notes:

[1] (20 Peak days in August, 2000 and 20 Peak days in September, 2000) x 6 peak hours per day

September 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 1464-E-A

Dear Mr. Royer:

Enclosed are an original and six copies of Attachment A and substitute Sheet No. 27499-E*¹ for Advice Letter 1464-E-A. This substitute sheet corrects the cancelling sheet number and is necessary due to Advice Letters becoming effective out of order.

Please replace the enclosed sheets in your master Advice Letter 1464-E-A file. If you have any questions, please contact René Vazquez at (626) 302-2077.

Sincerely,

Enclosures

1464EASub.doc

¹ Asterisk denotes a substituted sheet.