
November 17, 2000

ADVICE 1497-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: 1999 ATCP Advice Letter in Compliance with
Decision 00-10-047

PURPOSE

This advice filing is made in compliance with Decision 00-10-047 (D.00-10-047) adopting the "Settlement Agreement between SCE and the Office of Ratepayer Advocates (ORA) in the 1999 Annual Transition Cost Proceeding" (Settlement Agreement). In addition, this advice filing sets forth the adjustments made to Southern California Edison Company's (SCE) Transition Cost Balancing Account (TCBA) and related memorandum accounts required by the Settlement Agreement.

BACKGROUND

On September 1, 1999, SCE filed its 1999 Annual Transition Cost Proceeding (ATCP), Application No. 99-09-013, for the review of SCE's TCBA entries from July 1, 1998 through June 30, 1999 and various generation-related memorandum account entries. SCE's application was consolidated with similar applications filed by Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) and were considered in one proceeding for hearing purposes. A Settlement Conference was held on June 7, 2000, and the Settlement Agreement was executed on June 15, 2000. In D.00-10-047 the California Public Utilities Commission (Commission) found the Settlement Agreement reasonable, consistent with law, and in the public interest.

D.00-10-047 Compliance Items

I. Settlement Agreement Issues

A. Contested Issues

SCE and ORA (Parties) reached agreement on all contested issues, and SCE made the following adjustments associated with the contested issues:

1. TCBA Revenues

SCE made a credit adjustment of \$0.013 million (plus accrued interest of \$0.001 million) to its TCBA in November 1999 to reverse Franchise Fees and Uncollectible expenses (FF&U) associated with emission trading credits. Volume 1, Chapter III of SCE's workpapers in its 2000 ATCP (A.00-09-014) contains supporting documentation for this adjustment.

2. Fossil Generation-Related Costs

SCE made a credit adjustment of \$5.567 million (plus accrued interest of \$0.389 million) to its Non-Nuclear Generation Capital Additions Memorandum Account (NGCAMA) in February 2000 to remove return and income taxes associated with Commission-authorized 1996 oil/gas-fired generation capital additions that was inadvertently recorded in the NGCAMA. Volume 2, Chapter IV of SCE's workpapers in A.00-09-014 contains supporting documentation for this adjustment.

3. Qualifying Facilities

- a. SCE made a credit adjustment of \$0.083 million (plus accrued interest of \$0.004 million) to its TCBA in December 1999 to reflect the portion of the payment for settlement of the dispute related to the Wheelabrator Norwalk Energy Project which inappropriately debited to the TCBA. Volume 1, Chapter VIII of SCE's workpapers in A.00-09-014 contains supporting documentation for this adjustment.
- b. SCE made a credit adjustment of \$0.067 million¹ (plus accrued interest of \$0.005 million) to its TCBA in March 2000 to reflect the removal of interest associated with capacity payments for the

¹ SCE credited the TCBA for \$13,192.80 more (plus an additional accrued interest credit) than the \$53,749.27 identified at page 7 of D.00-10-047 associated with San Gorgonio Farms and Section 7 Trust QFs. The additional amount credited to the TCBA relates to periods outside of the 1999 ATCP Record Period.

Section 7 Trust QF. Volume 1, Chapter VIII of SCE's workpapers in A.00-09-014 contains supporting documentation for this adjustment.

4. Employee-Related Costs

- a. SCE made a credit adjustment of \$0.180 million (plus accrued interest of \$0.010 million) to its TCBA in April 2000 to reflect various adjustments related to retention bonuses, educational reimbursements and vacancy premiums. Volume 4, Chapter XI of SCE's workpapers in A.00-09-014 contains supporting documentation for this adjustment.
- b. SCE made a credit adjustment of \$0.010 million (plus accrued interest of \$0.001 million) to its TCBA in October 2000 to reflect the remaining adjustments necessary related to retention bonuses and educational reimbursements as set forth in the Settlement Agreement. Supporting workpapers documenting this TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001 for the Record Period July 1, 2000, through June 30, 2001.

B. Uncontested Issues

The following issues were not contested by ORA, and were authorized by the CPUC to be recorded to SCE's TCBA:

1. Palo Verde NUIP Rewards

In accordance with Ordering Paragraph No. 2 of D.00-10-047 and the Settlement Agreement, SCE is authorized to record certain NUIP rewards associated with the operation of Units 2 and 3 of the Palo Verde Nuclear Generating Station. In October 2000, SCE recorded Palo Verde NUIP rewards of \$6.614 million (\$3.435 million for Fuel Cycle No. 8 of Unit No. 2, and \$3.179 million for Fuel Cycle No. 7 of Unit No. 3), plus accrued interest of \$0.647 million, in the Palo Verde Incremental Costs (PVIC) Subaccount of the TCBA. Supporting workpapers documenting this TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001 for the Record Period July 1, 2000, through June 30, 2001.

2. QF Contract Restructuring Shareholder Incentives

SCE recorded \$4.860 million (plus accrued interest of \$0.431 million) associated with certain QF Contract Restructuring Shareholder incentives to the QF Subaccount of the TCBA in October 2000.² The QF shareholder incentive amounts transferred to the TCBA included the restructured QF agreements with Cal Milk/O'Brien California, AES Placerita, Inc., and Beowawe Geothermal Power Company. Supporting workpapers documenting this TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001 for the Record Period July 1, 2000, through June 30, 2001.

3. Generation-Related Memorandum Account Transfers

SCE made the following transfers to the TCBA made in accordance with Ordering Paragraph No. 3 of D.00-10-047:

a. Increased Return on Equity on Divestiture Memorandum Account (IROEODMA)

SCE transferred the June 30, 1999 debit balance of \$9.349 million (plus accrued interest of \$1.221 million through October 31, 2000) in the IROEODMA to the TCBA. The IROEODMA balance of \$9.349 million reflects the increased return and taxes associated with SCE's fossil generation for the period January 1, 1998 through June 30, 1999, plus accrued interest through October 31, 2000. Fossil generation-related return debit and taxes for the period July 1, 1999, through June 30, 2000 were included in A.00-09-014. Supporting workpapers documenting the October 2000 TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001.

b. Reduced Return on Equity Memorandum Account

SCE transferred the June 30, 1999 credit balance of \$23.273 million (plus accrued interest of \$4.122 million through October 31, 2000) to the TCBA. Supporting workpapers documenting the October 2000, TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001.

² In November 2000, SCE will record in its TCBA a QF shareholder incentive amount associated with Delano Energy Company, Inc. In Resolution E-3645, the Commission approved Advice 1390-E in which SCE requested, among other things, approval of the restructured Delano contract and recovery of the associated QF shareholder incentive amount (plus accrued interest).

c. Transition Costs Audit (TCA) Memorandum Account

SCE transferred the June 30, 1999 debit balance of \$0.221 million (plus accrued interest of \$0.021 million through October 31, 2000) in the TCA Memorandum Account to the Fossil Generation Subaccount of the TCBA. Supporting workpapers documenting the October 2000 TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001.

d. ISO/PX Implementation Delay Memorandum Account (IPIDMA)

SCE transferred the credit balance of \$0.192 million (plus accrued interest of \$0.029 million) related to the IPIDMA adjustments referred to on page 13 of D.00-10-047, from the IPIDMA to the TCBA in October 2000. Supporting workpapers documenting the October 2000 TCBA adjustment will be included in SCE's 2001 ATCP to be filed on September 1, 2001.

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.00-10-047, Ordering Paragraph No. 5, this advice letter will become effective after appropriate review by the Energy Division.

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
E-mail: jjr@cpuc.ca.gov

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
E-Mail: fellowda@sce.com

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
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.99-09-013. Address change requests to the attached GO 96-A Service List should be directed to Emelyn Lawler at (626) 302-3985 (Emelyn.Lawler@sce.com), or John Montanye at (626) 302-2308 (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:dan/eml

Enclosures