
July 13, 2001

ADVICE 1559-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Revision to SCE's Tariffs Implementing the Provisions of
D.01-06-041 Associated with SONGS 2&3

In compliance with Decision (D.) 01-06-041, 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 revises Preliminary Statement Part N, Memorandum Accounts to implement provisions adopted for San Onofre Nuclear Generating Station Unit Nos. 2&3 (SONGS 2&3) in D.01-06-041.

BACKGROUND

On May 4, 2001, SCE filed a Petition for Modification of D.96-04-059, requesting authorization to eliminate the sharing provision for SONGS 2&3 and all associated provisions for transfer of post-incremental cost incentive pricing through December 31, 2010. In addition, SCE's petition proposed to add to the next general rate case a proposal to begin traditional cost-of-service ratemaking for SONGS 2&3 effective January 1, 2004. The modifications SCE proposed in the petition comply with Assembly Bill (AB) X1-6, enacted January 18, 2001, which required the Commission to ensure public utility generation assets remain dedicated to service for the benefit of California ratepayers.

On June 14, 2001, the California Public Utilities Commission (Commission) adopted D.01-06-041 to modify D.96-04-059 to eliminate a revenue sharing mechanism and associated pricing provisions adopted for SONGS 2&3. Further, D.01-06-041

clarifies that SCE has an obligation to serve ratepayers with SONGS 2&3 generation after 2003.

Pursuant to D.01-06-041, Ordering Paragraph 6, SCE must make modifications to certain tariffs which contain provisions that are affected by the requirements of this decision. This advice filing modifies Preliminary Statement Part N to make the following changes:

- No. 34: SONGS 2&3 Permanent Closure Memorandum Account - Modifications to shift the cost responsibility for shutdown Operation and Maintenance costs from shareholders to ratepayers; and
- No. 65: Nuclear Claims Memorandum Account - Modifications to shift the cost responsibility for certain liabilities associated with nuclear or electric magnetic fields or other incidents and exposures at SONGS 2&3 post-2003.

No cost information is required for this advice filing.

EFFECTIVE DATE

SCE respectfully requests that this advice filing become effective on the 40th calendar day after the date filed, which is August 22, 2001.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Energy Division 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 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 or electronically to the attention of:

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: lawlerem@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, A.93-12-025, and I.94-02-002. Address change requests to the attached GO 96-A Service List should be directed to Emelyn Lawler at (626) 302-3985 or by electronic mail at Emelyn.Lawler@sce.com. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at lpd@cpuc.ca.gov.

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. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/> and choose Regulatory Info Center/Advice Letters.

For questions, please contact Phillip Durgin at (626) 302-6344 or by electronic mail at Phillip.Durgin@SCE.com.

Southern California Edison Company

Akbar Jazayeri

AJ:eml
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 29774-E Revised 29775-E Revised 29776-E Revised 29777-E Revised 29778-E	Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N	Revised 27659-E Revised 27660-E Revised 27661-E Revised 27662-E Original 27602-E
Revised 29779-E	Table of Contents	Revised 29732-E

PRELIMINARY STATEMENT

Sheet 49

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N. MEMORANDUM ACCOUNTS (Continued)

34. SONGS 2&3 Permanent Closure Memorandum Account

SCE shall maintain a SONGS 2&3 Permanent Closure Memorandum Account pursuant to D.96-04-059.

a. Permanent Closure

(1) Definitions:

(a) Permanent Closure of SONGS 2 and/or SONGS 3 is defined as the date on which the SONGS 2 and/or SONGS 3 main generator(s) output disconnect switches are opened and SCE declares the unit(s) permanently unavailable for the generation of electricity.

(b) Ownership Share: SCE's Ownership Share is 75.03% for SONGS 2&3.

(c) 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 SCE's Preliminary Statement "Transition Cost Balancing Account."

(2) In the event of Permanent Closure of SONGS 2 and/or 3, SCE will apply to the IRS for a letter ruling establishing that SONGS 2 and/or 3 has been abandoned for tax purposes. If that ruling is granted, the unamortized tax basis of the permanently closed unit(s) will be taken as a current tax deduction effective on the date of Permanent Closure, and for ratemaking purposes will be offset by any applicable deferred taxes. If a favorable ruling is not granted, the tax treatment will continue in accordance with the provisions described herein.

(3) In the event of Permanent Closure of SONGS 2 and/or 3 the Utility will recover all reasonably incurred SONGS 2&3 Permanent Closure Non-Investment Related Expenses, unamortized nuclear fuel inventory and property tax expenses from SCE's CPUC-Jurisdictional customers until SONGS 2&3 decommissioning commences.

(Continued)

(To be inserted by utility)

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Decision 01-06-041

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John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

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PRELIMINARY STATEMENT

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N. MEMORANDUM ACCOUNTS (Continued)

34. SONGS 2&3 Permanent Closure Memorandum Account (Continued)

b. SONGS 2&3 Unamortized Nuclear Fuel Inventory Memorandum Subaccount:

In the event of Permanent Closure (as defined herein) of SONGS 2 and/or SONGS 3, SCE will maintain a SONGS 2&3 Unamortized Nuclear Fuel Inventory Memorandum Subaccount. The initial entry to this subaccount will be made during the month Permanent Closure of SONGS 2 and/or SONGS 3 commences, and will be equal to SCE's share of the then-recorded amount of SONGS 2 and/or SONGS 3 Unamortized Nuclear Fuel Inventory multiplied by the CPUC-Jurisdictional Factor. In addition, all estimated federal and state tax-related adjustments associated with SONGS 2&3 unamortized fuel inventory as of the date of Permanent Closure will be reflected in the initial entry.

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

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(To be inserted by utility)

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PRELIMINARY STATEMENT

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N. MEMORANDUM ACCOUNTS (Continued)

34. SONGS 2&3 Permanent Closure Memorandum Account (Continued)

b. SONGS 2&3 Unamortized Nuclear Fuel Inventory Memorandum Subaccount:
(Continued)

The subaccount balance at the end of the calendar year in which SONGS 2 and/or SONGS 3 is permanently closed will be transferred to the applicable mechanism for rate recovery from SCE's CPUC-Jurisdictional customers.

(Continued)

(To be inserted by utility)

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N. MEMORANDUM ACCOUNTS (Continued)

34. SONGS 2&3 Permanent Closure Memorandum Account (Continued)

c. Permanent Closure Noninvestment-Related Expenses Memorandum
Subaccount: (Continued)

In addition to SONGS 2&3 O&M expenses and A&G expenses as identified above, SONGS 2&3 Permanent Closure Noninvestment-Related Expenses will also include employee retraining and/or termination costs associated with Permanent Closure.

In the event of Permanent Closure (as defined herein) of SONGS 2 and/or SONGS 3 SCE will maintain a SONGS 2&3 Permanent Closure Noninvestment-Related Expenses Memorandum Subaccount. The initial entry to this subaccount will be made during the first month of Permanent Closure of SONGS 2 and/or SONGS 3. Entries will be determined from the following calculations:

- (1) SCE's Ownership Share of SONGS 2 and/or SONGS 3 Permanent Closure Noninvestment-Related Expenses (as defined herein) recorded during the month;
- (2) the amount of "(1)" multiplied by the CPUC-Jurisdiction Factor.

Interest will accrue monthly to this subaccount by applying the Interest Rate to the average of the beginning and ending account balances.

Subsequent to the end of each calendar year after the Permanent Closure of SONGS 2 and/or SONGS 3 (until SONGS 2&3 decommissioning commences), the December 31st balance in this subaccount will be transferred to the TRA, or other appropriate ratemaking procedure, for recovery from SCE's CPUC-Jurisdictional customers.

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PRELIMINARY STATEMENT

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N. MEMORANDUM ACCOUNTS (Continued)

65. Nuclear Claims Memorandum Account (NCMA)

The purpose of the NCMA is to record assessments, retroactive premiums, and costs associated with claims by workers and/or third parties, including, but not limited to, allegation of exposure to nuclear radiation and/or electric and magnetic fields (EMF) associated with incidents or exposures at any location or relating to SONGS 2&3 nuclear plant decommissioning.

Entries shall be made to the NCMA at the end of each month. The monthly debit entry shall be made to the NCMA to record the costs associated with claims discussed above. The monthly credit entry shall be made to the NCMA to record any insurance proceeds received by SCE associated with these claims, less any fees paid to outside legal counsel incurred to obtain payment.

Interest shall accrue monthly to the NCMA by applying the interest rate to the average of the beginning and ending balance.

SCE may request recovery of the balance in the NCMA in the Revenue Adjustment Proceeding (RAP), or any other proceeding deemed appropriate by the Commission.

(Continued)

(To be inserted by utility)

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