
October 5, 2001

ADVICE 1579-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Modification to SCE's Preliminary Statement, Section N**
 "Memorandum Accounts" to establish the Risk Management
 Memorandum Account

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 Risk Management Memorandum Account (RMMA), in which SCE will record costs associated with hedging fuel cost risks associated with SCE's Utility Retained Generation (URG), Qualifying Facilities (QF) Contracts, and Interutility Contracts. SCE is requesting authority to record such costs in the RMMA, thus allowing SCE the opportunity to request the recovery of recorded amounts at a later date.

BACKGROUND

On October 2, 2001, SCE and the California Public Utilities Commission (Commission) reached a negotiated settlement (Settlement Agreement) in Case No. 00-12056-RSWL(Mcx) that SCE filed in federal court against the Commission. The Settlement Agreement is intended to: (1) avoid instability and uncertainty for ratepayers, the State of California, and SCE; (2) protect consumers from the potential impact from further volatility in electricity prices; (3) avoid further costly and wasteful litigation; and (4) restore the investment grade creditworthiness of SCE as rapidly as reasonably practical. The Settlement Agreement was approved by the U.S. District Court on October 5, 2001.

Section 2.4 of the Settlement Agreement states, in part:

. . . SCE intends to apply to the CPUC for its approval of SCE incurring up to \$250 million in Recoverable Costs during the Rate Repayment Period to acquire financial instruments and engage in other transactions intended to hedge fuel costs risks associated with SCE's Utility Retained Generation and QF and Interutility contracts. The CPUC has indicated that it will reasonably and promptly schedule proceedings and consider such request on an expedited basis. Pending such determination by the CPUC, SCE shall record such costs in a tracking account.

SCE must obtain Commission authorization before it can record hedging-related costs in a memorandum account as set forth in Section 2.4 of the Settlement Agreement. As discussed below, SCE is requesting that the Commission approve the RMMA on an expedited basis so that it can begin the process of purchasing hedging instruments.

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

SCE requests that the Commission approve this advice filing at its October 25, 2001 Commission Conference. As discussed above, absent such authorization, SCE will not be able to record hedging-related costs as identified in Section 2.4 of the Settlement Agreement.

Due to the urgency of this request, SCE requests that the Commission consider reducing the notice period for consideration of this advice filing. General Order 96-A (GO 96-A) allows for approval of advice letters on less than 40 days notice, provided the tariff changes do not result in a rate increase or decrease.

In this advice filing, SCE is requesting approval of a memorandum account in which hedging-related costs will be recorded. SCE will be requesting Commission permission to recover hedging-related costs at a later date. Until such request is approved by the Commission, SCE must have Commission authorization to record hedging costs in a memorandum account. Authorization of the memorandum account requested herein will not result in any rate increase or decrease.

SCE proposes the following schedule:

Advice Letter Filed	October 5, 2001
Protests to Advice Letter 1/	October 15, 2001

Replies to Protests 1/	October 17, 2001
Draft Resolution Issued	October 19, 2001
Comments on Draft Resolution 1/	October 23, 2001
Final Resolution Issued	October 25, 2001

1/ By facsimile or electronically.

GO 96-A provides that protests be submitted within 20 days of an advice filing. SCE's proposed schedule above reduces the protest period to 10 days. As discussed below, SCE is serving this advice letter electronically to eliminate the delay associated with service via first-class mail. In addition, SCE will respond to any protest within 2 days, as opposed to 5 days. Protests should be directed to the individuals identified below.

SCE's proposed schedule also shortens the time for filing comments on a draft resolution, and eliminates written reply comments on the draft resolution. Rule 77.7(f)(9) permits the Commission to reduce the 30-day comment period due to public necessity.

NOTICE

To provide timely and adequate notice, SCE is serving this filing electronically on appearances of record in SCE's Rate Stabilization Plan application (Application No. 00-11-038), et al, and its GO 96-A service list. In those cases where SCE does not have an electronic-mail address for someone on the service list, it is serving a copy via facsimile or overnight mail.

Anyone wishing to protest this advice filing may do so by facsimile or electronically. SCE is requesting that the Commission shorten the protest period for this advice filing from 20 days to 10 days. 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 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 sending copies of this advice filing to the interested parties shown on the attached service list and A.00-11-038, et al. 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 the A.00-11-038 Service List, 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 James Yee at (626) 302-2509 or by electronic mail at yeejw@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:JY/pf
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 30031-E** Original 30032-E	Preliminary Statement Part N Preliminary Statement Part N	Revised 29418-E**
Revised 30033-E*	Table of Contents	Revised 29962-E



PRELIMINARY STATEMENT

Sheet 4

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>	
(68)	Distribution Energy Resources Memorandum Account (DERMA)	Yes	
(69)	Not In Use		
(70)	Not In Use		
(71)	Pending		
(72)	Real Time Energy Metering (RTEM) Memorandum Account	Yes	
(73)	Risk management Memorandum Account	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)

(To be inserted by utility)
Advice 1579-E
Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Oct 5, 2001
Effective Oct 5, 2001
Resolution E-3761



PRELIMINARY STATEMENT

Sheet 111

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

75. Risk Management Memorandum Account

SCE shall maintain a Risk Management Memorandum Account (RMMA) as authorized in Resolution E-____. The purpose of the RMMA is to record costs related to SCE's hedging fuel costs risks associated with its Utility Retained Generation (URG), Qualifying Facilities (QF) contracts, and Interutility contracts.

Entries to the RMMA shall be made monthly, and shall be determined as follows:

- a. Debit entry to record the: (1) amortization expense associated with the hedging instruments; (2) carrying costs on the unamortized hedging instruments balance; and (3) other related out-of-pocket costs;
- b. A debit or credit entry to record the monthly change in the cumulative net difference between the unamortized hedging costs, and the currently estimated market value of the hedging instruments; and
- c. A debit or credit entry to record the difference, if any, between: (1) the most recently estimated market value of the hedging instruments, as determined in "b." above; and (2) the actual net proceeds received from any sale or exercise of the hedging instruments.

Interest shall accrue to the RMMA by applying the Interest Rate to the average of the beginning of month and end of month account balances. The amount recorded in "b." above shall be excluded in determining the monthly accrued interest.

SCE shall request Commission approval for the recovery of amounts recorded in the RMMA in an appropriate Commission proceeding.

(Continued)

(To be inserted by utility)

Advice 1579-E
Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Oct 5, 2001
Effective Oct 5, 2001
Resolution E-3761



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(Continued)

(To be inserted by utility)
Advice 1579-E
Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Oct 5, 2001
Effective Oct 5, 2001
Resolution E-3761

January 7, 2002

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 1579-E/E-A

Dear Mr. Royer:

Enclosed is an original and six copies of Attachment A and substitute Sheet Nos. 30031-E*¹, 30032-E*, and 30033-E* for Advice Letter 1579-E/E-A. These substitute sheets are necessary to reflect the section number of the Risk Management Memorandum Account being changed from Section 75 to 73. In addition, a change in cancelling sheet numbers was made due to advice letters becoming effective out of order.

Please replace the enclosed sheets in your master Advice Letter 1579-E/E-A file. If you have any questions, please contact René Vazquez at (626) 302-2077.

Sincerely,

Enclosures
1579-Esub.doc

¹ Asterisk denotes a substituted sheet.

November 25, 2002

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

Attn: Jerry Royer
Energy Division

Re: Substitute Sheet for Various Advice Filings

Dear Mr. Royer:

Enclosed is an original and six copies of the following Attachment As (in pertinent part) and substitute tariff sheets.

- Sheet Nos. 29487-E*¹, 29488-E* for Advice 1551-E-A,
- Sheet No. 29418-E** for Advice 1549-E,
- Sheet No. 30031-E** for Advice 1579-E,
- Sheet No. 31137-E* for Advice 1613-E,
- Sheet No. 31155-E* for Advice 1614-E,
- Sheet No. 31651-E** for Advice 1632-E,
- Sheet No. 31664-E* for Advice 1633-E, and
- Sheet No. 31935-E* for Advice 1651-E.

These substitute sheets are necessary to ensure that all appropriate, approved revisions are contained in affected tariff sheets. Specifically, Advice 1551-E/E-A revised Preliminary Statement, Part N, and established the Distributed Energy Resources Memorandum Account (DERMA) as Specified Project Section No. 73. Supplemental Advice 1551-E-A was approved with an effective date of May 22, 2001 (16 months prior to the supplemental filing date). As a result of this time differential, two events occurred: (1) Advice 1551-E-A's Specified Project Section No. 73 was renumbered to Section No. 68 and properly reflected in substitute Sheet Nos. 29487-E* and 29488-E* to Advice 1551-E/E-A, and (2) numerous succeeding Advice Letters were affected due to the inclusion of Advice 1551-E/E-A's Specified Project and its revised Section No. 68.

The changes contained herein are insignificant in impact in that only the approved Specified Project and its Section No. in Advice 1551-E-A are being reflected in the succeeding Advice Letters listed above.

Please replace the enclosed sheets in the appropriate master advice letter files. If you have any questions, please contact Reneé Vazquez at (626) 302-2077.

Sincerely,

Enclosures
VariousAL'ssub.doc

¹ Asterisk denotes a substituted sheet.