

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



October 23, 2003

Advice Letter 1689-E

Mr. Akbar Jazayeri, Director  
Revenue and Tariffs  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

OCT 28 2003  
REVENUE & TARIFFS DEPT.

Reference: Municipal Fees Associated with Electricity Sales by the California Department  
of Water Resources

Dear Mr. Jazayeri:

Advice Letter 1689-E is effective April 7, 2003. A copy of the advice letter is sent herewith  
for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Cannon".

Director  
Energy Division

Filed: 2/26/03  
Effective: 4/7/03

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February 26, 2003

**ADVICE 1689-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Municipal Fees Associated with Electricity Sales by the  
California Department of Water Resources

Consistent with Decision (D.) 03-02-032, 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 modify Section 74, DWR Franchise Fee Obligation Memorandum Account, consistent with Ordering Paragraph 2 of D.03-02-032.

**BACKGROUND**

Decision 02-02-052

In D.02-02-052 the California Public Utilities Commission (Commission) implemented cost recovery for the California Department of Water Resources (DWR) power purchase program revenue requirement. The Commission also ordered SCE to establish a memorandum account to track franchise fee payments associated with DWR power sales. In Section VII.B of D.02-02-052 the Commission states:

“We shall authorize each of the utilities to establish a memorandum account to track franchise fee payments that are made to the municipalities associated with DWR power sales. The purpose of these memorandum accounts is to ensure that the utilities are made whole for

any franchise fee payments made on behalf of DWR that are not already included in rates.”

In accordance with D.02-02-052, SCE filed Advice 1613-E on April 18, 2002, to establish the DWR Franchise Fee Obligation Memorandum Account (DWRFFO Memorandum Account). The DWRFFO Memorandum Account was established to track the portion of total franchise fee payments made by SCE associated with DWR power sales in accordance with D.02-02-052.

#### Decision 03-02-032

In D.03-02-032 the Commission resolved issues regarding the collection and remittance of franchise fees associated with DWR power sales. The Commission concluded that DWR sales are a special category of third-party electricity sales that are subject to municipal surcharges under the provisions of Public Utilities (PU) Code Sections 6351 through 6354.1 (which codified the Municipal Public Lands Surcharge Act).

The Commission also found that end-use customers purchasing power from the DWR are subject to a municipal surcharge created by Senate Bill (SB) 278 (as refined by SB 703), and that municipal surcharges be determined as a percentage of DWR revenues.

In Ordering Paragraph 2 of D.03-02-032, the Commission states:

“Each IOU shall continue to maintain the memorandum accounts that were authorized in D.02-02-052 established for the purpose of tracking remittances made to municipalities relating to DWR revenues, and to account for any differences between proceeds collected and funds remitted for the municipal surcharges on DWR revenues, pending notice and disposition by the Commission.”

Therefore, consistent with Ordering Paragraph 2 of D.03-02-032, SCE is modifying Preliminary Statement, Part N.74, DWR Franchise Fee Obligation Memorandum Account, of its tariffs to determine the difference between: (1) municipal fees collected;<sup>1/</sup> and (2) and municipal fees actually remitted to municipalities. Disposition of amounts recorded in the DWRFFO Memorandum Account will be determined by the Commission at a later date.

No cost information is required for this advice filing.

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<sup>1</sup> Determined by multiplying the most current Commission-authorized Franchise Fee rate by DWR revenue.

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**

This advice filing will become effective on the 40<sup>th</sup> calendar day after the date filed, which is April 7, 2003.

**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  
c/o Jerry Royer  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto: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  
c/o Emelyn Lawler  
Southern California Edison Company  
2244 Walnut Grove Avenue, Room 388N  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [emelyn.lawler@sce.com](mailto:emelyn.lawler@sce.com)

Bruce Foster  
Vice President of Regulatory Operations  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040

San Francisco, California 94102  
Facsimile: (415) 673-1116  
E-mail: [karyn.gansecki@sce.com](mailto:karyn.gansecki@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.00-11-038. 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](mailto: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 [process\\_office@cpuc.com](mailto:process_office@cpuc.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. 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 Phil Durgin at (626) 302-6344 or by electronic mail at [phillip.durgin@sce.com](mailto:phillip.durgin@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:pad  
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 33085-E	Preliminary Statement Part N	Original 31138-E*
Revised 33086-E	Table of Contents	Revised 33068-E

PRELIMINARY STATEMENT

Sheet 107

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

74. DWR Franchise Fee Obligation Memorandum Account

SCE shall maintain a DWR Franchise Fee Obligation Memorandum Account (DWRFFOMA) as authorized in D.02-02-052 and D.03-02-032. (T)

The purpose of the DWRFFOMA is to track the difference between franchise fee payments that are made to municipalities and other governmental authorities and municipal surcharge collections associated with DWR power sales to ensure that SCE is made whole for any franchise fee payments made on behalf of DWR that are not already included in retail rates. (C)  
(C)

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

- a. Debit entry to record the portion of total SCE franchise fee payments that are associated with DWR power sales. (The amount of the debit entry will be determined as follows: At such time as SCE makes a franchise fee payment to any municipality or other governmental authority, the amount of the franchise fee payment will be allocated between DWR and SCE based on the ratio of DWR power sale revenue and SCE revenue recorded during the same time period [i.e., month, quarter, year] that the franchise fee payment is associated with.) (T)
- b. Credit entry equal to municipal surcharges collected associated with recorded DWR revenue using the most current Commission-adopted Franchise Fee rate per kWh. (N)
- c. The difference between "a." and "b." is an undercollection if positive, and an overcollection if negative. (N)

Interest shall accrue to the DWRFFOMA by applying the Interest Rate to the average of the beginning of month and end of month account balances.

Pursuant to D.02-02-052, the Commission shall determine disposition of the balance in the DWRFFOMA following additional analysis of legal and factual issues.

(Continued)

(To be inserted by utility)

Advice 1689-E  
Decision 03-02-032

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Feb 26, 2003  
Effective Apr 7, 2003  
Resolution \_\_\_\_\_



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(To be inserted by utility)  
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Senior Vice President

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