

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298

MAY 10 2004

REVENUE & TARIFFS DEPT.



May 6, 2004

Advice Letter 1785-E/1785-E-A

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

Reference: Revisions to implement D.04-01-048 and D.04-03-023 issued in Edison's 2003  
ERRA Application 03-04-022

Dear Mr. Jazayeri:

Advice Letter 1785-E/1785-E-A is effective May 3, 2004. A copy of the advice letter is included herewith for your records.

Sincerely,

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

Paul Clanon, Director  
Energy Division

jjr

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April 29, 2004

**ADVICE 1785-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Supplement to Tariff Revisions Necessary to Implement  
D.04-01-048 and D.04-03-023 Issued in SCE's 2003  
ERRA Application 03-04-022

In accordance with Decision 04-01-048 and Decision 04-03-023 (D.04-01-048 and D.04-03-023), 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 supplemental advice filing revises Preliminary Statement Part ZZ, Energy Resource Recovery Account (ERRA) and Preliminary Statement WW, Native Load Balancing Account (NLBA).

**BACKGROUND**

On March 24, 2004, SCE submitted Advice 1785-E to revise Preliminary Statement Part ZZ, ERRA and various other Preliminary Statement sections of SCE's tariffs in compliance with D.04-01-048 and D.04-03-023.

After discussions with the Office of Ratepayer Advocates and the Energy Division, SCE is supplementing Advice 1785-E to make the following additional tariff modifications:

- Modification to the Interest Rate definition in Preliminary Statement ZZ, ERRA, Section 2.j, to add a word inadvertently omitted;
- System Average Bundled Service Rate is added to Preliminary Statement ZZ, ERRA, Section 5; and

Language is added to Preliminary Statement WW, NLBA, Section 5, to clarify that entries will cease being recorded in the NLBA upon the implementation of SCE's 2003 GRC revenue requirement.

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**

Consistent with Advice 1785-E, this advice filing will become effective on the 40<sup>th</sup> calendar day after the date filed, which is May 3, 2004.

**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  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Vice President of Regulatory Operations  
c/o Karyn Gansecki  
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 lists. Address change requests to the attached GO 96-A Service List should be directed to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-3636. For changes to A.03-04-022 Service List, please contact the Commission's Process Office at (415) 703-2021 or at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@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/adviceletters> and choose Regulatory Info Center/Advice Letters.

For questions, please contact John Montanye at (626) 302- 2308 or [John.Montanye@sce.com](mailto:John.Montanye@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:jm/pf  
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36301-E	Preliminary Statement Part WW	Revised 34456-E*
Revised 36304-E* Revised 36305-E	Preliminary Statement Part ZZ Preliminary Statement Part ZZ	Revised 36376-E Revised 34482-E*
Revised 36308-E	Table of Contents	Revised 36284-E Revised 36191-E

PRELIMINARY STATEMENT

Sheet 2

(Continued)

ZZ. ENERGY RESOURCE RECOVERY ACCOUNT

2. Definitions (Continued)

e. ERRA Revenue:

1. ERRA Billed Revenue;
2. Plus: the portion of the Direct Access (DA) Cost Responsibility Surcharge billed applicable to DA Customers obligation for Historical Procurement Charges and CTC;
3. Plus: revenues billed under Schedule PC-TBS, Procurement Charge Transitional Bundled Service.
4. Plus: FERA-Related Revenue Shortfall amounts as defined in Preliminary Statement, Part Z, FERABA.
5. Plus: the change (plus or minus) in the amount of ERRA Unbilled Revenues (i.e., the reversal of prior month's estimate, plus the current month's estimate;
6. Less: ERRA-related FF&U.

f. Franchise Fees (FF) Factor

The current Commission FF factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Franchise Fees.

<u>GRC Decision</u>	<u>Factor</u>
D.96-01-011	0.008087

g. Uncollectible (U) Accounts Factor

The current Commission U factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Uncollectible expense.

<u>GRC Decision</u>	<u>Factor</u>
D.96-01-011	0.00313

h. ERRA-Related FF&U

ERRA-Related FF&U is determined as follows in order to calculate franchise fees and uncollectible and municipal surcharges:

ERRA FF: (ERRA Revenue + DWR Revenue) \* FF Factor  
ERRA U: (ERRA Revenue) \* U Factor  
ERRA-Related FF&U = ERRA FF + ERRA U

i. DWR Revenue

Total monthly amount DWR Power Charge and DWR Bond Charge revenue including DWR revenue billed to Direct Access Customers through the DA Cost Responsibility Surcharge.

j. Interest Rate:

The Interest Rate applicable to undercollections shall be the most recent monthly interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, H-15 (index) plus a premium of three-fourths the spread between the index and SCE's actual cost of short-term financing until that spread is 50 basis points or less or until SCE is able to issue commercial paper, which ever occurs first. This premium on the index shall not be precedent setting. At that time the interest rate for undercollections shall revert to the index rate. The interest rate for overcollections shall be set at the index rate. Should publication of the interest rate on Commercial Paper (prime, three months) be discontinued, interest shall so accrue at the rate of the most recent annual interest rate on Commercial Paper that most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release H-15, or its successor publication. (T)

(Continued)

(To be inserted by utility)

Advice 1785-E-A  
Decision 04-01-048  
2H11 04-03-023

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 29, 2004  
Effective May 3, 2004  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 5

(Continued)

ZZ. ENERGY RESOURCE RECOVERY ACCOUNT (Continued)

4. Tracking Mechanism

In accordance with Section XII.B.2 (page 65) of D.02-10-062, SCE shall track the difference between:

- a. Recorded fuel and purchased power expenses in the ERRA; and
- b. Annual fuel and purchased power expenses as adopted in D.02-04-016 (URG decision).

5. ERRA Adopted Fuel and Purchased Power Revenue Requirement and System Average Bundled Service Rate

(C)(D)

	2003
	( \$ 000)
Fuel:	256,564
Purchased Power	2,312,285
Less: Historical Procurement Charge Revenue	110,380
FF&U	27,889
Municipal Surcharges	18,448
Subtotal	<u>2,504,806</u>
Plus: ERRA Balancing Account Revenue Requirement	(111,897)
<b>TOTAL ERRA REVENUE REQUIREMENT</b>	<u>2,392,909</u>

System Average ERRA Generation Rate  
Applicable to Bundled Service Customers

Year	Revenue Requirement (\$millions)	Applicable Sales GWhs	System Average Rate c/kWh
2003	2,393	50,151	4.8
2004			

6. Generation Rate Level Changes:

Pursuant to D.04-01-048 and D.04-03-023, SCE shall update its Generation rate levels to reflect the most current Commission-adopted revenue requirements in its August Energy Resource Recovery Account (ERRA) application. The balance forecast to be recorded in the ERRA (either overcollected or undercollected on December 31<sup>st</sup> of the current year, plus an amount for FF&U, shall be included in the Generation revenue requirement to either be returned to, or recovered from, SCE's retail electric customers in Generation rate levels. Prior to implementing consolidated commission-authorized revenue requirements and unfunded rate levels to recover those revenue requirements, the ERRA balance will be updated to reflect the latest recorded balance available.

7. Review Procedures

Pursuant to D.04-01-048 and D.04-03-023, the recorded operation of the ERRA for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual April ERRA application to ensure that the entries made in the ERRA are stated correctly and are consistent with Commission decisions.

(C)

SCE shall provide a monthly report showing the activity in the ERRA to Energy Division within 30 days of the end of the each month.

(Continued)

(To be inserted by utility)

Advice 1785-E-A  
Decision 04-01-048  
5H7 04-03-023

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 29, 2004  
Effective May 3, 2004  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 4

(Continued)

WW. NATIVE LOAD BALANCING ACCOUNT (Continued)

5. Review Procedures

Review procedures for this mechanism are pending in A.03-10-022. Upon final Commission decision in that proceeding, SCE will revise its tariffs to reflect the Commission-approved review procedures. Entries recorded to the NLBA will cease upon the implementation of SCE's 2003 GRC revenue requirement. (T)  
(T)  
(T)

SCE shall provide a monthly report showing the activity in the NLBA to Energy Division within 30 days of the end of each month.

6. Hydro Sub-account

The purpose of the Hydro Sub-account of the NLBA is to record actual Capital-related Expenses and Operating Expenses associated with SCE's hydroelectric generating facilities, to the extent that such costs are not recovered elsewhere.

Monthly entries in the Hydro Sub-account shall be made on a monthly basis as follows:

- a. Debit entry equal to recorded Capital-related Expenses;
- b. Plus, debit entry equal to recorded Operating Expenses;
- c. Equals: total recorded hydro expenses.

7. Four Corners Sub-account

The purpose of the Four Corners Sub-account of the NLBA is to record actual Capital-related Expenses and Operating Expenses associated with SCE's ownership share of the Four Corners Generating Station, to the extent that such costs are not recovered elsewhere.

Monthly entries in the Four Corners Sub-account shall be made on a monthly basis as follows:

- a. Debit entry equal to recorded Capital-related Expenses;
- b. Plus, debit entry equal to recorded Operating Expenses;
- c. Equals: total recorded Four Corners expenses.

(Continued)

(To be inserted by utility)

Advice 1785-E-A  
Decision 04-01-048  
4W7 04-03-023

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 29, 2004  
Effective May 3, 2004  
Resolution \_\_\_\_\_



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(To be inserted by utility)

Advice 1785-E-A  
Decision 04-01-048  
2H6 04-03-023

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 29, 2004  
Effective May 3, 2004  
Resolution \_\_\_\_\_

June 4, 2004

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

Attn: Jerry Royer  
Energy Division

Re: Substitute Sheet for Advice 1785-E-A

Dear Mr. Royer:

Enclosed is an original and six copies of Attachment A and substitute Sheet No. 36304-E\*<sup>1</sup> for Advice 1785-E-A. This substitute sheet is necessary due to Advice Letters becoming effective out of order, therefore the Cal PUC Cancelling Sheet No. has been modified to reflect the appropriate information. This substitute sheet will ensure that all appropriate, approved revisions are contained in the affected tariff sheet.

Please replace the enclosed sheets in your master Advice 1785-E-A file. If you have any questions, please contact Ruby Galvan at (626) 302-2010.

Sincerely,

Enclosures  
1785-E-ASub.doc

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<sup>1</sup> Asterisk denotes a substitute sheet.