

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298

SEP 07 2004

CASE ADMINISTRATION  
SCE LAW DEPARTMENT



September 1, 2004

Advice Letter 1810-E

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

Reference: Establishment of the Reliability Cost Mechanism Account

Dear Mr. Jazayeri:

Advice Letter 1810-E is effective August 31, 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

---

July 22, 2004

**ADVICE 1810-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Establishment of the Reliability Cost Memorandum  
Account (RCMA) in accordance with D.04-07-028.

In accordance with Decision No. 04-07-028, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff schedules are listed on Attachment A and are attached hereto.

**PURPOSE**

This advice filing modifies Preliminary Statement, Part N, Memorandum Accounts, to reflect the establishment of a new account, the RCMA, consistent with the direction provided in D.04-07-028.

**BACKGROUND**

On July 8, 2004, the Commission issued D.04-07-028 to clarify and modify past Commission orders regarding the principles that utilities shall follow when making resource scheduling and procurement decisions. As such, D.04-07-028 orders each utility to consider additional categories of ISO-related costs in their evaluation of resource scheduling and procurement options incorporating "all known and reasonably anticipated California Independent System Operator (CAISO)-related costs (including congestion, re-dispatch and must-offer costs)." In accordance with D.04-07-028, SCE will request cost recovery for the additional reliability-related costs that it incurs as a result of implementing the requirements of D.04-07-028 through its Federal Energy Regulatory Commission (FERC) Reliability Services tariff provisions. The Commission, however, recognized that FERC may not provide recovery to SCE in FERC-jurisdictional rates of all costs requested at FERC and, therefore, authorized

SCE to seek recovery from the Commission of any such costs not recovered in FERC-jurisdictional rates in its appropriate ERRA proceeding.<sup>1</sup>

SCE requests authority to establish the RCMA in order to track reliability-related costs that it incurs as a result of implementing D.04-07-028 which the FERC may, at a later date, not allow to be included in Reliability Services rates. Amounts tracked in the RCMA will be considered in a future ERRA proceeding to determine the appropriate rate recovery mechanism and procedure for on-going cost recovery.

In order to eliminate retroactive ratemaking issues, SCE requests the establishment of the RCMA effective July 8, 2004 (the effective date of D.04-07-028). SCE will immediately begin recording reliability-related costs it incurs as a result of D.04-07-028 in the RCMA. At the time that SCE receives final approval from FERC that such costs are recoverable, SCE will reduce (offset) the costs recorded in the RCMA by the amounts recovered through FERC-approved Reliability Services rates.

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**

This advice filing will become effective on the 40<sup>th</sup> calendar day after the date filed, which is August 31, 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 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)

---

<sup>1</sup> D.04-07-028, Page 24.

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: [TariffManager@sce.com](mailto:TariffManager@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. Address change requests to the attached GO 96-A Service List should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-3636. For changes to the R.04-04-003 Service List, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail 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 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 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:pd/pf  
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36783-E** Revised 36784-E	Preliminary Statement Part N Preliminary Statement Part N	Revised 36586-E* Revised 34414-E
Revised 36785-E	Table of Contents	Revised 36770-E

PRELIMINARY STATEMENT

Sheet 2

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)  
2. Definitions. (Continued)  
d. Specified Project (Continued)

Section No.	Specified Project	Interest Bearing Memorandum Account*
(1)	Not Used	
(2)	Not Used	
(3)	Demand Reduction and Self-Generation Program Incremental Cost (DRSGPIC) Memorandum Account	Yes
(4)	Catastrophic Event	Yes
(5)	Reliability Costs Memorandum Account (RCMA)	Yes
(6)	Local Area Revenue Mechanism	Yes
(7)	Air Conditioner Cycling Program Memorandum Account (ACCPMA)	Yes
(8)	Not Used	
(9)	Mass Media Campaign Memorandum Account (MMCMA)	Yes
(10)	Research, Development, and Demonstration Royalties	Yes
(11)	Not Used	
(12)	Advanced Metering and Demand Response	Yes
(13)	Not Used	
(14)	Income Tax Component of Contribution Memorandum Account	Yes
(15)	Demand Side Management Earnings Memorandum Account	Yes
(16)	Not Used	
(17)	Not Used	
(18)	Independent System Operator Memorandum Account (ISO Memorandum Account)	Yes
(19)	Power Exchange Memorandum Account (PX Memorandum Account)	Yes
(20)	Transition Cost Audit Memorandum Account (TCA Memorandum Account)	Yes
(21)	Divestiture of Fossil Generation Memorandum Account (DFG Memorandum Account)	Yes
(22)	Telecommunication Lease Revenue Memorandum Account (TLR Memorandum Account)	Yes
(23)	Competition Transition Charge Exemption Memorandum Account (CTCE Memorandum Account)	Yes
(24)	Industry Restructuring Memorandum Account (IR Memorandum Account)	Yes
(25)	PBR Distribution Revenue Sharing Memorandum Account	Yes
(26)	PBR Distribution Rate Performance Memorandum Account (PDRPMA)	Yes
(27)	Secondary Land Use Revenue Memorandum Account (SLUR Memorandum Account)	Yes
(28)	Not Used	
(29)	Reduced Return On Equity Memorandum Account (RROE Memorandum Account)	Yes
(30)	Rate Reduction Bond Memorandum Account (RRB Memorandum Account)	Yes
(31)	Risk Management Tools Memorandum Account (RMTMA Memorandum Account)	Yes
(32)	Flexible Pricing Options (FPO)/Competition Transition Charge (CTC) Memorandum Account (FPO/CTC Memorandum Account)	Yes
(33)	Not Used	

\* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

(Continued)

(To be inserted by utility)

Advice 1810-E  
Decision 04-07-028

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 22, 2004  
Effective Aug 31, 2004  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 7

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

5. Reliability Costs Memorandum Account (RCMA) (N)

The Reliability Costs Memorandum Account (RCMA) is established consistent with the direction provided by the CPUC in D.04-07-028. The purpose of the RCMA is to record reliability-related costs that SCE incurs associated with the requirements of D.04-07-028 that the Federal Energy Regulatory Commission (FERC) does not allow to be included in FERC-jurisdictional rates.

SCE shall maintain the RCMA by making monthly entries as follows:

- a. A debit entry equal to reliability-related costs incurred by SCE associated with the requirements in D.04-07-028;
- b. A credit entry equal to reliability-related costs associated with the requirements of D.04-07-028 that are reflected in SCE's authorized FERC-jurisdictional rates; and
- c. A entry equal to interest expense on the average of the account balance at the beginning of the month, and the balance after entries "a" and "b" above, multiplied by the Interest Rate (divided by twelve);

Disposition of amounts recorded in the RCMA shall be determined in an appropriate Energy Resource Recovery Account (ERRA) proceeding. (N)

6. Local Area Revenue Mechanism (LARM) Memorandum Account.

The Company shall maintain a Local Area Revenue Mechanism Memorandum Account as authorized by Resolution E-3143. The Authorization Date shall be April 12, 1989. The purpose of the LARM Memorandum Account is to record all costs resulting from the gas user's tax assessed by the City of El Segundo for gas purchased by the Company to generate electricity at the El Segundo Generating Station. Such costs shall include, but not be limited to, the utility gas user's taxes recorded by the Company and recorded administrative and general expense associated with implementing the gas user's tax.

Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

(Continued)

(To be inserted by utility)

Advice 1810-E  
Decision 04-07-028

Issued by

John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 22, 2004  
Effective Aug 31, 2004  
Resolution \_\_\_\_\_



TABLE OF CONTENTS

Sheet 1

Cal. P.U.C.  
Sheet No.

TITLE PAGE .....11431-E

TABLE OF CONTENTS - RATE SCHEDULES ..... 36785-36749-36750-36751-36752-36753-36771-E (T)

TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS .....36771-E

TABLE OF CONTENTS - RULES .....36755-E

TABLE OF CONTENTS - BASELINE REGIONS .....36418-E

TABLE OF CONTENTS - SAMPLE FORMS .....36772-36420-27787-31900-35196-35197-E  
.....27618-E

PRELIMINARY STATEMENT:

A. Territory Served .....22909-E

B. Description of Service .....22909-E

C. Procedure to Obtain Service .....22909-E

D. Establishment of Credit and Deposits .....22909-E

E. General..... 22909-24193-24194-E

F. Symbols .....24194-E

G. Gross Revenue Sharing Mechanism ..... 26584-26585-26586-26587-27195-27196-27197-E  
.....27198-27199-27200-27201-E

H. Baseline Service ..... 11457-31455-11880-11881-31679-E

I. NOT IN USE..... -E

J. Employee-Related Balancing Account.....36295-E

K. Nuclear Decommissioning Adjustment Mechanism ..... 36582-36583-E

L. Performance-Based Ratemaking Exclusions Distribution Adjustment Mechanism  
..... 34437-36584-36585-36297-E

M. Income Tax Component of Contributions ..... 16039-24573-E

N. Memorandum Accounts..... 21344-36783-36587-36588-28276-31526-36784-36506-34416-E (T)  
..... 36507-34418-34441-36454-36455-36456-27640-36589-27641-27642-26595-27643-E  
..... 27644-27645-27646-27647-27648-27649-27650-27651-27652-27653-27654-27655-E  
..... 27656-31327-26596-26005-21960-22046-34441-34442-22546-27658-23703-27465-E  
..... 29774-29775-29776-29777-27663-36590-36591-30057-30058-30059-30060-26484-E  
..... 26485-23212-28280-24197-29470-26486-29471-24199-29472-23221-23222-23223-E  
..... 24200-26487-29473-23227-28281-28282-36592-24477-24812-22380-28283-22621-E  
..... 36593-24272-27015-30257-27476-26007-26757-26996-26735-26314-27500-27424-E  
..... 27425-27477-29778-28408-29789-33506-36593-29419-32988-36594-36595-34420-E  
..... -31665-34140-32936-33531-36596-E

O. California Alternative Rates for Energy (CARE) Adjustment Clause  
..... 34705-30259-30260-30261-36598-E

P. Optional Pricing Adjustment Clause (OPAC)..... 20625-20626-24169-22165-20629-E

(Continued)

(To be inserted by utility)  
Advice 1810-E  
Decision 04-07-028

Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)  
Date Filed Jul 22, 2004  
Effective Aug 31, 2004  
Resolution \_\_\_\_\_

January 24, 2005

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 1810-E

Dear Mr. Royer:

Enclosed is an original and six copies of Attachment A and substitute Sheet No. 36783-E\*<sup>1</sup> for Advice Letter 1810-E. This substitute sheet is necessary due to advice letters becoming effective out of order. The Specified Project Section in Preliminary Statement, Part N has been updated to appropriately reflect approved projects.

Please replace the enclosed sheet in your master Advice Letter 1810-E file and distribute to the appropriate people reviewing this filing. If you have any questions, please contact Reneé Vazquez at (626) 302-2077.

Sincerely,

Enclosures  
1810-Esub.doc

---

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