

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



JAN 17 2006

January 11, 2006

REVENUE & TARIFFS DEPT. Advice Letter 1942-E

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

Reference: Implementation of the 2006 California Department of Water Resources power and bond charges in accordance with Decision 05-12-010

Dear Mr. Jazayeri:

Advice Letter 1942-E is effective January 1, 2006. A copy of the advice letter is included herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher, Director
Energy Division

December 15, 2005

ADVICE 1942-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Implementation of the 2006 California Department of Water Resources (DWR) Power and Bond Charges in Accordance with Decision 05-12-010

PURPOSE

This advice filing establishes a 2006 DWR Power Charge of \$0.10369/kWh applicable to SCE's Bundled Service customers in accordance with Ordering Paragraph No. 8 of Decision (D.) 05-12-010. This is an increase of \$0.02388/kWh from the currently effective 2005 DWR Power Charge of \$0.07981/kWh.¹ In addition, in compliance with Ordering Paragraph No. 5 of D.05-12-010, SCE is implementing the 2006 DWR Bond Charge of \$0.00485/kWh. The 2006 DWR Power and Bond Charges will be reflected in SCE customers' bills for service rendered on and after January 1, 2006.

BACKGROUND

The Commission, in D.05-12-010, allocated DWR's total 2006 revenue requirement between the three Investor Owned Utilities (IOUs) using the allocation methodology adopted in D.05-06-060. As shown in Appendix A of D.05-12-010, SCE's customers' portion of the total 2006 DWR Power Charge revenue requirement is \$2.206 billion. The \$2.206 billion Power Charge revenue requirement is recovered from Bundled Service customers through the 2006 DWR Power Charge and from Direct Access customers through a component of the Direct Access Cost Responsibility Surcharge (DA CRS). Appendix A of D.05-12-010 sets forth an estimated Power Charge for SCE's Bundled Service Customers of \$0.10509/kWh based on an estimated amount of DA CRS revenues of \$91 million. As discussed in the next section of this advice letter, pursuant to Ordering Paragraph No. 8 of D.05-12-010, SCE is revising the 2006 DWR Power Charge to \$0.10369/kWh in order to reflect a revised estimate of the 2006 DA CRS revenues in

¹ Adopted in Decision 05-04-025.

the amount of \$120 million. In addition, D.05-12-010 sets forth a 2006 Bond Charge applicable to both Bundled Service and Direct Access customers of \$0.00485/kWh.

2006 DWR POWER CHARGE FOR BUNDLED SERVICE CUSTOMERS

In compliance with Ordering Paragraph No. 8 of D.05-12-010, SCE is revising the 2006 DWR Power Charge applicable to Bundled Service customers set forth in Appendix A of D.05-12-010 from \$0.10509/kWh to \$0.10369/kWh to reflect an updated DA CRS in the amount of \$120 million as provided by the Energy Division. Attachment A to this advice letter includes the revised DWR Power Charge calculated by the Energy Division.

JANUARY 1, 2006 RATE CHANGES

In addition to implementing the 2006 DWR Bond and Power Charge rates on January 1, 2006, SCE is also implementing revised Trust Transfer Amount (TTA) rates and Transmission Owners Tariff Charge Adjustments (TOTCA) rates on January 1, 2006. The January 1, 2006 revised rate schedules that incorporate all three rate changes have been included in Advice Letter 1943-E filed on December 16, 2005.

EFFECTIVE DATE

In accordance with Ordering Paragraph No. 8 of D.05-12-010, this advice filing is effective no later than January 1 2006; subject to review by the Commission's Energy Division.

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:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: jjr@cpuc.ca.gov and jinj@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, Quad 3D
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@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

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 serving copies of this advice filing to the interested parties shown on the attached A.00-11-038 service list. Address change requests to the attached GO 96-A Service List should be directed to (626) 302-4039 or by electronic mail at AdviceTariffManager@sce.com. For changes to the any other Service List, please contact the Commission's Process office at (415) 703-2021 or by electronic mail at 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 at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Doug Snow at (626) 302-2035 or Douglas.Snow@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:mm
Enclosures

ATTACHMENT A

Schedule 4

**Allocation of 2006 Revenue Requirement Among Utilities
California Department of Water Resources
(Dollars in millions)**

Line	Description	PG&E	SCE	SDG&E	Total	Reference
1	Allocation Percentage of Non-Contract Costs and Revenues	42.20%	47.50%	10.30%	100.00%	Decision 03-06-060
2						
3	2004 Revenues	2,049	2,523	827	5,399	2004RpIRR
4	2004 Expenses	2,152	2,356	765	5,274	2004RpIRR
5	2001-2002 True-Up	(101)	41	59	-	Decision 04-01-028
6	2004 Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	(3)	125	3	125	
7						
8	2005 Revenues	1,634	1,979	802	4,415	2005 RpIRR: actuals through Sep-05
9	2005 Expenses	1,886	2,131	701	4,717	2005 RpIRR: actuals through Sep-05
10	2003 True-Up	(151)	125	26	-	Decision 05-04-025
11	2005 Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	(100)	(277)	75	(302)	
12						
13	Determination of 2006 Over/(Under) Payment to PCA by IOUs					
14	January 1, 2004 PCA Balance at Non-Avoidable Percentages	701	789	171	1,660	2004RpIRR
15	2004 Transfer to PCA Due to Over/(Under) Payment by IOUs	(3)	125	3	125	Line 6
16	2005 Transfer to PCA Due to Over/(Under) Payment by IOUs	(100)	(277)	75	(302)	Line 11
17	December 31, 2006 Projected PCA Balance at Non-Avoidable Percentages	584	657	143	1,384	
18	2006 Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	(14)	20	(106)	(100)	
19						
20	2006 Revenue Requirement Determination					
21	Avoidable Costs	106	340	321	766	2006RpIRR
22	Non-Avoidable Costs	1,781	2,005	435	4,221	2006RpIRR
23	Gas Collateral Cost	-	-	-	-	2006RpIRR
24	Williams Gas Benefit Projected	(42)	(47)	(10)	(99)	2006RpIRR
25	Administrative and General	15	17	4	36	2006RpIRR
26	Other Non-Allocated Costs	(0)	(0)	(0)	(0)	2006RpIRR
27	Surplus Revenue	(96)	(108)	(31)	(235)	2006RpIRR
28	Interest Earnings on Fund Balance	(19)	(21)	(5)	(44)	2006RpIRR
29	2005 Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	(14)	20	(106)	(100)	Line 18
		1,732	2,206	607	4,546	
	Rate Calculation Table					
1	Revenue Requirement Allocated to IOU's Customers	\$ 1,732	\$ 2,206	\$ 607	\$ 4,546	
2	DWR Delivered Energy (GWh)	20,355	20,805	7,766	48,926	
3	Calendar Year Remittance Rates	0.08510	0.10604	0.07820	0.09291	
4						
5	less: Estimated Direct Access CRS Revenues	(103)	(120)	(1)	(224)	
6	Bundled Revenue requirement	1,629	2,087	606	4,322	
7	DWR Delivered Energy (GWh)	20,355	20,805	7,766	48,926	
8						
9	Calendar Year Remittance Rates (with CRS)	0.08345	0.10369	0.08142	0.08952	

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)	
Company name/CPUC Utility No.: <u>Southern California Edison Company (U 338-E)</u>	
Utility type: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: <u>James Yee</u> Phone #: <u>(626) 302-2509</u> E-mail: <u>James.Yee@sce.com</u>
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)
Advice Letter (AL) #: <u>1942-E</u>	
Subject of AL: <u>Implementation of the 2006 California Department of Water Resources DWR Power and Bond Chargers in Accordance with Decision 05-12-010</u>	
Keywords (choose from CPUC listing): <u>Compliance, Direct Access, Customer Charge</u>	
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annual <input checked="" type="checkbox"/> One-Time <input type="checkbox"/> Other _____	
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: <p style="text-align: center;"><u>D.05-12-010</u></p>	
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: _____	
Summarize differences between the AL and the prior withdrawn or rejected AL ¹ : _____	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <u>1/1/06</u> No. of tariff sheets: <u>See Advice 1943-E</u>	
Estimated system annual revenue effect: (%): _____	
Estimated system average rate effect (%): _____	
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).	
Tariff schedules affected: <u>See Advice 1943-E</u>	
Service affected and changes proposed ¹ : _____	
Pending advice letters that revise the same tariff sheets: _____	

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

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

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