

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



April 12, 2006

Advice Letter 1950E-B

APR 17 2006

REVENUE & TARIFFS DEPT.

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

Reference: Authorization for Cost Recovery and Memorandum Accounts

Dear Mr. Jazayeri:

Advice Letter 1950E-B is effective February 16, 2006. A copy of the advice letter is sent herewith for your records.

Sincerely,

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

Sean H. Gallagher
Director
Energy Division

April 7, 2006

ADVICE 1950-E-B
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplement to Advice 1950-E-A to Establish the Renewables
Portfolio Standard Costs 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

The purpose of this supplemental filing is to update SCE's Advice 1950-E-A, filed on February 27, 2006, to establish the Renewables Portfolio Standard Costs Memorandum Account (RPSCMA) in accordance with California Public Utilities Commission (Commission) Resolution E-3969 (Resolution) dated February 16, 2006. This Advice Letter replaces Advice 1950-E-A in its entirety.

BACKGROUND

The Renewables Portfolio Standard (RPS) Legislation directs SCE to increase its total procurement from eligible renewable energy resources by at least an additional 1 percent of retail sales per year, so that 20 percent of its retail sales are procured from eligible renewable energy resources by December 31, 2017. The 2003 Joint Energy Action Plan issued by the Commission and the California Energy Commission (CEC), adopted on May 8, 2003, committed to accelerating this 20 percent renewable procurement obligation to 2010, and the Commission's Order Instituting Rulemaking (R.) 04-04-026, issued April 22, 2004, requires SCE and the other investor-owned utilities to meet this goal by 2010.

Because of the need to move quickly to achieve the RPS goals, SCE filed Advice 1950-E requesting Commission authorization to establish a memorandum account to record costs, and recover in retail rates: 1) SCE's prudently-incurred costs

associated with the Feasibility Studies, Facilities Studies, and System Impact Studies for those RPS projects with which it has procurement contracts, when the completion of such studies is a necessary component of SCE's efforts to meet its RPS requirements; and 2) SCE's prudently-incurred costs, necessary to facilitate the RPS goals, associated with engineering and environmental studies and surveys as well as the transmission, sub-transmission, and substation facilities not approved by FERC for recovery in Transmission rates.

SCE requested that the Commission review and approve Advice 1950-E on an expedited basis. On February 16, 2006, the Commission issued Resolution E-3969 granting SCE's request in Advice 1950-E to establish the RPSCMA to record certain costs associated with interconnecting RPS generators to SCE's transmission facilities.

Recent discussions between SCE and the Energy Division require that the RPSCMA included in Advice 1950-E-A be further modified to reflect two sub-accounts to track and record RPS-related project costs. One sub-account will track and record RPS project costs as identified in Ordering Paragraph No. 1 of the Resolution. The other sub-account will track and record only the costs of studies necessary to accommodate transmission-related facilities identified in Ordering Paragraph No. 2 of the Resolution.

RESOLUTION ORDERS

Ordering Paragraph 1 of the Resolution authorizes SCE to establish the RPSCMA to record costs (as specifically identified in Ordering Paragraph 1(a), 1(b), and 1(c)) incurred by SCE associated with interconnecting facilities and network upgrades necessary to interconnect RPS generation resources contracted for in: 1) SCE's 2003 and 2005 RPS solicitations, and additional resources to be contracted in the future; and 2) the Tehachapi Wind Resource Area (WRA).

In addition, Ordering Paragraph 2 of the Resolution requires that SCE, by the end of 2006: 1) Perform studies necessary for the preparation of Proponents Environmental Assessments (PEA) and Certificates of Public Convenience and Necessity (CPCN) needed to accommodate the RPS generation projects for which SCE has Power Purchase Agreements (PPA), as well as some of the facilities needed to accommodate Tehachapi WRA wind generation projects; and 2) Submit to the Commission a recommendation for preferred and alternate routes of transmission lines between certain SCE facilities.

Ordering Paragraph 2(d) of the Resolution also provides that prudently-incurred RPS-related costs that are not approved for recovery in Transmission rates by the Federal Energy Regulatory Commission (FERC) shall be approved for recovery in SCE's retail rates under the provisions of Public Utilities Code Section 399.25(b)(4).

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 this advice filing become effective on the date of the Resolution, which is February 16, 2006.

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 jnj@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
Vice President, 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
Senior 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

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 GO 96-A service list and R.04-04-026. Address change requests to the attached GO 96-A service list should be directed to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to any other service lists, please contact the Commission's Process Office at (415) 703-2021 or 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 <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Phillip Durgin at (626) 302-6344 or by electronic mail at Phillip.Durgin@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:pd:sq
Enclosures

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.: Southern California Edison Company (U 338-E)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: James.Yee@sce.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 1950-E-B

Subject of AL: Supplement to Advice 1950-E-A to Establish the Renewables Portfolio Standard Costs Memorandum Account

Keywords (choose from CPUC listing): Compliance, Memorandum Account

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
Resolution E-3969, op3

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: 2/16/06 No. of tariff sheets: -4-

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: Preliminary Statement Part N, Table of Contents

Service affected and changes proposed¹: _____

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
Vice President, 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
Senior 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

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 39658-E** Revised 39659-E Revised 39661-E	Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N	Revised 39725-E* Revised 39606-E Revised 36589-E
Revised 39660-E	Table of Contents	Revised 39646-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)	Self-Generation Program Incremental Cost (SGPIC) 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 Memorandum Account (AMDRMA)	Yes	
(13)	Not Used		
(14)	Income Tax Component of Contribution Memorandum Account	Yes	
(15)	Renewables Portfolio Standard Costs Memorandum Account (RPSCMA)	Yes	(N)
(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)	Energy Settlements Memorandum Account (ESMA)	Yes	
(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 1950-E-B
Decision _____

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 7, 2006
Effective Feb 16, 2006
Resolution E-3969

PRELIMINARY STATEMENT

Sheet 20

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

15. Renewables Portfolio Standard Costs Memorandum Account

(N)

1. Purpose

The purpose of the Renewables Portfolio Standard Costs Memorandum Account (RPSCMA) is to record the: (1) costs of studies of interconnection facilities and network transmission upgrades necessary to interconnect RPS generation resources contracted in the 2003 and 2005 RPS solicitations, and additional resources to be contracted in the future in accordance with Ordering Paragraph No. 1 of Resolution E-3969; and (2) costs of studies associated with the Tehachapi Wind Resource Area, in accordance with Ordering Paragraph No. 2 of Resolution E-3969.

2. Effective Date

The effective date of the RPSCMA is February 16, 2006.

3. Operation of the RPSCMA

The RPSCMA shall consist of two sub-accounts: (1) the Renewables Portfolio Standard Costs Sub-account; and (2) the Tehachapi Transmission Costs Sub-account. Entries to the RPSCMA shall be made monthly, as follows:

- a. Recorded monthly activity in the Renewables Portfolio Standard Costs Sub-account;
- b. Plus: Recorded monthly activity in the Tehachapi Transmission Costs Sub-account;
- c. Equals: recorded monthly activity in the RPSCMA.

4. Renewables Portfolio Standard Costs Sub-account

Consistent with Ordering Paragraph No. 1 of Resolution E-3969, entries to the Renewables Portfolio Standard Costs Sub-account shall be made monthly as follows:

- a. A debit entry equal to recorded costs associated with Feasibility Studies, System Impact Studies, and Facility Studies for those RPS projects with which SCE has procurement contracts when completion of these studies is a necessary component of SCE's efforts to meet its RPS requirements;
- b. A debit entry equal to recorded costs associated with engineering and environmental studies for facilities to interconnect and accommodate RPS resources;
- c. A debit entry equal to recorded costs associated with transmission, sub-transmission and substation facilities to interconnect and accommodate RPS resources; and
- d. A debit entry equal to recorded interest expense calculated by applying the Interest Rate to the average monthly balance in the Renewables Portfolio Standard Costs Sub-account.

(N)

(Continued)

(To be inserted by utility)

Advice 1950-E-B
Decision _____

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 7, 2006
Effective Feb 16, 2006
Resolution E-3969

PRELIMINARY STATEMENT

Sheet 21

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

15. Renewables Portfolio Standard Costs Memorandum Account

(N)

5. Tehachapi Transmission Costs Sub-account

The purpose of the Tehachapi Transmission Costs Sub-account is to record the costs of: (1) studies, (2) document preparation, and (3) permit application for the projects described in Ordering Paragraph No. 2 of Resolution E-3969.

Pursuant to Ordering Paragraph No. 2 of Resolution E-3969, the Commission shall conduct a prudence review of the amounts recorded in the Tehachapi Transmission Costs Sub-account, and those costs not approved by the Federal Energy Regulatory Commission (FERC) for recovery in FERC-approved Transmission rates shall be approved for recovery in retail rates under the provisions of Public Utilities Code Section 399.25(b) (4).

Entries to the Tehachapi Transmission Costs Sub-account shall be made monthly as follows:

- a. A debit entry equal to the recorded costs incurred in performing the studies necessary for the preparation of Proponent Environmental Assessments (PEAs) and filing of Certificates of Public Convenience and Necessity (CPCNs) by the end of 2006 for the Antelope to Mesa upgrades identified as Phase 2 in the Tehachapi Collaborative Study Group (TCSG) report filed on March 16, 2005, and the Antelope to Tehachapi Substation 5 230kV line(s);
- b. A debit entry equal to the recorded costs incurred in performing the studies necessary for the preparation of PEAs and filing of CPCNs by the end of 2006 for a second 500kV line between Tehachapi Substation 1 and Antelope Substation, in parallel with the 500kV line shown as Phase 1, Segment 3 (in SCE's Application No. 04-12-008);
- c. A debit entry equal to the recorded costs incurred in submitting to the Commission by December 31, 2006, a recommendation for preferred and alternate routes for Phase 4 on one of the following three options: Tehachapi Substation 1 to Midway Substation, Tehachapi Substation 1 to Vincent Substation, or other alternative; and the preparation of a PEA and the filing of a CPCN not later than December 31, 2007, for the recommended line; and
- d. A debit entry equal to recorded interest expense calculated by applying the Interest Rate to the average monthly balance in the Tehachapi Transmission Costs Sub-account.

6. Review of Amounts Recorded in the RPSCMA

The Commission shall review amounts recorded in the RPSCMA in SCE's Energy Resource Recovery Account (ERRA) proceedings pursuant to Ordering Paragraph 1 of Resolution E-3969.

(N)

16. Not Used.

17. Not Used.

(Continued)

(To be inserted by utility)

Advice 1950-E-B
Decision _____

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 7, 2006
Effective Feb 16, 2006
Resolution E-3969



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(To be inserted by utility)
Advice 1950-E-B
Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed Apr 7, 2006
Effective Feb 16, 2006
Resolution E-3969



An EDISON INTERNATIONAL Company

Lisa Vellanoweth
Manager of Tariffs

April 24, 2006

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

Attn: Jerry Royer
Energy Division

Re: Substitute Sheets for Advice 1950-E-B

Dear Mr. Royer:

Enclosed are an original and four copies of Attachment A, and Substitute Sheet No. 39658-E*. 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 change ensures that all approved revisions are contained in the affected tariff sheet.

Please include the enclosed sheets in your master Advice 1950-E-B file. If you have any questions, please contact Ruby Diaz at (626) 302-2010.

Sincerely,

Enclosures
1950-E-BSub.doc

Internal copies:

1950-E-B File Chrono (Pastehl Kaballah)

Ruby Diaz

Lisa Vellanoweth

Craig Keen

Dara Morgan

Susan Quon

Melinda Martinez

Jim Yee