

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



MAR - 9 2006

March 6, 2006

REVENUE & TARIFFS DEPT. Advice Letter 1964-E

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

Reference: Modification to Schedule 1 of Operating Order Between California Department of Water Resources and SCE in Accordance With Ordering Paragraph 7 of Decision 05-12-021

Dear Mr. Jazayeri:

Advice Letter 1964-E is effective March 12, 2006. A copy of the advice letter is sent herewith for your records.

Sincerely,

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

Sean H. Gallagher
Director
Energy Division

February 10, 2006

ADVICE1964-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Modification to Schedule 1 of Operating Order Between California Department of Water Resources and Southern California Edison Company in Accordance with Ordering Paragraph 7 of Decision No. 05-12-021

PURPOSE

Southern California Edison Company (SCE) hereby submits a modified Schedule 1 to the "Operating Order Between the California Department of Water Resources (CDWR) and Southern California Edison Company" (Operating Order), in compliance with California Public Utilities Commission (Commission) Decision (D.) 05-12-021, Ordering Paragraph 7. D.05-12-021 reallocates the CDWR Williams Product D (Williams D) contract to SCE effective January 1, 2007. The Decision also orders Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and SCE (collectively "the IOUs") to file advice letters reflecting the changes to the IOUs' respective Operating Agreements or Operating Order resulting from the reallocation. This advice letter is being filed in compliance with the Decision's requirement upon SCE.

BACKGROUND

Between January 17, 2001, and December 31, 2002, the CDWR purchased power for the net short needs of the customers of the three California IOUs. The CDWR made those purchases under temporary authority granted by Assembly Bill X1-1. That authority ended on December 31, 2002.

From January 2001 through December 2002, the CDWR entered into 35 long-term contracts that cumulatively represent an average of 10,780 MWs through 2009. One of those contracts was the Williams D contract, which was executed on February 16, 2001.

On November 11, 2002, Williams entered into a settlement agreement with the CDWR and other parties to resolve certain issues, including issues related to the contracts executed in 2001. The provisions of the settlement included a renegotiated Williams D contract, which provides dispatchable capacity from designated generation units during the period January 1, 2003 through December 31, 2010.

The Commission, in anticipation of the IOUs resuming procurement on behalf of their customers, allocated the CDWR contracts among the IOUs for operational purposes, as defined in D.02-09-053. Effective January 1, 2003, in accordance with D.02-09-053, the IOUs assumed all operational functions for the contracts allocated to them.

On January 28, 2005, Commission President Peevey issued an Assigned Commissioner's Ruling in Rulemaking (R.) 04-04-003 that initiated the Commission's consideration of whether to reallocate certain CDWR contracts among the IOUs, including the Williams D contract. The Commission received comments from various parties, including SCE, PG&E, and SDG&E, describing various reallocation proposals.

On December 15, 2005, the Commission issued D.05-12-021. In that Decision, the Commission ordered the Williams D contract reallocated from SDG&E to SCE, effective January 1, 2007.¹ The Decision further ordered that:

PG&E and SDG&E are to file advice letters to modify Schedule 1 of the Operating Agreements and SCE is to file an advice letter to modify Schedule 1 of the Operating Order with DWR to reflect the changes from the reallocation of the DWR contracts as set forth herein.²

MODIFIED SCHEDULE 1 TO SCE OPERATING ORDER

Pursuant to D.05-12-021, and the "Amendment" provisions contained in Sections 14.09 and 14.10 of the Operating Order, SCE provided the CDWR with a proposed modified Schedule 1, which identifies the Williams D contract as allocated to SCE effective January 1, 2007. The modified Schedule 1 also updates the identification of DWR's counterparties for each contract and indicates which contracts have expired. The CDWR and SCE signed an acknowledgment indicating their agreement to the modified Schedule 1 in the form proposed by SCE. The signed acknowledgment and modified Schedule 1 are attached hereto as Appendix A.

No cost information is required for this advice filing.

¹ D.05-12-021, Ordering Paragraph 3. The Commission also allocated the Kern River and City and County of San Francisco contracts to PG&E, and confirmed that the Sempra Energy contract would stay with SCE, while the Sunrise Power contract would remain with SDG&E. *Id.*, Ordering Paragraphs 2, 4.

² *Id.*, Ordering Paragraph 7.

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 request this advice become effective on the 30th calendar day after the date filed, which is March 12, 2006, subject to review and approval 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 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
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

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 GO 96-A service list and R.04-04-003. Address change requests to the GO 96-A service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, 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 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 Dhaval Dagli at (626) 302-4840 or Dhaval.Dagli@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:mm
Enclosures

APPENDIX A

ACKNOWLEDGMENT OF MODIFIED SCHEDULE 1
TO OPERATING ORDER BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND
SOUTHERN CALIFORNIA EDISON COMPANY

Pursuant to Sections 14.09 and 14.10 of the Operating Order Between State of California Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), dated December 19, 2002 ("Operating Order"), and the requirement in Ordering Paragraph 7 of Decision ("D.") 05-12-021 issued by the California Public Utilities Commission, the undersigned, as authorized representatives of the CDWR and SCE respectively, do hereby acknowledge that the attached modified Schedule 1 properly amends the list of CDWR power purchase contracts allocated for operational purposes to SCE, in accordance with D.05-12-021. Specifically, the modified Schedule 1 reflects that the Williams Product D contract will be allocated to SCE as of January 1, 2007. The modified Schedule 1 also updates the identification of DWR's counterparties in each contract and identifies those contracts that have expired as of the date of this Acknowledgment. The parties further acknowledge that the attached modified Schedule 1 replaces and supersedes the previous Schedule 1 attached to the Operating Order.

California Department of Water Resources

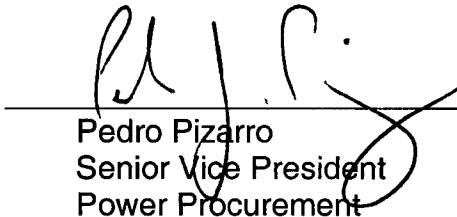
Dated: February 2, 2006



John Pacheco
Chief, Negotiations and Contract Management
California Energy Resources Scheduling
Division

Southern California Edison Company

Dated: February 6, 2006



Pedro Pizarro
Senior Vice President
Power Procurement

Schedule 1
(modified January 2006)

ALLOCATED CONTRACTS

<u>DWR Contract Allocation for SCE</u>	
<u>Long-Term Contract</u>	<u>Contract Category</u>
<u>Power Receivable Finance, LLC (J. Aron and Co.)</u> <u>Excluding NP-15 deliveries</u> <i>(contract formerly with Allegheny Energy)</i>	<u>Must-Take</u>
<u>Constellation Power Source (expired)</u>	<u>Must-Take</u>
<u>Dynegy Power Marketing (expired)</u>	<u>Must-Take</u>
<u>El Paso Merchant Energy (expired)</u>	<u>Must-Take</u>
<u>Mountainview Power Partners, LLC</u> <i>(contract formerly with PGET Wind)</i>	<u>Must-Take</u>
<u>Sempra Generation</u> <i>(contract formerly with Sempra Energy Resources)</i>	<u>Must-Take</u>
<u>Colton Power LP</u> <i>(contract formerly with Alliance Colton)</i>	<u>Dispatchable</u>
<u>Dynegy Power Marketing</u> <u>System Contingent (expired)</u>	<u>Dispatchable</u>
<u>High Desert Power Project</u>	<u>Dispatchable</u>
<u>Sierra Power Corp. (Terra Bella) (expired)</u>	<u>Must-Take</u>
<u>Williams Energy Marketing and Trading Company</u> <u>(Product D)</u> <u>(effective January 1, 2007)</u>	<u>Dispatchable</u>

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) #: 1964-E

Subject of AL: Modification to Schedule 1 of Operating Order Between California Department of Water Resources and Southern California Edison Company in Accordance with Operating Ordering Paragraph 7 of Decision No. 05-12-021

Keywords (choose from CPUC listing): Compliance, Contracts

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.05-12-021

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: 3/12/06 No. of tariff sheets: -0-

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: None

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
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