

PUBLIC UTILITIES COMMISSION

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SEP 11 2006

September 8, 2006

AKBAR JAZAYERI Advice Letter 1967-E A

Attn: Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

Subject: 2006 Year Ahead RA Compliance Filings

Dear Mr. Jazayeri:

Advice Letter 1967-E A is effective June 1, 2006. A copy of the advice letter is sent herewith for your records. Thank you for your time.

Sincerely,

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

Sean H. Gallagher
Director
Energy Division

May 23, 2006

ADVICE 1967-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison's (SCE's) Supplemental Year-Ahead Resource Adequacy (RA) Compliance Filing for Compliance Year 2006

In accordance with the "Guidance to all Load-Serving Entities (LSEs) Regarding the Upcoming Monthly Resource Adequacy Requirement Compliance Filings, required by Decision (D.) 05-10-042 in Rulemaking (R.) 04-04-003 dated March 29, 2006," SCE hereby submits this Supplemental Advice Letter containing corrections to SCE's year-ahead RA Compliance Filing for Compliance Year 2006. This submission includes a completed RA Reporting Workbook for June, July, August and September 2006 and a table summarizing the changes made to the workbooks submitted with Advice Letter 1967-E. Enclosed are hard copies and a compact disc containing electronic filings of each workbook. This filing replaces, in its entirety, that previously made by SCE in Advice Letter 1967-E. All of the materials attached to this advice letter are protected materials pursuant to the Administrative Law Judge's Ruling Adopting Revised Protective Order in R. 05-12-013, dated February 10, 2006, General Order 66-C, and Public Utilities Code Section 583.

PURPOSE

The purpose of this Supplemental Advice Letter is to provide the California Public Utilities Commission (Commission) with corrections to SCE's year-ahead RA Compliance filing for 2006 and to request the Commission to confirm that SCE has met its year-ahead RA obligation for 2006. The corrections include typographical or numerical revisions, revisions of RA capacity based on revised calculations of Qualifying Capacity (QC), and revisions to the representation of resources in order to make them match the master generation list maintained by the California Independent System Operator (CAISO).

Accordingly, SCE is also submitting revised QC information to the CAISO. Additionally, SCE has discovered that its initial filing inadvertently employed different methodologies for determining the QC and RA capacity of some Qualifying Facilities (QF) resources. This inadvertent error resulted in RA capacity exceeding QC in some instances. To address this issue, SCE recalculated QC for QF-resources based on the three year average historical data during peak load conditions, consistent with the Commission's decision in D. 05-10-042. The attachments contained herein reflect revisions so that RA capacity does not exceed QC.

Lastly, in the time period since Advice Letter 1967-E was filed, the Commission's Energy Division has requested that SCE explain how it calculated QC for hydro resources and for QFs that did not have three years of historical operating data. For the hydro resources, SCE determined the QC according to the Commission's adopted counting rules which specify the use of a 1-in-5 dry hydro scenario (*i.e.*, use the fourth worst year from the last 20 years on record). For QFs that did not have three years of historical data, QC was based on the historical data in existence for the amount of time the resources had been in operation (*i.e.*, if the resource had been in operation two years, the QC was based on two years of historical data).

BACKGROUND

To help ensure that customers receive reliable electric service at a reasonable cost, the Commission established a Resource Adequacy Requirement (RAR) on Investor-Owned Utilities (IOUs), electric service providers (ESPs) and community choice aggregators (CCAs) – collectively the load serving entities or LSEs. Under the RAR, LSEs are required to demonstrate to the Commission that they have acquired the capacity needed to serve their forecast retail customer load plus reserve requirements (15-17%) beginning in June 2006. This demonstration is to take place through year-ahead and month-ahead advice letter compliance filings. For the year-ahead compliance filing, LSEs must demonstrate that they have acquired sufficient resources to serve 90% of their loads plus reserve requirements for the five summer months (May-September). For 2006, due to timing concerns, the year-ahead compliance filing is only for the summer months of June-September. For the month-ahead compliance filing, LSEs must demonstrate that they have acquired sufficient resources to serve 100% of their loads plus reserve requirements for each of the twelve months of the year.

To facilitate the compliance filings, RA templates were developed in the RA workshop process. The templates provide the form for LSEs to identify the resources they are relying upon to satisfy their RAR.¹

¹ Some RA Capacity included on SCE's RA templates has not yet been reflected in the CAISO's Qualifying Capacity list for RA Planning Purposes. SCE has contacted the CAISO regarding the

Pursuant to D.05-10-042, the Commission requires all LSEs to submit their 2006 year-ahead compliance filings by January 27, 2006. However, due to a delay in the completion of the allocation of import capacity to LSEs, the due date was revised to February 16, 2006.

On February 16, 2006, SCE submitted its year-ahead RA Compliance filing for 2006 (Advice Letter 1967-E). Subsequent to that filing, SCE was contacted by the Commission's Energy Division during April and May 2006 and asked to respond to several questions associated with SCE's filing. SCE initiated an internal review to address the questions raised by Commission staff. During that review, SCE identified corrections that are necessary to its year-ahead RA Compliance filing for 2006. SCE believes these corrections to be either typographical and numerical errors or other minor errors based on the RA month-ahead compliance guide provided by the Commission on March 29, 2006. SCE submits corrections to its RA Workbooks for the compliance months of June, July, August, and September along with a summary of the corrections via this advice letter.

EFFECTIVE DATE

SCE requests the Commission to confirm that SCE has met its 2006 year-ahead RA obligation by June 1, 2006.

NOTICE

This advice filing is made pursuant to D.05-10-042, further "Notice" in accordance with Section III, Paragraph G of General Order No. 96-A is not deemed necessary.

All correspondence regarding this advice letter should 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
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

For questions, please contact Marc Ulrich at (626) 302-3348 or by electronic mail at Marc.Ulrich@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:mm
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) #: 1967-E-A

Subject of AL: Southern California Edison's Year-Ahead Resource Adequacy (RA) Compliance Filing for Compliance Year 2006

keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.05-10-042

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

N/A

Resolution Required? Yes No

Requested effective date: 6/1/2006 No. of tariff sheets: -0-

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹ Discuss in AL if more space is needed.

Protests: RA compliance filing is not subject to protest. All other correspondence regarding this AL shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit (RAR Filing)
505 Van Ness Ave.,
San Francisco, CA 94102

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