

---

June 1, 2006

**ADVICE 2007-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:**       Revisions to Southern California Edison Company's (SCE)  
Reliability Services Balancing Account Adjustment Rate

**PURPOSE**

Pursuant to SCE's "Reliability Services Rate Revision Filing" filed at the Federal Energy Regulatory Commission (FERC) on November 30, 2005, in FERC Docket No. ER06-259 and the FERC's letter order dated January 26, 2006, which suspends the revised Reliability Services Balancing Account Adjustment (RSBAA) rates until June 1, 2006, SCE submits for filing the changes to its RSBAA rates, accepted by the FERC, subject to refund.

**BACKGROUND**

The California Independent System Operator Corporation (ISO) directly bills each Participating Transmission Owner (TO) for the Reliability Must Run (RMR) costs, local reliability out-of-market calls costs, and minimum load costs associated with generation units committed under the ISO's must offer requirement it incurs pursuant to Section 30.6.1.1 of its FERC Tariff. In addition, SCE incurs costs to implement ISO Operating Procedure M-438. The Reliability Services Rate Schedule, Appendix VI to SCE's TO Tariff which includes the RSBAA mechanism, insures that SCE neither over-collects nor under-collects the Reliability Services costs billed by the ISO or incurred by SCE that are necessary to maintain the reliability of the transmission grid.

On November 30, 2005, SCE filed revisions to its TO Tariff in FERC Docket No. ER06-259-000 to reflect a change to its Reliability Services rates to be effective on and after January 1, 2006. Pursuant to its TO Tariff, SCE must revise its Reliability Services revenue requirements and RSBAA rates annually through an "RS True-Up" filing to be effective for service rendered on and after January 1 of each year. In the November 30, 2005 filing, SCE filed an update to the RSBAA rates for the various rate schedules to be effective for service rendered on and after January 1, 2006.

On January 26, 2006, the FERC issued "Order Accepting and Suspending Proposed Changes and Establishing Hearing and Settlement Judge Procedures." This order accepted SCE's requested RSBAAs rate changes, subject to refund, but suspended their effective date for five months, until June 1, 2006.

SCE has been involved in settlement discussions with the parties in FERC Docket No. ER06-259-000. SCE has reached an agreement-in-principle with parties at FERC in this docket which would resolve all issues, including the level of RSBAAs rates. On May 19, 2006, SCE filed with FERC a "Motion of SCE for Expedited Authorization to Implement Interim Rates." In this motion, SCE requested FERC to issue an order by May 26, 2006 approving on an interim basis, settlement rates to be effective June 1, 2006. On May 26, 2006, the FERC issued an order granting SCE's motion to collect interim rates effective June 1, 2006, subject to refund.

SCE expects to file the settlement shortly. It is SCE's expectation that the FERC will not approve on a final basis the settlement rates until the summer/fall of 2006.

Currently effective and interim settlement RSBAAs rates, by group, are shown below.

**RSBAAs Rate Component (\$/kWh)**

	Current	Revised
<b>Domestic</b>	0.00200	0.00224
<b>LSMP</b>		
GS-1	0.00222	0.00248
TC-1	0.00129	0.00143
GS-2	0.00199	0.00215
TOU-GS-2	0.00149	0.00235
<b>Large Power</b>		
TOU-8-Sec	0.00168	0.00188
TOU-8-Pri	0.00146	0.00164
TOU-8-Sub	0.00130	0.00145
<b>Agricultural &amp; Pumping</b>		
PA-1	0.00173	0.00184
PA-2	0.00140	0.00153
AG-TOU	0.00098	0.00117
TOU-PA-5	0.00136	0.00151
<b>Street &amp; Area Lighting</b>	0.00085	0.00090

## **TARIFF CHANGES**

Revised rate schedules reflecting the revised RSBA rates will be provided, along with the other rate changes, in the FERC Transmission Rate Increase Advice Letter which will be filed shortly hereafter. In addition, due to constraints in SCE's billing system, SCE is not able to implement the proposed RSBA rates on June 1, 2006 and will implement them on June 4, 2006, the date the FERC authorizes the Transmission Rate Increase rates to become effective. To compensate for the delay in implementing the RSBA rate increase, SCE will make an accounting adjustment to transfer revenues from its Base Revenue Requirement Balancing Account (BRRBA) in order to reflect the proper recovery of FERC revenues applicable to the RSBA for the period from June 1, 2006 through June 3, 2006. SCE's BRRBA balance will be amortized in future rate levels in a subsequent Commission-authorized revenue requirement consolidation proceeding. If SCE's billing system could have implemented the RSBA rate revision in its customer bills effective June 1, 2006, SCE estimates that the revised rates would have produced approximately \$0.193 million more revenue during the period June 1, 2006 through June 3, 2006, respectively.

## **EFFECTIVE DATE**

Pursuant to SCE's filed motion to implement interim rates, the RSBA rate change shall become effective June 1, 2006, subject to refund, and will be implemented in SCE's billing system on June 4, 2006.

## **NOTICE**

Anyone wishing to protest this advice filing may do so by letter transmitted 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](mailto:jjr@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto: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](mailto: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](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 serving copies of this advice filing to the interested parties shown on the attached GO 96-A service list and A.04-12-014. Address change requests to the GO 96-A service list should be directed to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or (626) 302-4039. For changes to any other service lists, 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/AboutSCE/Regulatory/adviceletters> and choose Regulatory Info Center/Advice Letters.

For questions, please contact Jim Schichtl at (626) 302-1707 or by electronic mail at [James.Schichtl@sce.com](mailto:James.Schichtl@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: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> 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) #: <u>2007-E</u>	
Subject of AL: <u>Revisions to Southern California Edison Company's (SCE) Reliability Services Balancing Account Adjustment Rate</u>	
Keywords (choose from CPUC listing): <u>Compliance, Balancing Account</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 #:	
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 <sup>1</sup> :	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <u>6/1/06</u> No. of tariff sheets: <u>-0-</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>None</u>	
Service affected and changes proposed <sup>1</sup> : _____	
Pending advice letters that revise the same tariff sheets: _____	

<sup>1</sup> 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](mailto: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](mailto:Karyn.Gansecki@sce.com)