

## PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



March 9, 2007

Advice Letter 2054-E-A

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

MAR 12 2007

REVENUE &amp; TARIFFS DEPT.

Subject: Supplement to 2007 General Rate Case (GRC) Post Test Year Revenue Requirement  
in accordance with D. 06-05-016 and 06-11-025

Dear Mr. Jazayeri:

Advice Letter 2054-E-A is effective January 01, 2007. A copy of the advice letter is included herewith for your records.

Sincerely,

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

Sean H. Gallagher, Director  
Energy Division

---

December 15, 2006

**ADVICE 2054-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Supplement to 2007 General Rate Case (GRC)  
Post Test Year Revenue Requirement in Accordance With  
Decision Nos. 06-05-016 and 06-11-025

In accordance with Decision No. 06-05-016 (D.06-05-016) and Decision No. 06-11-025 (D.06-11-025), 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 advice filing is to reflect the change in the GRC-authorized revenue requirement for 2007 associated with SCE's acquisition of the City of Anaheim's (Anaheim) 3.16 percent ownership of San Onofre Nuclear Generating Station Units 2 & 3 (SONGS 2 & 3). Advice 2054-E was originally filed on November 1, 2006 in compliance with the California Public Utilities Commission (Commission) D.06-05-016. This supplemental advice letter replaces Advice 2054-E in its entirety.

**BACKGROUND**

On May 11, 2006, the Commission issued D.06-05-016 which, among other things, adopted a Post Test Year Ratemaking (PTYR) mechanism for SCE for the years 2007 and 2008. The adopted PTYR mechanism adjusts SCE's base-related revenue requirements<sup>1</sup> on an annual basis, in between GRC Test Years, to provide SCE with additional revenues to cover its costs of doing business.

---

<sup>1</sup> SCE's base-related revenue requirements include the costs of operating, maintaining and investing in SCE's generation, distribution, and general functions, and exclude costs such as fuel and power procurement costs.

The adopted PTYR mechanism includes the following elements:

- Implementation of Revenue Requirement Adjustments through Advice Filings;
- A Revenue Balancing Account to adjust for sales variations;<sup>2</sup>
- A “Z” Factor Mechanism to Address Major Exogenous Cost Changes; and
- Implementation of updated Post Test Year revenue requirements as follows:
  - An annual Operations and Maintenance (O&M) Expense Adjustment which uses forecast labor and non-labor escalation rates;
  - An annual Capital Additions Adjustment which uses the adopted capital additions escalation factor of 2.5 percent to escalate SCE’s 2006 capital additions forecast approved in D.06-05-016; and
  - An annual SONGS 2&3 Refueling and Maintenance Outage Cost Adjustment.

### **IMPLEMENTATION OF 2007 GRC-AUTHORIZED REVENUE REQUIREMENTS**

SCE’s 2007 Post Test Year revenue requirement or Authorized Base Revenue Requirement (ABRR) is based on the following:

- Adjustment of O&M expenses based on (1) Global Insight Utility Cost Information Service’s (Global Insight) 2006 second quarter labor and non-labor escalation factors applicable to non-represented employees; (2) the provisions of labor contracts between SCE and its labor unions applicable to represented employees; and (3) the adopted Medical Program Expense (including post-retirement benefits other than pensions) escalation factor of 9 percent – Appendix 1 to this advice letter includes the labor and non-labor escalation rates utilized for 2007.
- Adjustment of capital-related costs based on the capital additions escalation factor of 2.5 percent approved in D.06-05-016.
- Adjustment of generation costs to reflect one planned refueling outage at SONGS 2&3 – Appendix 2 to this advice letter includes the calculation of the 2007 SONGS 2 & 3 nuclear refueling outage revenue requirement.

---

<sup>2</sup> The Base Revenue Requirement Balancing Account (BRRBA) will continue to operate as the authorized base revenue balancing account during the 2007 Post Test Year. The BRRBA compares, on a monthly basis, Commission-authorized base distribution and generation revenue requirements to the recorded retail distribution and generation revenues.

SCE has calculated its 2007 ABRR using the current Commission-adopted 8.77 percent rate of return. Table 1 below shows SCE's functionalized 2007 ABRR to be effective on January 1, 2007 with the inclusion of SCE's acquisition of Anaheim's share of SONGS 2 & 3. Beginning on January 1, 2007, SCE will recover this ABRR through the operation of the BRRBA. As discussed below, SCE will consolidate the January 1, 2007 ABRR in rate levels as part of the 2007 Energy Resource Recovery Account (ERRA) Forecast proceeding (A.06-08-001).

Line No.	Item	Distribution	Generation	Total
1.	<b>Base Revenues</b>	2,763,065	1,152,135	3,915,200
2.	<b>Expenses:</b>			
3.	Operation & Maintenance	1,124,723	687,802	1,812,525
4.	Depreciation	649,527	176,520	826,047
5.	Taxes	428,427	159,715	588,142
6.	Revenue Credits	(156,506)	(10,795)	(167,301)
7.	Total Expenses	2,046,171	1,013,242	3,059,413
8.	<b>Net Operating Revenue</b>	716,894	138,893	855,787
9.	<b>Rate Base</b>	8,174,395	1,583,729	9,758,124
10.	<b>Rate of Return</b>	8.77%	8.77%	8.77%

**PRELIMINARY STATEMENT MODIFICATIONS**

This advice filing revises:

- Preliminary Statement, Part N, Section 8, Results Sharing Memorandum Account (RSMA) to reflect the authorized funding level included in SCE's 2007 ABRR;
- Preliminary Statement, Part X, Research, Development and Demonstration Adjustment Clause (RDDAC) to reflect the authorized funding level included in SCE's 2007 ABRR;
- Preliminary Statement, Part Y, Demand Response Programs Balancing Account (DRPBA) to reflect the GRC-authorized funding level included in SCE's 2007 ABRR;

- Preliminary Statement, Part NN, Mohave Balancing Account (MBA) to reflect the GRC-authorized Mohave revenue requirement included in SCE's 2007 ABRR;
- Preliminary Statement, Part PP, Post Employment Benefits Other Than Pensions (PBOP) Costs Balancing Account (PBOP BA) to reflect the GRC-authorized funding level included in SCE's 2007 ABRR; and
- Preliminary Statement, Part YY, Base Revenue Requirement Balancing Account to reflect (1) the January 1, 2007 ABRR which includes the Authorized Distribution Base Revenue Requirement and Authorized Generation Base Revenue Requirement set forth in this advice letter.<sup>3</sup>

### **RATE LEVEL CHANGE**

Consistent with its proposal in A.06-08-001 (2007 ERRA Forecast Proceeding), SCE will include its 2007 PTYR mechanism ABRR change set forth in this advice letter in its consolidated rate change that will take place after receiving a decision in A.06-08-001.<sup>4</sup> Therefore, SCE's rates will not change as a result of implementing this advice letter filing.

### **EFFECTIVE DATE**

This advice filing is made in compliance with D.06-05-016 and D.06-11-025, therefore, this advice letter shall become effective on January 1, 2007.

### **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: [ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

---

<sup>3</sup> Consistent with the MDP Methodology included in Advice 1808-E, in order to more closely match the planned outage costs with the refueling outage revenue requirement, SCE has allocated the refueling outage revenue requirement by month using a forecast of when the outage is anticipated to occur. As such, the 2007 refueling outage revenue requirement is allocated evenly between November and December 2007. Refueling outage revenue requirements included in rate levels are subject to refund if a refueling outage does not occur – see Preliminary Statement YY, Section 6.

<sup>4</sup> A decision in A.06-08-001 is expected during the first quarter of 2007.

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 by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-2930. 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](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>.

For questions, please contact Kimwuana Kelley at (626) 302-4303 or by electronic mail at [Kimwuana.Kelley@sce.com](mailto:Kimwuana.Kelley@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:kk: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: <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>2054-E-A</u>	
Subject of AL: <u>Supplement to 2007 General Rate Case (GRC) Post Test Year Revenue Requirement in Accordance With Decision Nos. 06-05-016 and 06-11-025</u>	
Keywords (choose from CPUC listing): <u>Compliance, Memorandum Account, 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 #: <p style="text-align: center;">D.06-05-016 and D.06-11-025</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 <sup>1</sup> : _____	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <u>1/1/07</u>	No. of tariff sheets: <u>-10-</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>Preliminary Statement Parts N, X, Y, NN, PP, and YY and Table of Contents</u>	
Service affected and changes proposed <sup>1</sup> : _____	
Pending advice letters that revise the same tariff sheets: <u>2020-E, 2072-E</u>	

<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  
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)

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41654-E	Preliminary Statement Part N	Revised 41817-E
Revised 41655-E	Preliminary Statement Part X	Revised 40713-E
Revised 41656-E	Preliminary Statement Part Y	Revised 40715-E
Revised 41657-E	Preliminary Statement Part NN	Original 40716-E
Revised 41658-E	Preliminary Statement Part PP	Original 40722-E*
Revised 41659-E	Preliminary Statement Part YY	Revised 41818-E
Revised 41660-E	Preliminary Statement Part YY	Revised 41819-E
Revised 41661-E	Preliminary Statement Part YY	Original 40731-E
Revised 41662-E	Table of Contents	Revised 41620-E
Revised 41663-E	Table of Contents	Revised 41411-E

PRELIMINARY STATEMENT

Sheet 8

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

8. Results Sharing Memorandum Account

The purpose of the Results Sharing Memorandum Account (RSMA) is to compare the authorized and actual Results Sharing expenses paid out for 2006, 2007 and 2008 and to record the difference pursuant to D.06-05-016 Ordering Paragraph 21.

- a. SCE shall maintain the RSMA by making entries at the end of each month as follows:
1. A debit entry for the actual Results Sharing amount paid out;
  2. A credit entry equal to the result of multiplying the authorized amount for Results Sharing by the applicable (Distribution / Generation) MDP as set forth in Preliminary Statement YY, Base Revenue Requirement Balancing Account (BRRBA).

**Total Company Authorized – Results Sharing  
In Thousands**

	2003	1/12/06 (N)	12/29/06 (N)	2003 (N)	1/01/07 (N)	2008
	Dollars	Dollars	Dollars (N)	Dollars (N)	Dollars	Dollars
Generation	14,053	15,642	16,156 (N)	13,557 (N)	15,664 (I)	-
Transmission & Distribution	29,280	32,592	32,592 (N)	29,280 (N)	33,831	-
Customer Service	13,334	14,842	14,842 (N)	13,334 (N)	15,406	-
Administrative & General	<u>27,956</u>	<u>31,118</u>	<u>31,118 (N)</u>	<u>27,956 (N)</u>	<u>32,301</u>	-
Total	84,622	94,194	94,708 (N)	83,698 (N)	97,202 (I)	-

Interest shall accrue monthly by applying one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance. If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

Any underexpended CPUC Results Sharing balance, as recorded in the RSMA, shall be transferred to the BRRBA annually and reviewed in the annual April 1<sup>st</sup> ERRA reasonableness proceeding.

(Continued)

(To be inserted by utility)  
Advice 2054-E-A  
Decision 06-05-016  
8H9 06-11-025

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

X. Research, Development and Demonstration Adjustment Clause (RDDAC)

1. Purpose:

The purpose of the Research, Development and Demonstration Adjustment Clause (RDDAC) is to record the difference between: (1) the authorized expenditures associated with Research, Development and Demonstration (RD&D) programs reflected in the Authorized RD&D Funding Level; and (2) the recorded expenditures associated with RD&D programs.

2. Definitions.

a. Authorized Funding Level:

The Authorized Funding Level for RD&D programs is the amount authorized by the Commission to be reflected in Distribution rates. Such amount shall exclude Franchise Fees and Uncollectible Accounts (FF&U). The post test year amounts shall be determined in the Post Test Year Ratemaking advice letters submitted annually to the Commission by November 1.

<u>Effective Date</u>	<u>(\$000)</u> <u>Authorized Level</u>
May 22, 2003	\$1,573
January 1, 2004	\$1,602
January 1, 2005	\$1,658
January 12, 2006	\$1,768
January 1, 2007	\$1,808

(N)

b. Franchise Fees and Uncollectible Accounts:

Franchise Fees and Uncollectible Accounts shall be the rate derived from the Utility's most recent general rate case decision to provide for franchise fees and uncollectible accounts expense.

c. Interest Rate:

The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPs) Applicable to the RD&D Authorized Funding Level shall be the Distribution MDPs included in Preliminary Statement YY-Base Revenue Requirement Balancing Account.

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
1H7 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 2

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

2. Definitions. (Continued)

a. Authorized Annual DRP Funding Levels (Continued)

(2) Authorized in SCE's GRC Proceeding

SCE's GRC Revenue Requirement adopted by the Commission includes the following DRP-related distribution revenue requirements associated with the Air Conditioning Cycling Program (ACCP), Agriculture & Pumping - Interruptible Program (AP-I), and Demand Bidding Programs (DBP):

Year	Authorized Distribution Funding Levels (\$000)				
	<u>1/1/06</u>	<u>1/12/06</u>	<u>2007</u>	<u>2008</u>	
ACCP	3,274	5,308	5,842		(N)
AP-I		229	237		
DBP		<u>424</u>	<u>455</u>		
Total	3,274	5,961	6,534	TBD	(N)

b. Effective Date

The Effective Date of the DRPBA is January 1, 2006.

c. Interest Rate

The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPS) applicable to the DRP authorized funding levels shall be the applicable distribution MDPS or generation MDPS included in the Preliminary Statement YY – Base Revenue Requirement Balancing Account.

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
2H7 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

NN. Mohave Balancing Account

1. Purpose:

The purpose of the Mohave Balancing Account (MBA) is to track the difference between: (1) recorded Capital-related Expenses, Operating Expenses and Worker Protection Expenses associated with the Mohave Generating Station (Mohave); and (2) the Authorized Mohave Revenue Requirement as adopted in D.06-05-016.

2. Definitions:

a. Authorized Mohave Revenue Requirement

The authorized Mohave Revenue Requirement is the amount adopted by the Commission in D.06-05-016. The post test year revenue requirement amounts shall be set forth in the Post Test Year Ratemaking advice letters submitted annually to the Commission by November 1.

\$000

Effective Date

Authorized Revenue Requirement

1/12/06

\$57,249

1/01/07

\$42,340

(N)

b. Capital-related Expenses

For purposes of making monthly entries to the MBA, capital-related expenses include: (1) depreciation expense based on the currently adopted depreciation rates; (2) return based on the currently authorized rate of return on rate base; and (3) taxes based on income, including appropriate income tax-related adjustments, and deferred income tax expense. Initially, Capital-related expenses are calculated based on the net investment at December 31, 2005.

c. Interest Rate

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPs) applicable to the MBA authorized funding levels shall be the generation MDPs included in Preliminary Statement YY, Base Revenue Requirement Balancing Account (BRRBA).

e. Operating Expenses

For purposes of making monthly entries to the MBA, Mohave-related Operating Expenses include:

- (1) SCE's share of Operation and Maintenance expenses (excl. fuel and fuel-related costs recorded in ERRAs);<sup>1/</sup>

1/ Results Sharing is excluded because it will be recorded in a separate memorandum account established pursuant to D.06-05-016.

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
<sup>1H7</sup> 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_



PRELIMINARY STATEMENT

Sheet 1

PP. Post Employment Benefits Other Than Pensions (PBOP) Costs Balancing Account

1. Purpose:

The purpose of the Post Employment Benefits Other than Pensions (PBOP) Costs Balancing Account (PBOP BA) is to record the difference between: 1) PBOP Costs authorized by the Commission, and 2) recorded PBOP expenses. The PBOP BA is established in accordance with D.06-05-016.

2. Definitions:

a. Authorized PBOP Costs:

The authorized PBOP costs are the annual amount of CPUC Authorized PBOP expenses adopted in D.06-05-016. Such amount shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2007 and 2008 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by November 1, 2006 and 2007.

<u>Effective Date</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>		
	<u>Distribution</u>	<u>Generation</u>	<u>Total</u>		
	<u>Authorized Level</u>	<u>Authorized Level</u>	<u>Authorized Level</u>		
January 12, 2006	\$44,233	\$30,150	\$74,383	before capitalization	
January 12, 2006	\$30,388	\$20,713	\$51,101	after capitalization	
January 1, 2007	\$48,346	\$32,953	\$81,299	before capitalization	(N)
January 1, 2007	\$33,213	\$22,639	\$55,852	after capitalization	(N)

b. Effective Date:

The Effective Date of the PBOP BA is January 12, 2006

c. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages:

The Monthly Distribution Percentages (MDPs) applicable to the distribution and generation related authorized PBOP costs shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)

(Continued)

(To be inserted by utility)  
 Advice 2054-E-A  
 Decision 06-05-016  
 1H7 06-11-025

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
 Date Filed Dec 15, 2006  
 Effective Jan 1, 2007  
 Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

YY. Base Revenue Requirement Balancing Account (BRRBA)

1. Purpose:

The purpose of the Base Revenue Requirement Balancing Account (BRRBA) is to record: 1) the difference between SCE's authorized distribution and generation base revenue requirements and recorded revenues from authorized distribution and generation rates; and 2) record other authorized and recorded costs authorized by the Commission. The BRRBA is established in accordance with D.04-07-022, and as modified by D.06-05-016.

2. Definitions:

a. Authorized Distribution Base Revenue Requirement:

The Authorized Distribution Base Revenue Requirement (ADBRR) is the most current Commission-authorized Distribution-related base revenue requirement. The current ADBRR is listed below:

Table A  
Authorized Distribution Base Revenue Requirement  
(\$000)

<u>Effective Date</u>	<u>ADBRR</u>	
May 22, 2003	\$ 2,432,380	
January 1, 2004	\$ 2,665,448	
January 1, 2005	\$ 2,770,383	
January 1, 2006	\$ 2,749,569	
January 12, 2006	\$ 2,611,710	
December 29, 2006	\$ 2,613,277	(N)
January 1, 2007	\$ 2,763,065	(N)

b. Authorized Generation Base Revenue Requirement:

The Authorized Generation Base Revenue Requirement (AGBRR) is the most current Commission-authorized Generation-related base revenue requirement. The current AGBRR is listed below:

Table B  
Authorized Generation Base Revenue Requirement  
(\$000)

<u>Effective Date</u>	<u>AGBRR</u>	
May 22, 2003	\$ 401,149	
January 1, 2004	\$ 675,852	
September 7, 2004	\$ 671,712	
January 1, 2005	\$ 596,049	
January 1, 2006	\$ 683,082	
January 12, 2006	\$ 1,137,582	
December 29, 2006	\$ 1,153,030	(N)
January 1, 2007	\$ 1,152,135	(N)

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
<sub>1H7</sub> 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 2

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

b. Authorized Generation Base Revenue Requirement: (Continued)

Table C  
SONGS Refueling Amounts Included in AGBRR  
(\$000)

<u>Effective Date</u>	<u>AGBRR Without Refueling</u>	<u>Number of Refuelings included in AGBRR</u>	<u>Total Amount of Refuelings included in AGBRR</u>	<u>AGBRR</u>	
May 22, 2003	\$ 401,149	0	\$ 0	\$ 401,149	
January 1, 2004	\$ 588,690	2	\$ 87,162	\$ 675,852	
September 7, 2004	\$ 584,550	2	\$ 87,162	\$ 671,712	
January 1, 2005	\$ 596,049	0	\$ 0	\$ 596,049	
January 1, 2006	\$ 593,185	2	\$ 89,897	\$ 683,082	
January 12, 2006	\$ 1,040,806	2	\$ 96,776	\$ 1,137,582	
December 29, 2006	\$ 1,051,786	2	\$ 101,244	\$ 1,153,030	(N)
January 1, 2007	\$ 1,100,548	1	\$ 51,587	\$ 1,152,135	(N)

c. BRRBA Distribution Revenue:

1. BRRBA Billed Distribution Revenue:

Total recorded billed Distribution revenues, adjusted to remove the CARE discount,

2. Plus: the change (plus or minus) in the amount of BRRBA unbilled Distribution revenue (the reversal of prior month's estimated unbilled revenue, plus the current month's estimate);

3. Less: a provision for FF&U.

d. Franchise Fees (FF) Factor:

The current Commission FF factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Franchise Fees.

<u>GRC Decision</u>	<u>Factor</u>
D.04-07-022	0.00847
D.06-05-016	0.00893

e. Uncollectible (U) Accounts Factor:

The current Commission U factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Uncollectible expense.

<u>GRC Decision</u>	<u>Factor</u>
D.04-07-022	0.00324
D.06-05-016	0.00225

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
2H7 06-11-025

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 5

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

j. Monthly Distribution Percentages (MDPs) (Continued)

2. Generation MDPs (Continued)

Applied to Authorized Refuelings

	<u>In 2004</u>	<u>In 2005</u>	<u>In 2006</u>	<u>In 2007</u>	(N)
January	0.0%	0.00%	25.00%	0.00%	
February	25.0%	0.00%	25.00%	0.00%	
March	25.0%	0.00%	0.00%	0.00%	
April	0.0%	0.00%	0.00%	0.00%	
May	0.0%	0.00%	0.00%	0.00%	
June	0.0%	0.00%	0.00%	0.00%	
July	0.0%	0.00%	0.00%	0.00%	
August	0.0%	0.00%	0.00%	0.00%	
September	0.0%	0.00%	0.00%	0.00%	
October	25.0%	0.00%	25.00%	0.00%	
November	25.0%	0.00%	25.00%	50.00%	
December	<u>0.0%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>50.00%</u>	
Total	100.00%	0.00%	100.00%	100.00%	(N)

k. BRRBA Distribution and Generation Unbilled Revenues

Unbilled Revenues are accrued ("earned" revenue for financial statement purposes) BRRBA revenues associated with electric customer kWh usage that has not yet been billed by SCE.

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
5H6 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_



TABLE OF CONTENTS

Sheet 1

Cal. P.U.C.  
Sheet No.

TITLE PAGE .....	11431-E	
TABLE OF CONTENTS - RATE SCHEDULES ..... 41662-41663-41500-41600-41601-41556-41621-E		(T)
TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS .....	41621-E	
TABLE OF CONTENTS - RULES .....	40961-E	
TABLE OF CONTENTS - BASELINE REGIONS .....	41372-E	
TABLE OF CONTENTS - SAMPLE FORMS ..... 40592-41622-37804-40593-41217-40645-E		
.....	36854-E	
<b>PRELIMINARY STATEMENT:</b>		
A. Territory Served .....	22909-E	
B. Description of Service .....	22909-E	
C. Procedure to Obtain Service .....	22909-E	
D. Establishment of Credit and Deposits .....	22909-E	
E. General.....	22909-27629-2763038292-E	
F. Symbols .....	27630-E	
G. Gross Revenue Sharing Mechanism ..... 26584-26585-26586-26587-27195-27196-27197-E		
.....	27198-27199-27200-27201-E	
H. Baseline Service .....	11457-31455-11880-11881-31679-E	
I. Advanced Metering Infrastructure Balancing Account (AMIBA) .....	39444-E	
J. Employee-Related Balancing Account.....	36295-E	
K. Nuclear Decommissioning Adjustment Mechanism .....	36582-36583-E	
L. Other Distribution Adjustment Mechanism		
.....	38293-36584-40360-36297-E	
M. Income Tax Component of Contributions .....	34071-27632-E	
N. Memorandum Accounts..... 21344-39300-40997-39302-39303-39304-39305-E		(T)
..... 41654-39307-39308-39309-39310-39311-39312-39313-39314-39315-39316-39317-E		
..... 39318-39319-39320-39321-39322-39323-39324-39325-39326-39327-39328-39329-E		
..... 39330-39331-39332-39333-40972-39335-39336-39337-40998-39339-39340-39341-E		
..... 39342-39343-39344-39345-39346-41633-41634-41635-41636-41637-41638-41639-E		
.....	41640-41641-41642-E	
O. California Alternative Rates for Energy (CARE) Adjustment Clause		
.....	34705-36471-36472-38847-40999-E	
P. Optional Pricing Adjustment Clause (OPAC).....	27670-27671-27672-27673-27674-E	

(Continued)

(To be inserted by utility)  
Advice 2054-E-A  
Decision 06-05-016  
1H6 06-11-025

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_



TABLE OF CONTENTS

Sheet 2

(Continued)

Cal. P.U.C.  
Sheet No.

PRELIMINARY STATEMENT: (Cont'd)

Q.	Demand Side Management Adjustment Clause (DSMAC).....	24255-21355-20380-E	
	.....	20381-22167-20383-21356-30264-20386-E	
R.	Historical Procurement Charge Balancing Account.....	37080-E	
S.	Procurement Energy Efficiency Balancing Account (PEEBA) .....	35953-E	
T.	Electric and Magnetic Fields Measurement Program.....	18319-18320-18321-E	
U.	California Solar Initiative Program Balancing Account (CSIPBA) .....	40361-40362-E	
V.	Hazardous Substance Cleanup Cost Recovery Mechanism .....	37646-22174-E	
	.....	27264-31561-31527-31528-18857-22175-18859-18860-18861-18862-18863-E	
W.	Departing Load and Customer Generation Departing Load (CGDL) Cost Responsibility .....	33558-39862-33560-39863-33562-E	
	.....	33563-33564-33565-33566-33567-33568-33569-33570-33571-33572-33573-33574-33575-E	
X.	Research, Development and Demonstration Adjustment Clause (RDDAC) .....	41655-40714-E	(T)
Y.	Demand Response Program Balancing Account (DRPBA).....	41395-41656-40392-41349-E	(T)
	.....	40394-40395-E	
Z.	Family Energy Rate Associates Balancing Account.....	36373-36374-E	
AA.	California Alternate Rates for Energy (CARE) Balancing Account ...	39362-39363-34445-36298-E	
BB.	PBR Distribution Revenue Requirement Adjustment Factor (PDRRAD) .....	31330-31331-31332-31333-35496-31335-31336-31337-E	
CC.	PBR Distribution Performance Mechanism (PDPM) .....	32057-31339-32058-31341-31342-E	
	.....	31343-32059-32060-32061-32062-32063-32064-32065-32066-32067-32068-32069-32070-E	
	.....	32071-32072-E	
DD.	Cost Of Capital Trigger Mechanism.....	31356-35497-31358-32074-31360-E	
EE.	Electric Deferred Refund Account (EDRA) .....	21212-26600-E	
FF.	Public Purpose Programs Adjustment Mechanism .....	40523-40524-40525-40526-40527-E	
	.....	40928-40529-E	
	.....	36299-33005-E	
GG.	Energy Efficiency Program Adjustment Mechanism (EEPAM) .....	40530-E	
HH.	Low Income Energy Efficiency Program Adjustment Mechanism (LIEEPAM) .....	30278-24259-E	
II.	Bond Charge Balancing Account (BCBA).....	32855-32234-32235-E	
JJ.	Direct Access Cost Responsibility Surcharge Tracking Account .....	40656-40657-40658-E	
KK.	NOT IN USE .....	-E	
LL.	NOT IN USE .....	-E	
MM.	Community Choice Aggregation Implementation Cost Balancing Account.....	39864-E	
NN.	Mohave Balancing Account.....	41657-40717-40718-E	(T)
OO.	Pension Costs Balancing Account .....	40719-40720-40721-E	
PP.	Post Employment Benefits Other Than Pensions (PBOP) Costs Balancing Account.....	41658-40723-40724-E	(T)
QQ.	NOT IN USE .....	-E	
RR.	NOT IN USE .....	-E	
SS.	NOT IN USE .....	-E	
TT.	NOT IN USE .....	-E	
UU.	Late Payment Charge Revenue Balancing Account (LPCRBA) .....	40725-40726-E	
VV.	NOT IN USE .....	-E	
WW.	Community Choice Aggregation Cost Responsibility .....		
	Surcharge Tracking Account.....	37950-E	
XX.	NOT IN USE .....	-E	
YY.	Base Revenue Requirement Balancing Account (BRRBA).....	41659-41660-41000-40730-E	(T)
	.....	41661-40732-40733-40734-40735-40736-40737-40738-E	(T)
ZZ.	Energy Resource Recovery Account .....	41001-40740-34480-40577-39727-40741-40742-E	
AAA.	Post Test Year Ratemaking Mechanism (PTYR) .....	40743-40744-40745-40746-E	
	.....	36622-36623-36624-36625-36626-E	
BBB.	Employee Safety and Distribution Reliability Performance Incentive Mechanism (SRPIM) .....	36627-36628-36629-E	

(Continued)

(To be inserted by utility)

Advice 2054-E-A  
Decision 06-05-016  
2H6 06-11-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 15, 2006  
Effective Jan 1, 2007  
Resolution \_\_\_\_\_

## Appendix 1

**O&M NONLABOR ESCALATION, 1999-2007**

	<== GRC Application   <== GRC Update ==>										GI 2006Q2 Forecast =		
	1999	2000	2001	2002	2003	2004	2005	2006	2007				
Steam	92.84	94.76	96.52	97.69	100.00	105.88	111.66	113.07	114.98				
% Change		2.07%	1.85%	1.22%	2.36%	5.88%	5.46%	1.26%	1.69%				
Four Corners	90.23	92.64	94.66	96.22	100.00	104.84	109.68	112.28	115.21				
% Change		2.66%	2.18%	1.65%	3.93%	4.84%	4.62%	2.37%	2.61%				
Nuclear	92.70	95.24	96.79	97.91	100.00	104.30	109.02	111.23	113.64				
% Change		2.73%	1.63%	1.16%	2.14%	4.30%	4.53%	2.02%	2.17%				
Palo Verde	90.37	92.39	95.19	97.48	100.00	103.85	107.94	111.28	114.79				
% Change		2.23%	3.03%	2.40%	2.59%	3.85%	3.94%	3.09%	3.16%				
Hydro	92.48	94.87	96.48	97.48	100.00	104.68	110.25	112.68	114.78				
% Change		2.58%	1.69%	1.04%	2.59%	4.68%	5.33%	2.20%	1.86%				
Other Power Prod.	94.34	96.34	97.53	98.45	100.00	103.77	109.31	112.08	115.16				
% Change		2.12%	1.23%	0.95%	1.57%	3.77%	5.33%	2.54%	2.75%				
Transmission	92.67	95.16	96.96	98.22	100.00	103.97	108.78	111.31	114.14				
% Change		2.68%	1.89%	1.30%	1.81%	3.97%	4.63%	2.32%	2.54%				
Distribution	91.16	94.06	95.76	97.43	100.00	104.65	109.52	111.76	114.28				
% Change		3.19%	1.80%	1.75%	2.64%	4.65%	4.65%	2.05%	2.25%				
Customer Accounts	90.55	93.33	96.35	97.87	100.00	102.08	105.22	108.21	111.35				
% Change		3.08%	3.23%	1.57%	2.18%	2.08%	3.07%	2.84%	2.90%				
CS&I	93.74	95.71	97.55	97.98	100.00	102.00	106.34	108.83	111.20				
% Change		2.10%	1.92%	0.44%	2.06%	2.00%	4.26%	2.34%	2.18%				
A&G	87.35	90.60	93.63	96.56	100.00	103.99	108.53	113.02	117.16				
% Change		3.71%	3.35%	3.13%	3.56%	3.99%	4.37%	4.13%	3.67%				

**O&M LABOR ESCALATION, 1999-2007**

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Steam	87.05	90.04	92.40	94.42	100.00	103.57	107.26	111.31	115.54
% Change		3.44%	2.61%	2.19%	5.91%	3.57%	3.57%	3.78%	3.80%
Nuclear	88.90	90.58	94.18	97.21	100.00	103.57	107.26	111.31	115.54
% Change		1.90%	3.97%	3.22%	2.87%	3.57%	3.57%	3.78%	3.80%
Hydro	87.15	90.33	94.73	96.62	100.00	103.57	107.26	111.31	115.54
% Change		3.65%	4.87%	2.00%	3.50%	3.57%	3.57%	3.78%	3.80%
Other Power Prod.	94.69	96.59	92.44	94.94	100.00	103.57	107.26	111.31	115.54
% Change		2.01%	-4.29%	2.70%	5.33%	3.57%	3.57%	3.78%	3.80%
Transmission	82.45	86.60	92.08	96.36	100.00	103.57	107.26	111.31	115.54
% Change		5.03%	6.33%	4.65%	3.78%	3.57%	3.57%	3.78%	3.80%
Distribution	85.69	89.35	92.22	96.48	100.00	103.57	107.26	111.31	115.54
% Change		4.28%	3.21%	4.62%	3.64%	3.57%	3.57%	3.78%	3.80%
Customer Accounts	85.57	89.75	95.55	97.97	100.00	103.57	107.26	111.31	115.54
% Change		4.87%	6.47%	2.54%	2.07%	3.57%	3.57%	3.78%	3.80%
CS&I	86.27	89.06	92.22	96.35	100.00	103.57	107.26	111.31	115.54
% Change		3.23%	3.55%	4.48%	3.79%	3.57%	3.57%	3.78%	3.80%
A&G	83.24	86.80	90.65	95.81	100.00	103.57	107.26	111.31	115.54
% Change		4.28%	4.43%	5.69%	4.37%	3.57%	3.57%	3.78%	3.80%

<== GRC Application | <== GRC Update ==> | GI 2006Q2 Forecast =

## Appendix 2

**2007 Post Test Year Ratemaking**  
**SONGS 2&3 Refueling**  
**(SCE Share Only)**  
Thousands of Dollars

1. Labor (2003\$)		8,260
2. Nonlabor (2003\$)		<u>35,583</u>
		43,843
3. Escalated		
4. Labor (2007\$)		9,544
5. Nonlabor (2007\$)		<u>40,437</u>
		49,980
6. Payroll Taxes, Results Sharing, etc.		<u>1,030</u>
	Total Per Refueling	51,010
7.	<b>Total Per Refueling w/FF&amp;U</b>	<b>51,587</b>