

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



FEB 16 2007
REVENUE & TARIFFS DEPT.

February 2, 2007

Advice Letter 2061-E

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

Subject: Revisions to Southern California Edison Company's Transmission Revenue Balancing Account Adjustment Rate and Reliability Services Balancing Account Adjustment Rates

Dear Mr. Jazayeri:

Advice Letter 2061-E is effective January 1, 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

November 21, 2006

ADVICE 2061-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Revisions to Southern California Edison Company's
Transmission Revenue Balancing Account Adjustment Rate
and Reliability Services Balancing Account Adjustment Rates

PURPOSE

Pursuant to Southern California Edison Company's (SCE) annual Transmission Revenue Balancing Account update for 2007 filed at the Federal Energy Regulatory Commission (FERC) on October 27, 2006 in Docket No. ER07-78-000, and SCE's annual Reliability Services Rate Revision update for 2007 filed at FERC on October 26, 2006 in Docket No. ER07-75-000, SCE submits for filing its annual change to the Transmission Revenue Balancing Account Adjustment (TRBAA) rate and the Reliability Services Balancing Account Adjustment (RSBAA) rates. This annual change is reflected within the Rates section of each rate schedule.

BACKGROUND

Transmission Revenue Balancing Account Adjustment (TRBAA)

On March 31, 1997, SCE filed its Transmission Owner Tariff (TO Tariff) with the FERC in Docket No. ER97-2355-000. In an order dated December 17, 1997,¹ the FERC accepted SCE's submittal for filing, subject to refund, to become effective on the date the ISO began operation, which was April 1, 1998.

The TO Tariff specifies, among other things, the rates and charges for transmission access over the Independent System Operator (ISO) Controlled Grid. A component of these charges is the TRBAA, the ratemaking mechanism designed to ensure that all

¹ 81 FERC ¶ 61,323.

Transmission Revenue Credits² are flowed-through to transmission customers. Section 5.5 of the TO Tariff identifies the items subject to the Transmission Revenue Balancing Account (TRBA) and sets forth the procedure for revising the TRBAA rate on an annual basis. The TRBAA rate is based on the balance in the TRBA as of September 30 of the current year, a forecast of Transmission Revenue Credits for the following year, and a forecast of kilowatt-hour deliveries to End-Use Customers³ in the following year.

In its Docket No. ER07-78-000 filing at the FERC on October 27, 2006, SCE has proposed that FERC accept a TRBAA rate of (\$0.00061)/kWh to become effective for service rendered on and after January 1, 2007. This revision does not change the currently effective TRBAA rate of (\$0.00061)/kWh.

Reliability Services Balancing Account Adjustment (RSBAA)

Reliability Services are those services provided by the ISO that are deemed by the ISO as necessary to maintain reliable electric service in the ISO Control Area. The ISO directly bills each Participating TO for the costs for services obtained from Reliability Must Run units, generators committed pursuant to the ISO's must-offer requirements when the unit is committed for local reliability, and local out-of-market dispatch calls pursuant to Section 30.6 of its FERC Tariff. In addition, Reliability Services also includes service provided by the Participating TO as a result of implementing ISO Operating Procedure M-438. The Reliability Services Rate Schedule, Appendix VI to the TO Tariff, along with the Reliability Services Balancing Account mechanism, insures that SCE neither overcollects nor undercollects the Reliability Services costs.

Pursuant to its TO Tariff, SCE must revise its Reliability Services revenue requirements and RSBAA rates annually through an update filing to be effective for service rendered on and after January 1 of each year. In its Docket No. ER07-75-000 filing at the FERC on October 26, 2006, SCE proposed that FERC accept updates to the RSBAA rates for the various rate schedules to become effective for service rendered on and after January 1, 2007. The revised retail RSBAA rates are shown on the following page:

² Transmission Revenue Credit is defined in Section 3.106 of SCE's TO Tariff as "the sum of: (1) the revenues received by the Participating TO from the ISO for Wheeling service, Usage Charges (excluding any Usage Charges received by the Participating TO as an FTR Holder) and from the sale of an FTR; and (2) the difference between the costs incurred by the Participating TO associated with Existing Rights and the amount of such costs recovered by the Participating TO from the Existing Rights customers ("ETC Cost Differentials")."

³ As defined in Section 3.23 of the TO Tariff, an End-Use Customer is "a purchaser of electric power who purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power."

Rate Group	RSBAA (\$/kWh)		
	Current	Proposed	Change
Domestic	0.00224	0.00092	(0.00132)
GS-1	0.00248	0.00100	(0.00148)
TC-1	0.00143	0.00058	(0.00085)
GS-2	0.00215	0.00096	(0.00119)
TOU-GS-3	0.00235	0.00070	(0.00165)
TOU-8-Sec	0.00188	0.00076	(0.00112)
TOU-8-Pri	0.00164	0.00067	(0.00097)
TOU-8-Sub	0.00145	0.00059	(0.00086)
PA-1	0.00184	0.00075	(0.00109)
PA-2	0.00153	0.00063	(0.00090)
AG-TOU	0.00117	0.00051	(0.00066)
TOU-PA-5	0.00151	0.00060	(0.00091)
Street & Area Lighting	0.00090	0.00040	(0.00050)

JANUARY 1, 2007 RATE CHANGES

In this filing, SCE will combine the currently effective Transmission Access Charge Balancing Account Adjustment (TACBAA) rate with the proposed TRBAA rate and the RSBAA rates to produce the Transmission Owners Tariff Charge Adjustment (TOTCA) rate component of the applicable tariffs. In addition to implementing the 2007 TRBAA and RSBAA rates on January 1, 2007, SCE will also file advice letters for the 2007 ERRA compliance filing, Trust Transfer Amount (TTA) rates, DWR Bond and Power Charge rates, and CPUC Reimbursement Fee (PUCRF) rate in December to be effective on January 1, 2007. Rather than filing rate levels each time, the January 1, 2007 revised rate schedules that consolidate all five rate changes will be included in the last one of these advice filings.

EFFECTIVE DATE

Pursuant to the TO Tariff which sets forth that the TRBAA and RSBAA rate changes shall become effective January 1 of each year, SCE requests that this advice filing become effective on January 1, 2007, concurrent with the effective dates approved by the FERC.

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: inj@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
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 A.04-12-014. Address change requests to the GO 96-A service list should be directed by electronic mail to 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.

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 Yukiko Foulds at (626) 302-3923 or by electronic mail at Yukiko.Foulds@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:yf: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) #: 2061-E

Subject of AL: Revisions to Southern California Edison Company's Transmission Revenue Balancing Account Adjustment Rate and Reliability Services Balancing Account Adjustment Rates

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
E-3930

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: 1/1/07 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
jnj@cpuc.ca.gov

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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

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