

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



September 25, 2008

Advice Letter 2120-E

Akbar Jazayeri  
Vice President, Regulatory Operations  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

Subject: Procurement Plan Compliance Report (Q1 2007)

Dear Mr. Jazayeri:

Advice Letter 2120-E is effective August 1, 2008

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth Lewis".

Kenneth Lewis, Acting Director  
Energy Division

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April 30, 2007

**ADVICE 2120-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Procurement Plan Compliance Report: First Quarter 2007

**PURPOSE**

In compliance with Ordering Paragraph 8 of Decision (D.) 02-10-062, and Ordering Paragraph 19 of D.03-12-062, Southern California Edison Company (SCE) hereby submits for filing its quarterly report and report workpapers, demonstrating that SCE's electric and natural gas procurement activities during the period January 1 through March 31, 2007, were in conformance with the guidelines set forth in its Procurement Plan (Plan), approved by the California Public Utilities Commission (Commission) on December 18, 2003 in D.03-12-062 and modified on December 16, 2004 pursuant to D.04-12-048. In compliance with D.04-12-048, on March 25, 2005, SCE submitted an updated Plan, revising its transaction limits for the period April 2005 through December 2014. These updated limits were approved by Resolution E-3950 on September 8, 2005. On December 15, 2006, SCE submitted Advice 2076-E which updated its Plan's energy position and rate-of-transaction limits. Advice 2076-E received Commission approval on January 17, 2007.

**BACKGROUND**

D.02-10-062 and D.03-12-062 were issued in Order Instituting Rulemaking (R.) 01-10-024 to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development. Among other things, D.03-12-062 approved SCE's Plan, establishing upfront standards and practices under which SCE must conduct its procurement activities.

Ordering Paragraph 19 of D.03-12-062 requires SCE to file each quarter's procurement transactions that conform to its Plan by Advice Letter within 30 days of the end of the quarter.

The report attached to this advice letter has been prepared to contain only public information. The extensive workpapers accompanying the report contain confidential protected material subject to the protections recently adopted in D.06-06-066. The workpapers are accompanied by a declaration required by this decision.

No cost information is required for this advice filing.

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**

This advice filing will become effective on April 30, 2007, subject to the review and approval of the 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: [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@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 on SCE's GO 96-A service list, parties on the Procurement Review Group, and R.01-10-024. 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 (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 Dhaval Dagli at (626) 302-4840 or by electronic mail at [Dhaval.Dagli@sce.com](mailto:Dhaval.Dagli@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:dd: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) #: 2120-E

Subject of AL: Procurement Plan Compliance Report: First Quarter 2007

Keywords (choose from CPUC listing): Compliance, Procurement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

D.02-10-062 and D.03-12-062

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?  Yes  No

Requested effective date: 4/30/07      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 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  
[jinj@cpuc.ca.gov](mailto:jinj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

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Bruce Foster  
Senior Vice President of Regulatory Operations  
c/o Karyn Gansecki  
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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)

**SOUTHERN CALIFORNIA EDISON  
PROCUREMENT PLAN COMPLIANCE REPORT  
FOR THE FIRST QUARTER OF 2007**

**April 30, 2007**

## Introduction

Southern California Edison Company (“SCE”) is providing this report on its procurement transactions during the period January 1, 2007 through March 31, 2007 (“Quarter”), to demonstrate that those transactions were in compliance with the orders of the California Public Utilities Commission (“CPUC” or “Commission”), and with SCE’s Commission-approved procurement plan (“Plan”).<sup>1</sup> SCE filed its 2004 Short-Term Procurement Plan (referred to at times as the “2004 STPP,” “2004 AB57 PP,” or “PP-04”) on May 15, 2003, and it was approved by D.03-12-062, as modified by D.04-12-048. Rather than require SCE, Pacific Gas and Electric Company, and San Diego Gas and Electric Company (together “the IOUs”) to prepare 2005 procurement plans, D.04-12-048 ordered the IOUs to submit compliance filings updating their approved 2004 procurement plans.<sup>2</sup> SCE submitted Advice Letter 1770-E-B on December 22, 2004, revising its capacity position limits and capacity ratable rates for 2005-2014, Advice Letter 1770-E-C on January 20, 2005, updating capacity position limits and capacity ratable rates for 2005-2008, Advice Letter 1878-E on March 25, 2005, with other revisions in compliance with D.04-12-048, and Advice Letter 2076-E on December 15, 2006 updating energy position limits and ratable rates for forward transactions.

Among other things, D.04-12-048 authorized SCE to enter into short-term, mid-term, and long-term contracts, with contract delivery start dates through 2014, subject to certain compliance requirements. Contracts with terms longer than five years must be submitted to the

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<sup>1</sup> The Commission initially established the requirement for quarterly filing of procurement transactions in D.02-10-062, Ordering Paragraph 8. This requirement has been further clarified in D.03-06-076, D.03-12-062, D.04-07-028, and D.04-12-048.

<sup>2</sup> SCE filed its most recent Long Term Procurement Plan (LTPP), Application R.06-02-013, on December 11, 2006, which when approved and adopted will replace the 2004 Procurement Plan in its entirety.

Commission for pre-approval. Also, in D.04-07-028 the Commission modified the restrictions on use of bilateral negotiated contracts, relaxed spot market transaction limits and encouraged further joint actions by SCE and the ISO to enhance local area reliability.

On June 29, 2006, the Commission issued D.06-06-066, setting forth new guidelines to distinguish public data from confidential data in procurement-related data submissions to the CPUC and other entities. As a result, SCE has modified the format of its Quarterly Compliance Report (“QCR”) and Master Data Request documentation, effective in the Q4 2006 QCR, to facilitate the separation of public data from confidential data, thereby increasing the amount of information available to all QCR advice letter recipients, while concurrently protecting market sensitive information as provided for in the D.06-06-066 IOU Matrix.<sup>3</sup>

### **Summary**

During the Quarter, SCE executed over 4,900 power, natural gas and financial hedging transactions in support of the provision of reliable and competitively priced electric service to its bundled customers. All of these transactions were conducted using processes specified in the Plan and no transactions were executed with affiliates.

Pursuant to the approved Plan, SCE’s transactions during the Quarter were governed by updated transaction limits set forth in the advice letters referenced above and approved by the Commission. SCE’s transactions executed during the Quarter were in conformance with these limits.

As a result of its transaction activity, SCE was able to successfully mitigate a substantial portion of its forecast residual net-short (“RNS”) and residual net-long (“RNL”) energy and

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<sup>3</sup> See D.06-06-066 Appendix 1 for details.

physical and financial natural gas positions during the Quarter. Details of SCE's transactions and their impact on its forecast RNS and RNL positions are contained in SCE's confidential workpapers.

### **Master Data Request Documentation**

D.02-10-062, Appendix B, as clarified by D.03-06-076, sets forth specific elements to be addressed in this report. Each element is discussed below.

#### **1. Identification of the ultimate decision maker(s) up to the Board level, approving the transactions.**

For all procurement-related transactions executed during the Quarter, the ultimate authority responsible for transaction decisions was either the Senior Vice President of SCE's Power Procurement Business Unit or members of SCE's Risk Management Committee ("RMC").

#### **2. The briefing package provided to the ultimate decision maker.**

Many briefings are given to senior management from time to time that are informational (e.g., weekly activity reports) or are designed to seek policy clarification. Since these briefings do not result in a transaction decision, SCE has distinguished such briefings from "key" briefings (e.g., approval of new multi-year contracts pursuant to an SCE competitive solicitation). Key briefing packages prepared during the Quarter that required senior management approval are included in SCE's confidential workpapers.

### **3. Description of and justification for the procurement processes used to select the transactions.**

The procurement processes used during the Quarter were competitive solicitations (e.g. RFOs), bilateral negotiations, voice and electronic brokers and exchange traded transactions. All these processes are permitted in the Plan.

#### **A. All Source RFO**

On August 31, 2006, SCE issued its All Source RFO seeking to obtain competitively priced power products from entities willing to deliver such products. In accordance with SCE's Plan, the solicitation and documentation was posted on SCE's public website, and the announcement of the RFO was distributed electronically to energy market participants, members of SCE's PRG, and SCE's entire advice letter service list. The RFO website, in particular, included the following:

- RFO Instructions (including a summary of products solicited, relevant time lines, etc.).
- RFO Pro Forma Contracts (including all commercial parameters such as points of delivery, quantity, price, scheduling, payment terms, etc.).
- Frequently Asked Questions (with SCE's posted responses).
- SCE Contract Information.

As of January 24, 2007, SCE had successfully concluded this RFO and executed a number of contracts for competitively priced products. Key briefings pertaining to this RFO are provided in SCE's confidential workpapers.

#### **B. New Gen RFO**

SCE is including a discussion of this RFO for informational purposes, and not for a review of compliance with Plan-based upfront and achievable standards and criteria, because the

contracts executed pursuant to this RFO are submitted to the Commission for pre-approval. On August 14, 2006, SCE issued a New Generation (New Gen) RFO seeking to obtain competitively priced offers from entities willing to construct new electric generation facilities for delivery into the ISO-controlled grid. Capacity from the new facilities is for the benefit of all distribution customers. Under D.06-07-029, any above market costs for the new generation will be allocated to all customers who benefit. Initially, SCE sought to acquire capacity and energy from such new generation facilities under contracts of up to ten years in length. The RFO initially contemplated the receipt of proposals under two tracks: a Fast Track and a Standard Track. Following the issuance of an Assigned Commissioner's Ruling on August 15, 2006 in R.05-12-013 and R.06-02-013, SCE added a Summer 2007 Track.

SCE posted the solicitation and documentation on its public website, and distributed electronically information related to its RFO to energy market participants, members of SCE's PRG, and SCE's entire advice letter service list. The RFO website, in particular, included the following:

- Transmittal Letter (including a summary of products solicited, relevant time lines, etc.).
- RFO Pro Forma Contracts (including all commercial parameters such as points of delivery, quantity, price, scheduling, payment terms, etc.).
- Frequently Asked Questions (with SCE's posted responses).
- SCE Contract Information.

Indicative offers were received on September 19, 2006 pertaining to both the Summer 2007 Track and Fast Track. The logistical effort for evaluating and negotiating each offer involved the cooperation of several internal departments and review groups. This process included almost daily assessment meetings, consisting of SCE staff representing several key

organizations (such as SCE's Law Department, SCE Risk Control, Credit, ES&M Contracts, ES&M Planning and ES&M Settlements). SCE's RMC and PRG were consulted throughout the evaluation process to obtain guidance with respect to outstanding RFO issues.

After careful analysis, SCE notified potential Summer 2007 Track and Fast Track counterparties on October 17, 2006, of their placement on a "short-list." From that point, SCE formed negotiating teams consisting of individuals from each affected SCE organization.<sup>4</sup> These teams engaged in ongoing discussions with each short-listed counterparty seeking to reach mutual agreement on contract terms. Counterparties that achieved mutual agreement with SCE were allowed to submit final refreshed pricing terms. Of the Fast Track offers, SCE executed two ten-year contracts on February 15, 2007, that it submitted to the Commission on February 28, 2007 for approval. These contracts are currently pending review in A.07-02-026.

### C. FTR Auction

One of the procurement products approved by the Commission in SCE's Plan is the purchase of firm transmission rights (FTRs) through participation in periodic CAISO auctions. FTRs hedge the cost of transmitting power across potentially congested CAISO zonal interfaces. As it has done in prior years, SCE participated in the CAISO FTR auction held during January 23 through January 26, 2007. FTRs acquired in the auction will be effective during different time periods from April 1, 2007 to January 31, 2008, to coincide with the scheduled implementation of the Market Redesign and Technology Upgrade (MRTU). Provisional auctions were held for February and March 2008 should MRTU implementation be delayed. Proceeds from this provisional auction will be refunded if the FTRs are not utilized. The basis for SCE's bids in the FTR auction was reviewed with SCE's RMC and PRG prior to the auction.

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<sup>4</sup> SCE organizations included ES&M Power Contracts, ES&M Gas Contracts, SCE Law, SCE Credit and SCE Risk Control.

A summary of the results of the FTR auction are shown in the table below.

**Table 1**  
**2007 CAISO FTR Auction Results for SCE**

<u>Branch Group</u>	<u>Term</u>	<u>From</u>	<u>To</u>	<u>Capacity: MW</u>	<u>Price: \$/MW-Term</u>
Eldorado	4/1/07 – 1/31/08	AZ2	SP15	679	23,754.84
Eldorado	2/1/08 – 2/29/08	AZ2	SP15	704	1,711.62
Eldorado	3/1/08 – 3/31/08	AZ2	SP15	704	886.65
IID-SCE	4/1/07 – 1/31/08	II1	SP15	460	300.38
IID-SCE	2/1/08 – 2/29/08	II1	SP15	460	75.88
IID-SCE	3/1/08 – 3/31/08	II1	SP15	460	75.88
Mead	4/1/07 – 1/31/08	LC1	SP15	238	10,975.46
Mead	2/1/08 – 2/29/08	LC1	SP15	238	914.27
Mead	3/1/08 – 3/31/08	LC1	SP15	238	471.55
NOB	8/1/07 – 1/31/08	NW3	SP15	83	2,855.30
NOB	3/1/08 – 3/31/08	NW3	SP15	191	391.38
PACI	8/1/07 – 1/31/08	NW1	NP15	418	10,796.27
PACI	2/1/08 – 2/29/08	NW1	NP15	347	420.46
Palo Verde	4/1/07 – 6/30/07	AZ3	SP15	1,710	3,186.83
Palo Verde	2/1/08 – 2/29/08	AZ3	SP15	1,865	3,415.53
Palo Verde	7/1/07 – 1/31/08	AZ3	SP15	1,846	27,442.54
Palo Verde	3/1/08 – 3/31/08	AZ3	SP15	1,478	1,871.96
Path 26	4/1/07 – 7/31/07	ZP26	SP15	193	2,143.02
Path 26	8/1/07 – 1/31/07	ZP26	SP15	193	122.57
Path 26	2/1/08 – 2/29/08	ZP26	SP15	193	18.56
Path 26	3/1/08 – 3/31/08	ZP26	SP15	193	26

#### D. Bilateral Negotiations

In addition to the large number of short-term<sup>5</sup> bilateral transactions executed during the

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<sup>5</sup> In SCE's approved Plan, "short-term" is defined as transactions with duration of one calendar month or less or transactions executed less than one month prior to delivery.

Quarter to cost-effectively minimize SCE's residual net energy and physical and financial natural gas positions, SCE executed new electric enabling agreements, as well as amendments to existing enabling agreements. These agreements improved SCE's opportunity to select procurement products of value for its customers.

#### E. Voice and Electronic Broker Transactions

As has been SCE's practice, a significant number of transactions, both physical and financial, were executed during the Quarter via voice and electronic brokers to cost-effectively minimize SCE's residual net energy and physical and financial natural gas positions. For standard products available in actively traded markets, voice and electronic brokers are beneficial for at least two reasons: cost competitiveness is maximized and an efficient procurement process is employed.

#### F. Exchange Transactions

To hedge financial exposure related to SCE's natural gas position, SCE enters into a number of transactions executed through the New York Mercantile Exchange (NYMEX). The NYMEX has the advantage of offering a centralized market place with transparent pricing and negligible credit exposure for some products that aid SCE's hedging program.

#### **4. Explanation/justification for the timing of the transactions.**

Throughout the Quarter, SCE attempted to enter into electric and natural gas (both physical and financial) transactions needed to match forecast economic supply and demand ahead of the deadline for submitting final hour-ahead schedules to the CAISO, while concurrently complying with the Commission's resource adequacy requirements. This objective was achieved by gradually reducing the forecast open (i.e., short or long) energy positions through the use of long-term, month-ahead, multi-day, day-ahead, and hour-ahead transactions,

employing both standard and non-standard products. When selecting electric transactions to match forecast supply and demand, the best-priced bids/offers were selected first (merit-order selection) among those available for the required products at the time of the transaction, subject to credit and other limitations and operational constraints. Such operational constraints included the local area reliability requirements of the CAISO, as set forth in D. 04-07-028.

The timing of physical gas transactions was largely driven by the requirement to ensure that the delivery of fuel to the gas-fired electric facilities managed by SCE matched such facilities' forecast burn.

##### **5. Discussion of the system load requirements/conditions underlying the need for the Quarter's transactions.**

SCE estimates that the energy demand for its bundled customers (not weather adjusted) during the first Quarter was higher than during the same period in 2006. This estimate is based on CAISO settlement data for January 2007, partial data for February 2007, and an estimate of SCE bundled customer energy for the remainder of February and March 2007.

A growing economy and a decline in the share of Direct Access (DA) energy were primarily responsible for the increase in bundled customer sales. The economy—as measured by total wage and salary employment—showed a 1.6 % increase over the same period in 2006. Unusually mild weather contributed little to the energy growth in the Quarter.

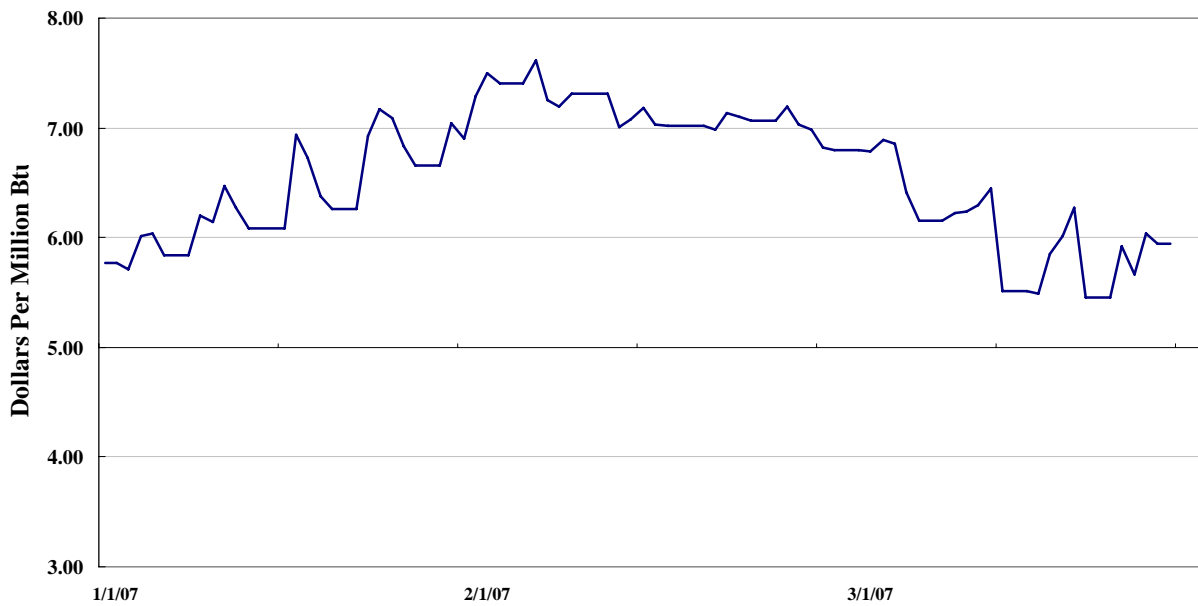
During the first Quarter, hydro generation from SCE's Big Creek facility was roughly half that of the 25-year first quarter average. Generation at SCE's Eastern Hydro facilities was also approximately half that of the first quarter average. A lack of precipitation plus outages at several SCE powerhouses were major contributors to the low capacity factor.

Production from SCE's coal resources was slightly below normal during the Quarter as a result of a higher-than-average number of forced outages.

Production from SCE's nuclear resources during the Quarter was exceptional, due to a minimal number of forced outages.

As illustrated in Chart 1 below, daily index gas prices at the southern California border peaked in early February, with prices ranging from \$5.45/MMBtu to \$7.62/MMBtu.<sup>6</sup>

**Chart 1**  
**Daily SoCal Gas Prices**  
**Published For First Quarter 2007**

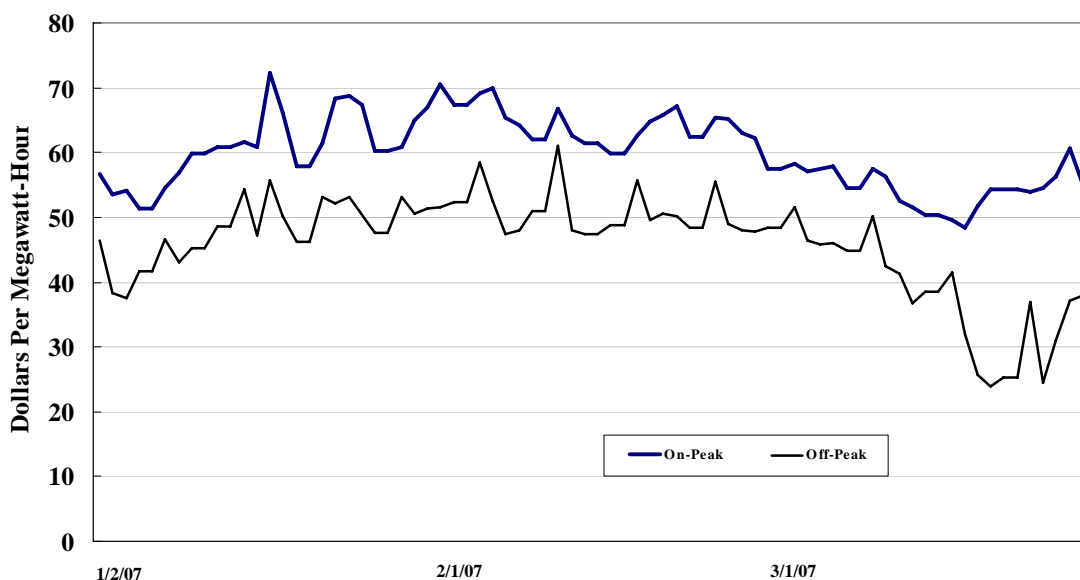


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<sup>6</sup> Based on data published by *Gas Daily*.

During the Quarter, electric index prices for day-ahead deliveries at SP-15 of standard firm energy products trended downward, ranging from approximately \$24/MWh to \$61/MWh for the off-peak product and from approximately \$48/MWh to \$72/MWh for the on-peak product (see Chart 2 below).<sup>7</sup>

**Chart 2**  
**SP-15 Day-Ahead Electricity Price Indices**  
**Published During the First Quarter 2007**



**6. Discussion of how the quarter’s transactions met the goals of the risk management strategy reflected in the Plan**

SCE entered into various financial transactions during the Quarter to hedge the gas price risk associated with SCE’s existing QF contracts that have payments tied to the price of natural gas. SCE also used financial transactions to hedge the price of gas associated with SCE’s non-

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<sup>7</sup> Based on data published by *The Wall Street Journal*.

QF gas contracts. The futures, options, and swaps employed by SCE to manage risk are all permitted under, and consistent with the goals of, SCE's Plan. SCE used the NYMEX, electronic brokers, voice brokers, and quotes from direct counterparties to ensure these financial transactions were competitively priced. Details of SCE's financial transactions are included in SCE's confidential workpapers.

**7. Copy of each contract.**

Contracts executed by SCE during the Quarter are included in SCE's confidential workpapers.

**8. The break-even spot price equivalent to the contract(s).**

Because the Commission has not defined the term "break-even spot price" and has not provided a methodology to calculate its value for different types of transactions, this information is not included in this report.

**9. An electronic copy of any data or forecasts used to analyze the transactions.**

Because transaction personnel are continuously monitoring a wide range of market information on a 24-hour-per-day, 7-day-per-week basis, it is not feasible to provide all the data and forecasts used to analyze all potential and executed transactions. However, SCE has provided in its confidential workpapers the key data it commonly utilized in planning and executing most of its transactions.

**10. Provide a reasonable number of analyses requested by the Commission or the Procurement Review Group (PRG) and provide the resulting outputs.**

SCE prepared various analyses for briefings to its PRG during conference calls conducted on January 16, January 24, February 9, and February 15, as well as in its meeting on March 13, to keep the PRG informed on relevant procurement matters. Key topics discussed with SCE's PRG during the Quarter included: multiple SCE procurement solicitations (i.e., the All Source

RFO, New Generation RFO both Fast and Standard Tracks), review of the Gas Supply Plan IX for DWR Tolling Contracts, FTR auction results, and a review of SCE's fourth quarter 2006 procurement activities. Other than data provided in conjunction with the RFOs discussed above, no additional analyses pertinent to SCE's procurement activities under its Plan were requested by the Commission or PRG during the Quarter.

**11. Any other information sought by the Commission under the Public Utilities Code.**

A. Retained Generation Investments

In accordance with D.07-01-039, Ordering Paragraph 12, investments made in retained generation during the Quarter are provided in the table below.

**Table 2**  
**SCE Retained Generation Investments During Q1 2007**  
(In Accordance with D.07-01-039, Ordering Paragraph 12)

Capital Investment

<b>NON-GHG EMITTING FACILITIES</b>	
<b>HYDRO</b>	
Northern Hydro	\$2.9 million
Eastern Hydro	\$1.4 million
<b>NUCLEAR</b>	
San Onofre Units 2 & 3	
Plant Health Sub-Committee	\$12.7 million
Marine Mitigation	\$1.7 million
Steam Generator Replacement	\$4.8 million
Palo Verde Units 1, 2, & 3	\$3.5 million

<b>GHG EMITTING FACILITIES</b>	
<b>COMBINED CYCLE GAS TURBINE (CCGT)</b>	
Mountainview Units 3 & 4 [Note 1]	\$6.2 million
<b>COAL</b>	
Mohave Units 1 & 2 [Note 2]	(\$0.06) million
Four Corners Units 5 & 6 [Note 3]	\$6.2 million
<b>COMBUSTION TURBINE (CT)</b>	
Peakers [Note 4]	\$39.5 million

- 1 Mountainview is a CCGT in operation since January 2006 that is "grandfathered" by SB 1368.
- 2 SCE is presently attempting to dispose of its share of Mohave Generating Station. The small credit shown results from co-owners paying their share of prior period costs.
- 3 None of the investments are designed or intended to extend the life of one or more units by five years or more; result in a net increase in the rated capacity of the powerplant; or designed or intended to convert a non-baseload plant to a baseload plant.
- 4 New peakers are being constructed in accordance with the August 15, 2006 Assigned Commissioner's Ruling Addressing Electric Reliability Needs in Southern California for Summer 2007.

B. Multiple Same-Source Contracts

Decision D.07-01-039 also requires the utilities to report any multiple contracts of less than five years in duration that were executed with the same supplier, resource or facility. SCE did not execute any such "same-source" contracts during the Quarter.

### **SCE's QCR Workpapers**

SCE has submitted a compact disc (CD) with this advice letter that contains confidential information as defined by D.06-06-066. Pursuant to that decision, data in the CD has been identified in accordance with the IOU matrix and is accompanied with a declaration stating the justification for confidential treatment of the data. Since the vast majority of SCE's QCR workpapers are confidential in nature and because of the extensive amount of time that would be required for SCE to undertake a line-by-line redaction of such confidential data, SCE has structured its declaration broadly to avoid a prolonged delay in providing its workpapers to the Commission. This treatment of SCE's QCR workpapers will enable SCE to comply with the spirit of D.02-10-062 and D.06-06-066, while maintaining timely communication of QCR data to the Commission. Because of the volume of data in QCR workpapers, it is not possible for SCE to undertake a line-by-line review and comparison of material with the confidentiality matrix categories, prepare a multitude of confidentiality declarations for this material, and submit the required workpapers and confidential declarations within 30 days after the end of the quarter (the due date for QCR submittals).

# Declaration

**DECLARATION OF THOMAS W. FILLMORE REGARDING THE  
CONFIDENTIALITY OF CERTAIN DATA**

I, THOMAS W. FILLMORE, declare and state:

1. I am a project manager in the Southern California Edison (SCE) Energy Supply and Management Department. As such, I managed the collection of data SCE submitted in its first quarter 2007 quarterly procurement plan compliance report workpaper compact disc (QCR Workpaper CD).

2. I make this declaration in accordance with the Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066, issued on August 22, 2006 in Rulemaking 05-06-040. I have personal knowledge of the facts and representations herein and, if called upon to testify, I could and would do so, except for those facts expressly stated to be based upon information and belief, and as to those matters, I believe them to be true.

3. I have reviewed the workpapers contained in the QCR Workpaper CD and determined that the workpapers contain a mixture of confidential information, including information from the following categories in the Matrix of Allowed Confidential Treatment Investor Owned Utility (IOU) Data (Matrix) of D.06-06-066, as well as market sensitive information that is not specifically addressed in the Matrix:

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Short-Term Electric Transaction Details	VII.B. Bilateral Contracts Terms and Conditions – Electric: Contracts and Power Purchase Agreements Between Utilities and Non-Affiliated Third Parties (except RPS) [Matrix category applies to purchases; but equal confidential treatment of sales sought by analogy]	Contract summaries public. Other terms confidential for three years from data contract states deliveries to begin; or one year following expiration, whichever comes first.	Confidential data (terms other than contract summaries) shaded to facilitate redaction.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Short-Term Physical Natural Gas Transaction Details	I.B.2. Historical Information (gas): Utility Recorded Gas Procurement and Cost Information.	Confidential for one year.	Confidential data shaded to facilitate redaction.
Short-Term Financial Natural Gas Transaction Details	I.B.2. Historical Information (gas): Utility Recorded Gas Procurement and Cost Information.	Confidential for one year.	Confidential data shaded to facilitate redaction.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Generation Operations Center Logs	<p>IV.A. Resource Planning Information – Electric: Forecast of IOU Generation Resources (MW and MWh);</p> <p>IV.B. Resource Planning Information – Electric: Forecast of Qualifying Facility Generation;</p> <p>IV.C. Resource Planning Information – Electric: Forecast of IOU Hydro Greater than 30 Megawatts (MW);</p> <p>IV.F. Resource Planning Information – Electric: Forecast of Post-1/1/2003 (“New World”) Bilateral Contracts;</p> <p>IV.G Resource Planning Information – Electric: Forecast of DWR Contracts.</p>	<p>Confidential for three years;</p> <p>Confidential for three years;</p> <p>Confidential for three years;</p> <p>Individual contract information confidential for three years, or until one year following expiration, whichever comes first;</p> <p>Individual contract information confidential for three years, or until one year following expiration, whichever comes first.</p>	Entire document designated confidential, as redaction not feasible.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Daily Power Trading Reports	VI.B. Net Open Position Information – Electric: Utility Bundled Net Open (Long or Short) Position for Energy (MWh);  VIII.A. Competitive Solicitation (Bidding) Information – Electric.	Front three years of forecast data confidential;  Total number of projects and megawatts bid by resource type public after final contracts submitted to CPUC for approval.	Entire document designated confidential, as redaction not feasible.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Gas Market Notes	<p>I.A.4. Natural Gas Information: Forecasts (gas); Long Term Fuel (gas) Buying and Hedging Plans;</p> <p>I.A.5. Natural Gas Information: Forecasts (gas); Monthly California Department of Water and Resources (DWR) Gas Position Updates, Including Information About Hedging Activities;</p> <p>I.B.2. Historical Gas Information (gas): Utility Recorded Procurement and Cost Information;</p> <p>VIII.A. Competitive Solicitation (Bidding) Information – Electric: Bid Information [by analogy].</p>	<p>Confidential for three years;</p> <p>Confidential for three years.</p> <p>Confidential for one year;</p> <p>Total number of projects and megawatts bid by resource type public after final contracts submitted to CPUC for approval.</p>	Entire document designated confidential, as redaction not feasible.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Daily Resource Plans	II.A.2. Cost Forecast Data – Electric: Electric Price Forecasts: Utility Electric Price Forecasts;	Confidential for three years;	Entire document designated confidential, as redaction is not feasible.
	II.B.1. Cost Forecast Data – Electric: Generation Cost Forecasts: Utility Retained Generation (URG);	Confidential for three years;	
	II.B.2. Cost Forecast Data – Electric: Generation Cost Forecasts: DWR Contracts;	Variable cost of dispatchable resources confidential. All other information public.	
	II.B.3. Cost Forecast Data – Electric: Generation Cost Forecasts: QF Contracts;	Confidential for three years;	
	II.B.4. Cost Forecast Data – Electric: Generation Cost Forecasts: Non-QF Bilateral Contracts;	Confidential for three years;	
	IV.A. Resource Planning Information – Electric: Forecast of IOU Generation Resources (MW and MWh);	Confidential for three years;	
	IV.B. Resource Planning Information – Electric: Forecast	Confidential for three years;	

	<p>of Qualifying Facility Generation;</p> <p>IV.C. Resource Planning Information – Electric: Forecast of IOU Hydro Greater than 30 Megawatts (MW);</p> <p>IV.F. Resource Planning Information – Electric: Forecast of Post-1/1/2003 (“New World”) Bilateral Contracts;</p> <p>IV.G Resource Planning Information – Electric: Forecast of DWR Contracts;</p> <p>V.B. Load Forecast Information and Data – Electric: LSE Total Peak Load Forecast – Bundled Customer (MW);</p> <p>VI.A. Net Open Position Information – Electric: Utility Bundled Net Open (Long or Short) Position for Capacity (MW);</p> <p>VI.B. Net Open Position Information – Electric: Utility Bundled Net Open (Long or Short) Position for Energy (MWh).</p>	<p>Confidential for three years;</p> <p>Individual contract information confidential for three years, or until one year following expiration, whichever comes first;</p> <p>Individual contract information confidential for three years, or until one year following expiration, whichever comes first;</p> <p>Front three years of forecast data confidential;</p> <p>Front three years of forecast data confidential;</p> <p>Front three years of forecast data confidential.</p>	
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<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Real Time Price Surveys	VIII.A. Competitive Solicitation (Bidding) Information – Electric: Bid Information.	Total number of projects and megawatts bid by resource type public after final contracts submitted to CPUC for approval.	Entire document designated confidential, as redaction is not feasible.
New Contracts Executed	VII.B. Bilateral Contracts Terms and Conditions – Electric: Contracts and Power Purchase Agreements Between Utilities and Non-Affiliated Third Parties (except RPS)	Contract summaries public. Other terms confidential for three years from data contract states deliveries to begin; or until one year following expiration, whichever comes first.	Entire document designated confidential, as redaction is not feasible.
Published Prices	II.A.1. Cost Forecast Data – Electric: Electric Price Forecasts: Commercially Available Electric Price Forecasts;	Public unless confidentiality provision with vendor. If there is such a provision, IOU shall first attempt to secure permission to release information. If that fails, data confidential no more than three years.	Entire document designated confidential, as redaction is not feasible. Requested authorization from vendors to publicize their proprietary information but have not obtained such authorization.

<b>Workpaper Description</b>	<b>Matrix Category</b>	<b>Matrix Confidentiality Treatment</b>	<b>Confidentiality Designation</b>
Key Briefing Presentations to RMC/PRG Members	<p>I.A.2. Natural Gas Information: Utility Gas Price Forecasts;</p> <p>VI.A. Net Open Position Information – Electric: Utility Bundled Net Open (Long or Short) Position for Capacity (MW)</p> <p>VI.B. Net Open Position Information – Electric: Utility Bundled Net Open (Long or Short) Position for Energy (MW)</p> <p>VIII.A. Competitive Solicitation (Bidding) Information – Electric: Bid Information</p> <p>VIII.B. Competitive Solicitation (Bidding) Information – Electric: Specific Quantitative Analysis Involved in Scoring and Evaluation of Participating Bids</p>	<p>Front three years of forecast data confidential;</p> <p>Front three years for forecast data confidential;</p> <p>Front three years for forecast data confidential;</p> <p>Total number of projects and megawatts bid by resource type public after final contracts submitted to CPUC for approval.</p> <p>Evaluation guidelines should be public. Other information confidential for three years after winning bidders selected.</p>	Entire document designated confidential, as redaction is not feasible. Requested authorization from vendors to publicize their proprietary information but have not obtained such authorization.

4. The data contained in the workpapers cannot be aggregated, summarized, masked or otherwise protected in a manner that would allow partial disclosure of the data while still remaining fully responsive to the Master Data Request and/or providing the detailed transaction information required by Commission. Nor would it be feasible to further redact the information contained in those workpapers in order to allow additional partial disclosure within the time allotted for SCE to compile and submit its workpapers to Commission staff.

5. I am informed and believe that the information shaded in SCE's workpapers has not previously been made public.

6. I am informed and believe that SCE's proposed confidential treatment of the shaded information complies with the terms of the Matrix to D.06-06-066.

7. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on April 27, 2007 at Rosemead, California.

  
THOMAS W. FILLMORE