

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



January 18, 2008

Advice Letter 2132-E-A

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

Subject: Request for Establishment of a New Generation
Memorandum Account

Dear Mr. Jazayeri:

Advice Letter 2132-E-A is effective October 4, 2007

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: SCE
Utility No./Type: U 338-E / ELC
Advice Letter No. 2132-E-A
Date AL filed: 7/6/2007
Utility Contact Person: Phillip Durgin
Utility Phone No. (626) 302-6344

Date Utility Notified: 7/30/07
 E-Mail to: Phillip.Durgin@sce.com
 Fax No.:
ED Staff Analyst/Supv: Pete Skala

For Internal Purposes Only:

Date Calendar Clerk Notified ____/____/____
Date Commissioners/Advisors Notified ____/____/____

INITIAL SUSPENSION (up to 120 DAYS)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning 6/21/07 for the following reason(s) below. If the AL requires a commission resolution and the Commission's deliberation on the resolution prepared by energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

Section 455 Hearing is Required. A Commission order may be required to address the advice letter.

Advice Letter Requests A Commission Order

Advice Letter Requires Staff Review

Expected duration of initial suspension period: 120 days

FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Pete Skala at (415) 703- 5370 or via e-mail at: ska@cpuc.ca.gov.

cc: Division Director / Program Manager
Maria Salinas
Honesto Gatchalian

July 6, 2007

ADVICE 2132-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request for Establishment of a New Generation
Memorandum Account

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 request California Public Utilities Commission (Commission) authority to revise SCE's Preliminary Statement Part N, Memorandum Accounts, to establish a new account, the New Generation Memorandum Account (NGMA) consistent with Decision (D.) 06-07-029, D.07-01-041, and D.07-04-049.

SCE submits this supplemental filing to include interim ratemaking in the event the Commission does not approve this advice letter on or before August 1, 2007. This supplemental advice filing replaces Advice 2132-E in its entirety.

BACKGROUND

In D.06-07-029,¹ the Commission adopted a cost allocation methodology (CAM) to allocate the benefits and costs² of "new generation" to all "benefiting customers"³ in an investor-owned utility's service territory for up to 10 years.

¹ Issued in Rulemaking (R.) 06-02-013, which was opened as a successor proceeding to previous Commission procurement proceedings (R.01-10-024 and R.04-04-003). In Phase II of R.06-02-013, the Commission will provide guidance on how the investor-owned utilities are to conduct their procurement processes.

² Per D.06-07-029 (p. 31), costs would be allocated on a 12-month coincident peak basis among rate groups and will be recovered from all retail customers in a nonbypassable per kilowatt-hour (kWh)

D.06-07-029 also directed SCE to issue a Request for Offers (RFO) seeking up to 1,500 MW of new generation,⁴ previously authorized in D.04-12-048. On August 14, 2006, pursuant to D.06-07-029, SCE issued an RFO for up to 1,500 MW of power purchase agreements (PPA) for new generation facilities (New Gen RFO). Initially, SCE's New Gen RFO solicited two types of proposals: (1) "fast track" projects that could come on-line prior to August 1, 2010; and (2) "standard track" projects that might need more time to come on-line but could be available prior to August 1, 2013.

On August 15, 2006, an Assigned Commissioner's Ruling Addressing Electric Reliability Needs in Southern California for Summer 2007 (August Ruling) was issued in R.06-02-013. The August Ruling directed SCE to expand its New Gen RFO to target new generation facilities that would come on-line by August 1, 2007. In response to the August Ruling, SCE added a third track to its New Gen RFO (the "Summer 2007" track) that targeted new generation that would come on-line by August 1, 2007. The August Ruling also directed SCE to file an application for approval of Summer 2007 track bids by November 15, 2006.

Based on the bids received in response to the Summer 2007 RFO, SCE accepted an offer from Long Beach Generation LLC (LBG)⁵ for 260 MW of natural gas-fired peaking capacity from Long Beach Generating Facility Units 1, 2, 3, and 4. SCE filed Application (A.) 06-11-007 seeking approval of a 10-year PPA with LBG with a delivery period from August 1, 2007 through July 31, 2017. SCE also sought approval to allocate the benefits and costs of the LBG PPA to all benefiting customers in accordance with D.06-07-029.

(continued from previous page)

charge. On May 23, 2007, Administrative Law Judge Fukutome issued his ruling in R.06-02-013 to consider nonbypassable charge related issues. A prehearing conference will be held on July 12, 2007, to discuss the need for workshops, evidentiary hearings and to establish a procedural schedule.

- ³ D.06-07-029 (at footnote number 21) defines "benefiting customers" as all bundled service customers, direct access (DA) customers, community choice aggregation (CCA) customers, and other customers who are located within a utility distribution service territory, but take service from a local publicly-owned utility subsequent to the date the new generation goes into service.
- ⁴ On October 4, 2006, SCE filed a Petition for Modification of D.06-07-029, seeking authority to procure up to 500 MW of power purchase agreements (PPA) with terms of up to 20 years from new generation facilities, in addition to the 1,500 MW presently authorized. SCE also sought to extend the CAM adopted in D.06-07-029 for these PPAs for the duration of the contracts. The Commission denied SCE's Petition for Modification without prejudice in D.07-06-022.
- ⁵ A wholly owned subsidiary of NRG Energy, Inc. (NRG).

In D.07-01-041,⁶ the Commission authorized SCE to: 1) enter into the 10-year PPA with LBG for 260 MW of natural gas-fired peaking capacity from Long Beach Generating Facility Units 1, 2, 3, and 4 for delivery from August 1, 2007 through July 31, 2017; and 2) apply the CAM adopted in D.06-07-029. The Commission explained that the benefits of the capacity for Resource Adequacy (RA) and Local Area Reliability, costs of the PPA, and results from the sale of the energy rights in an energy auction related to this resource will be shared with all benefiting customers on SCE's distribution system pursuant to D.06-07-029, decisions in R.06-02-013, and existing Commission rules and policies.⁷

JOINT SETTLEMENT AGREEMENT IN R.06-02-013

On May 11, 2007, a number of parties in R.06-02-013 filed a motion to approve a Joint Settlement Agreement which upon approval will provide a set of principles that outline the products that will be offered in an energy auction, the auction process, and the associated cost allocation mechanism pursuant to D.06-07-029. The Joint Settlement Agreement provides the framework for how the costs and benefits associated with the LBG PPA will be recovered from all benefiting customers both at times when the LBG PPA is subject to an energy auction contract and at times when it is not. As discussed above, pursuant to the LBG PPA, the deliveries from the LBG units are scheduled to commence on August 1, 2007. Pending Commission approval of the Joint Settlement Agreement, SCE will record the benefits and costs associated with the LBG PPA in accordance with the provisions of the Joint Settlement Agreement.

REQUEST FOR ESTABLISHMENT OF THE NEW GENERATION MEMORANDUM ACCOUNT (NGMA)

Consistent with D.06-07-029, D.07-01-041, and D.07-04-049, SCE requests Commission authority to establish the NGMA to record the benefits and costs associated with the LBG PPA pursuant to the provisions of the Joint Settlement Agreement. SCE also requests that the Commission approve this advice filing prior to the anticipated commencement date of the LBG PPA which is August 1, 2007. The NGMA will be an interim regulatory mechanism. The Joint Settlement Agreement provides for the establishment of a balancing account to record these same costs and benefits, and also the revenues received by SCE from a new nonbypassable charge applicable to all of SCE's retail electric customers (i.e., all benefiting customers).⁸

⁶ The Commission issued D.07-04-049 addressing the application for rehearing of D.07-01-041 filed by the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN). The Commission concluded that neither the reasoning nor the results of D.07-04-041 were in error. The Commission also issued D.07-04-053 which remedied a typographical error in D.07-04-049. On May 16, 2007, TURN filed a Petition for Writ of Review with the California Court of Appeal regarding D.07-01-041 and D.07-04-049. On May 24, 2007, the Commission issued D.07-05-064 addressing the application for rehearing of D.07-01-041 filed by Californians for Renewable Energy (CARE).

⁷ D.07-01-041, page 11.

⁸ SCE does not intend to establish a nonbypassable charge applicable to all benefiting customers in 2007. The balance in the new balancing account at the end of 2007 will be combined with a forecast

Once the Commission has approved the Joint Settlement Agreement, SCE will file an advice letter to establish the new balancing account and will transfer amounts recorded in the NGMA to the new balancing account. SCE will set forth for Commission review all of the entries recorded in the NGMA and the new balancing account in a future application.⁹

REQUEST SHOULD APPROVAL BE DELAYED BEYOND AUGUST 1, 2007

If the Commission approves this supplemental advice filing after August 1, 2007, SCE will record costs and revenues associated with the LBG PPA between August 1, 2007, and the effective date of a final Commission resolution on this supplemental advice filing in SCE's Energy Resource Recovery Account (ERRA).¹⁰ Then, effective on the date that the final Commission resolution is issued, SCE will transfer amounts recorded in the ERRA associated with the LBG PPA to the NGMA. From that date forward, LBG PPA-related costs and revenues will be recorded directly in the NGMA.

PROTESTS

In accordance with D.05-01-032,¹¹ page A-10, Rule 4.5, "The filing of a supplement, or of additional information at the request of the reviewing Industry Division, does not automatically continue or reopen the protest period or delay the effective date of the advice letter."

EFFECTIVE DATE

SCE requests that this advice filing become effective on July 6, 2007, the effective date originally requested by SCE in Advice 2132-E.

NOTICE

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, A.06-11-007, and R.06-02-013 service lists. Address change requests to the GO 96-A service list should be directed by electronic mail to AdviceTariffManager@sce.com or at

(continued from previous page)

of "net costs" of LBG PPA and similar contracts subject to D. 06-07-029 for 2008 and a nonbypassable rate component will be established in the advice letter consolidating all of the authorized revenue requirements that will be implemented into rate levels on January 1, 2008 or soon thereafter when a final Commission decision in R.06-02-013 on the design of this nonbypassable charge is expected to be available.

⁹ Typically, SCE uses the annual ERRA Reasonableness proceeding as the proceeding to review entries recorded in various balancing and memorandum accounts.

¹⁰ Among other things, SCE records its procurement-related expenses in its ERRA.

¹¹ Third Interim Opinion Adopting Certain Requirements Regarding Advice Letter Filing, Service, Suspension, and Disposition.

(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 Phillip Durgin at (626) 302-6344 or by electronic mail at Phillip.Durgin@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:pd: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

E-mail Disposition Notice to: AdviceTariffManager@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) #: 2132-E-A

Subject of AL: Request for Establishment of a New Generation Memorandum Account

Keywords (choose from CPUC listing): Compliance, Memorandum Account, Agreements

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.06-07-029, D.07-01-041, and D.07-04-049

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: 7/6/07 No. of tariff sheets: -3-

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: Preliminary Statement Part N and Table of Contents

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: 2062-E-A

¹ Discuss in AL if more space is needed.

All correspondence regarding this AL shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
inj@cpuc.ca.gov and mas@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

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

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 42629-E** Revised 42630-E**	Preliminary Statement Part N Preliminary Statement Part N	Revised 41773-E** Revised 42867-E
Revised 42631-E	Table of Contents	Revised 42412-E

PRELIMINARY STATEMENT

Sheet 2

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>	
(1)	Purpose – Not a Specified Project		
(2)	Definitions – Not a Specified Project		
(3)	Self-Generation Program Incremental Cost (SGPIC) Memorandum Account	Yes	
(4)	Catastrophic Event	Yes	
(5)	Reliability Costs Memorandum Account (RCMA)	Yes	
(6)	Not Used		
(7)	Advanced Metering Infrastructure Memorandum Account (AMIMA)	Yes	
(8)	Result Sharing Memorandum Account (RSMA)	Yes	
(9)	Mass Media Campaign Memorandum Account (MMCMA)	Yes	
(10)	Research, Development, and Demonstration Royalties	Yes	
(11)	Distributed Generation Implementation Cost Memorandum Account (DGICMA)	Yes	
(12)	Advanced Metering and Demand Response Memorandum Account (AMDRMA)	Yes	
(13)	California Power Exchange Wind-Up Charge Memorandum Account (PXWUC)	Yes	
(14)	Income Tax Component of Contribution Memorandum Account	Yes	
(15)	Not Used		
(16)	DWR Franchise Fee Obligation Memorandum Account	Yes	
(17)	Renewable Transmission Feasibility Study Costs Memorandum Account (RTFSCMA)	Yes	
(18)	Quarterly Compliance Filings Audit Expense Memorandum Account (QCFAEMA)	Yes	
(19)	Not Used		
(20)	Distributed Energy Resources Memorandum Account (DERMA)	Yes	
(21)	Nuclear Claims Memorandum Account (NCMA) Memorandum Account (DFG Memorandum Account)	Yes	
(22)	Not Used		
(23)	Not Used		
(24)	Not Used		
(25)	PBR Distribution Revenue Sharing Memorandum Account	Yes	
(26)	PBR Distribution Rate Performance Memorandum Account (PDRPMA)	Yes	
(27)	Energy Efficiency DSM (EEDSM) Memorandum Account	Yes	
(28)	Energy Settlements Memorandum Account (ESMA)	Yes	
(29)	Affiliate Transfer Fee Memorandum Account	Yes	
(30)	Rate Reduction Bond Memorandum Account (RRB Memorandum Account)	Yes	(N)(T)
(31)	New System Generation Memorandum Account (NSGMA)	Yes	
(32)	Agricultural Line Extension Costs Memorandum Account (ALECMA)	Yes	
(33)	Not Used		

* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

(Continued)

(To be inserted by utility)

Advice 2132-E-A
Decision 06-07-029
2H22 07-01-041, 07-04-049

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 6, 2007
Effective Oct 4, 2007
Resolution E-4115



PRELIMINARY STATEMENT

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

31. New System Generation Memorandum Account (NSGMA) (N) (T)

The purpose of the NSGMA, consistent with D.06-07-029, D.07-01-041, and D.07-04-049, is to record the net costs (benefits and costs) associated with the Power Purchase Agreement between SCE and Long Beach Generation LLC (LGB PPA) in accordance with the Joint Settlement Agreement filed on May 11, 2007 in R.06-02-013. (T)

SCE shall maintain the NSGMA by making monthly entries as follows: (T)

a. Debit entry to record the costs associated with the LBG PPA, including capacity and energy costs, applicable proxy energy and fuel costs, Independent Evaluator costs, and other administration costs incurred in conducting an energy auction;

b. Credit entry to record:

1. proxy energy and ancillary service revenues during periods in which the facility is not subject to an energy auction contract; or
2. proceeds from the energy auction, including avoidable cost payments made to SCE by the successful bidder(s) in an energy auction.

c. Entry to record the transfer of the NSGMA balance to an applicable regulatory account as expressly authorized by the Commission. (T)

Interest expense shall accrue monthly in the NSGMA by applying the Interest Rate to the average monthly balance in the account. (T)

Disposition of amounts recorded in the NSGMA shall be determined by the Commission. (N) (T)

(Continued)

(To be inserted by utility)
 Advice 2132-E-A
 Decision 06-07-029
 37H14 07-01-041, 07-04-049

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Jul 6, 2007
 Effective Oct 4, 2007
 Resolution E-4115



TABLE OF CONTENTS

Sheet 1

Cal. P.U.C.
 Sheet No.

TITLE PAGE11431-E

TABLE OF CONTENTS - RATE SCHEDULES 42631-42331-42413-42272-42273-42274-42275-E (T)

TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS42275-E

TABLE OF CONTENTS - RULES41807-E

TABLE OF CONTENTS - BASELINE REGIONS41372-E

TABLE OF CONTENTS - SAMPLE FORMS41372-42193-41845-39120-42400-42397-E
42398-E

PRELIMINARY STATEMENT:

A. Territory Served22909-E

B. Description of Service22909-E

C. Procedure to Obtain Service22909-E

D. Establishment of Credit and Deposits22909-E

E. General.....22909-27629-38292-37165-37166-37167-E

F. Symbols37168-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

M. Income Tax Component of Contributions 37202-27632-E

N. Memorandum Accounts..... 21344-42629-42009-39302-39303-41775-41730-E (T)
 41654-39307-39308-39309-39310-39311-39312-39313-39314-39315-39316-39317-E
 39318-40709-39320-41776-39322-39323-41777-41778-41779-39327-39328-39329-E
 39330-39331-39332-39333-42630-39335-39336-39337-42179-41781-41782-41783-E (T)
 41784-41785-41786-41787-41788-41633-41634-41635-41636-41253-41637-41638-E
42010-41640-41641-42068-42069-42070-E

O. California Alternative Rates for Energy (CARE) Adjustment Clause
 34705-41902-36472-38847-42082-E

P. Optional Pricing Adjustment Clause (OPAC)..... 27670-27671-27672-27673-27674-E

(Continued)

(To be inserted by utility)
 Advice 2132-E-A
 Decision 06-07-029
 1H5 07-01-041, 07-04-049

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Jul 6, 2007
 Effective Oct 4, 2007
 Resolution E-4115



SOUTHERN CALIFORNIA
EDISON

An EDISON INTERNATIONAL Company

Lisa Vellanoweth
Manager of Tariffs

August 8, 2007

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Attn: Honesto Gatchalian
Energy Division

Re: Substitute Sheet for Advice 2132-E-A

Dear Mr. Gatchalian:

Enclosed are an original and four copies of Attachment A, in pertinent part, and Substitute Sheet Nos. 42629-E* and 42630-E* for Advice 2132-E-A. These Substitute Sheets are necessary to reflect a title change to Section Number 31 of Preliminary Statement N., Memorandum Accounts from "New Generation Memorandum Account" to "New **System** Generation Memorandum Account." This letter is being submitted at the request of the Energy Division Staff. These Substitute Sheets will ensure that all appropriate revisions are contained in the affected tariff sheets.

Please replace the enclosed sheets in your master Advice 2132-E-A and distribute them to the appropriate people reviewing this filing. If you have any questions, please contact Lisa Foulds at (626) 302-2010.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Vellanoweth".

Enclosures
2132-E-ASub.doc

cc: GO 96-A
A.06-11-007
R.06-02-013

* Asterisk denotes a substituted sheet.

P.O. Box 800 2244 Walnut Grove Ave. Rosemead, California 91770 (626) 302-2021 Fax (626) 302-1626



An EDISON INTERNATIONAL Company

Lisa Vellanoweth
Manager of Tariffs

December 11, 2007

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Attn: Honesto Gatchalian
Energy Division

Re: Substitute Sheet for Advice 2132-E-A

Dear Mr. Gatchalian:

Enclosed are an original and four copies of Attachment A, and Substitute Sheet No. 42630-E** for Advice 2132-E-A. This Substitute Sheet is necessary to correct the canceling sheet number, the sheet number of the tariff, and to reflect the most up to date, approved information. This substitute sheet will ensure that all appropriate revisions are contained in the affected tariff sheets.

Please replace the enclosed sheets in your master Advice 2132-E-A, and if you have any questions, contact Lisa Foulds at (626) 302-2010.

Sincerely,

Enclosures
2132-EASub2.doc

cc: GO 96-A
A.06-11-007
R.06-02-013

* Asterisk denotes a substituted sheet.