

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



February 25, 2008

Advice Letter 2184-E-A

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

Subject: Notice of SCE's ERRA Trigger Point and AB 57
Threshold Self-Correction in Compliance with
Decision 06-06-051

Dear Mr. Jazayeri:

Advice Letter 2184-E-A is effective December 29, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

February 11, 2008

ADVICE 2184-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Notice of SCE's ERRA Trigger Point and AB 57 Threshold
Self-Correction in Compliance with Decision 06-06-051

PURPOSE

Southern California Edison Company (SCE) hereby notifies the California Public Utilities Commission (Commission) that SCE's Energy Resource Recovery Account (ERRA) balance currently exceeds its Trigger Point and Assembly Bill (AB) 57 Threshold amounts. This supplemental filing is made pursuant to a request by Energy Division that SCE remove reference to its proposed method for returning the 2007 ERRA over-collection to ratepayers, which was included in Advice 2184-E. The dispensing of the over-collection is addressed in SCE's 2008 ERRA Forecast Proceeding (A.07-08-004). This supplemental filing replaces SCE's Advice 2184-E in its entirety.

BACKGROUND

Decision (D.) 02-10-062 established an ERRA trigger mechanism that requires SCE to file an expedited application for Commission approval to adjust its rates within 60 days from the filing date whenever the ERRA balance reaches 4% of the prior year's recorded generation revenues, excluding revenues collected for the Department of Water Resources. For 2007, the 4% trigger is \$225 million and the 5% threshold is \$281 million.¹

In D.06-06-051, the Commission revised the trigger process allowing SCE to file an advice letter in lieu of an application when SCE estimates the ERRA balance will self-correct below the trigger point within 120 days.

¹ Advice 2112-E, filed March 26, 2007.

ERRA BALANCE

The ERRA balance recorded as of September 30, 2007 was an over-collection of \$557 million. SCE's currently effective rates, implemented on February 14, 2007² in compliance with D.07-01-038 (SCE's 2007 ERRA Forecast Proceeding), include the refund of the December 31, 2006 ERRA over-collection of \$526 million. In addition, \$57 million associated with Energy Settlement refunds received in 2006 were transferred to the ERRA balancing account on January 1, 2007.³ This resulted in a total of \$583 million being refunded to customers in rates in 2007. Based on the 2007 ERRA cost forecast authorized in D.07-01-038, the over-collected ERRA balance was expected to decrease in 2007 as the 2006 over-collection and 2006 Energy Settlement refunds were being refunded to customers. However, procurement costs recorded in the ERRA during the last few months have been less than forecasted and revenues have been greater causing the over-collection recorded in the ERRA to increase instead of decrease. As of December 31, 2007, the ERRA over-collection was \$433 million. This over-collection is being considered by the Commission in SCE's 2008 ERRA forecast proceeding, A.07-08-004. A proposed ALJ decision is to be issued shortly and the Commission will dispose of the over-collection in that proceeding. The sole purpose of this advice letter is to notify the Commission of the amount of the over-collection at year-end and to replace Advice 2184-E in its entirety.

TIER DESIGNATION

Pursuant to D.07-01-024, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation.

PROTESTS

In accordance with D.07-01-024,⁴ Appendix A, Rule 7.5.1, "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 December 29, 2007, the effective date originally requested in Advice 2184-E.

² Rates were updated on January 1, 2008, subsequent to the filing of Advice 2184-E, to reflect authorized changes to Department of Water Resources (DWR) power and bond charges and Federal Energy Regulatory Commission (FERC) jurisdictional rates. These rate changes do not impact the ERRA revenue collection.

³ The 2006 over-collection has not been fully refunded as of October 31, 2007. The rates implemented on February 14, 2007 assumed the 2006 ERRA over-collection would be refunded to customers over a 12-month period.

⁴ Fourth Interim Opinion Adopting Remaining General Rules and Industry Rules for Energy and Water as Revisions to General Order 96-A.

NOTICE

In accordance with Section 4 of General Order No. 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached R.01-10-024, A.07-08-004 and the GO 96-B service lists. Address change requests to the GO 96-B 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 John Montanye at (626) 302-2308 or by electronic mail at John.Montanye@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:jm: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) #: 2184-E-A

Tier Designation: 2

Subject of AL: Notice of SCE's ERRR Trigger Point and AB 57 Threshold Self-Correction in Compliance With Decision 06-06-051

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 #:

D.06-06-051

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: _____

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? Yes No

Requested effective date: 12/29/07 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.

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

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