

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



January 22, 2009

Advice Letter 2299-E

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

Subject: ACRA/RCRA Compliance Advice Filing

Dear Mr. Jazayeri:

Advice Letter 2299-E is effective January 1, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

December 18, 2008

ADVICE 2299-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: ACRA/RCRA Compliance Advice Filing

Southern California Edison Company (SCE) hereby submits for filing the following changes to its Reduced Capital Recovery Amount (RCRA)-related return offset in accordance with Decision No. (D.) 06-05-016.

PURPOSE

This advice filing informs the California Public Utilities Commission (Commission or CPUC) of SCE's annual change to the RCRA-related return offset to be effective on January 1, 2009 consistent with D.06-05-016, D.94-05-068, D.99-10-057, and Advice 1420-E-B.¹

BACKGROUND

In D.94-05-068, the Commission adopted the Additional Capital Recovery Amount (ACRA)/RCRA ratemaking mechanism. The adopted ratemaking mechanism initially provided for additional annual nuclear depreciation expense of \$75 million, which was offset by suspending annual distribution depreciation expense of \$75 million. In D.01-01-061, the Commission required SCE to file Utility Retained Generation (URG) revenue requirements on a cost basis. D.02-04-016 and Resolution E-3784 adopted URG revenue requirements for SCE to be effective January 1, 2002, using a cost-based approach.² Since a cost-based approach does not include additional nuclear depreciation expense as adopted in D.94-05-068, ACRA was eliminated from the nuclear revenue requirement adopted by D.02-04-016. In D.99-10-057, the

¹ Advice 1420-E-B (which supplemented and replaced Advice 1420-E-A in its entirety) was filed in compliance with D.94-05-068 and D.99-10-057 and approved effective January 1, 2000.

² D.02-04-016, Ordering Paragraph 3. Resolution E-3784 approved the final 2002 capital-related URG revenue requirement filed with Advice 1616-E/E-A.

Commission had previously adopted SCE's proposal to terminate RCRA at the end of the Assembly Bill (AB) 1890 rate freeze period by: (1) reactivating the suspended distribution investment recovery of \$75 million; and (2) recovering the distribution investment and return associated with the RCRA over the remaining life of the distribution assets. In May 2000, the Commission approved Advice 1420-E-B, which set forth the process to eliminate RCRA as well as a projection of the revenue requirement change associated with that elimination.

Beginning January 1, 2002, SCE implemented the change in the RCRA revenue requirement consisting of: (1) the termination of the suspended annual distribution depreciation expense of \$75 million; and (2) the recovery of the distribution investment and return associated with the RCRA over the remaining life of the distribution assets.³

Differences in deferred taxes between the nuclear-related rate base (ACRA related) and the distribution rate base (RCRA related) result in annual incremental increases in total rate base over levels which would have resulted without the ACRA/RCRA ratemaking mechanism. Because SCE would have realized an increase in the amount of return on such additional rate base, Resolution E-3389 requires SCE to remove the amount of return on the additional rate base in its annual ACRA/RCRA advice filing.

SCE requested in its 2006 General Rate Case (GRC) application (A.04-12-014) that, beginning in 2006, recovery of the RCRA revenue requirement be included as part of the CPUC-jurisdictional base-related revenue requirements to be authorized in the 2006 GRC proceeding, except for the annual RCRA-related return offset. The Commission approved SCE's RCRA ratemaking proposal in D.06-05-016 and the RCRA revenue requirement is now included in the base-related revenue requirement.

Because of SCE's pending 2009 GRC decision, on November 24, 2008, SCE requested and the Commission's Executive Director approved an extension of the annual December 1st RCRA-related return offset advice filing to December 18th.⁴

2009 GRC RCRA-RELATED RETURN OFFSET PROPOSAL

SCE has requested in its 2009 GRC application (A.07-11-011) that, beginning in 2009, recovery of the RCRA-related return offset be included as part of the CPUC-jurisdictional base-related revenue requirement to be authorized in the 2009 GRC proceeding, since the difference in deferred taxes is now included in the recorded and forecast rate base and the return reduction is reflected in SCE's proposed CPUC-authorized GRC base revenue requirement.⁵ This proposal has been approved

³ The recovery of the distribution investment was calculated based on a remaining life of 26.5 years as adopted in D.96-01-011.

⁴ The Commission's Executive Director granted SCE's request for an extension on November 25, 2008.

⁵ The RCRA-related return offset revenue requirement will be reflected in the CPUC-jurisdictional base revenue requirement ultimately authorized by the Commission in A.07-11-011.

by both ALJ DeAngelis' proposed decision and Commissioner Peevey's Alternate Proposed Decision issued in A.07-11-011 and no party to that proceeding has opposed the request. Since, as of today, a final decision has not been issued in A.07-11-011, the Commission has granted the establishment of a GRC memorandum account. SCE's 2009 GRC Memorandum Account will track and determine the difference between: (1) the 2009 GRC base-related revenue requirement ultimately approved by the Commission; and (2) the previously authorized GRC-related revenue requirement and the 2009 RCRA-related return offset revenue requirement set forth below in this advice filing. Therefore, SCE is filing this advice letter to set forth the changes in the 2009 RCRA-related return offset revenue requirement from 2008.

JANUARY 1, 2009 RCRA-RELATED RETURN OFFSET CHANGE

Resolution E-3389 ordered SCE, among other things, to: (1) implement future adjustments to its ACRA/RCRA revenue requirement by filing an advice letter to be effective January 1st of the following year; (2) provide detailed workpapers with each year's advice filing; and (3) identify variables that have been changed from the previous year's advice letter filing. Subsequently, D.06-05-016 authorized SCE to no longer separately identify and file the annual RCRA revenue requirement in its annual December 1st advice letter.⁶

There are no changes in any of the variables from last year's advice filing in calculating this year's RCRA-related return offset.

The following table provides the change in the RCRA-related return offset from 2008 to 2009.

Annual RCRA-Related Return Offset Change

(\$000's)

<u>Calendar Year</u>	<u>Return Offset</u> ^{1/}
2008	(1,700)
2009	<u>(1,615)</u>
Annual Change	85

^{1/} Per Resolution E-3389, SCE will not receive any additional return associated with the incremental rate base associated with the ACRA/RCRA mechanism. Accordingly this amount is an offset to the total revenue requirement.

If a final decision is issued in SCE's 2009 GRC after a decision in SCE's August 2008 Energy Resource Recovery Account (ERRA) forecast Application (A.08-09-001), SCE will include the RCRA-related return offset change of \$0.085 million in rate levels with its

⁶ As mentioned above, SCE requested and the Commission's Executive Director approved an extension to December 18th of the annual December 1st RCRA-related return offset revenue requirement.

ERRA forecast rate consolidation. If a final decision is issued in SCE's 2009 GRC prior to or at the same time as a decision in A.08-09-001, the authorized CPUC-related base revenue requirement, which includes the RCRA-related return offset, will be included in rate levels with SCE's ERRA forecast rate consolidation. However, effective January 1, 2009, SCE will implement this revenue requirement change by recording the 2009 RCRA return offset of \$1.615 million in its Base Revenue Requirement Balancing Account (BRRBA).

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

No cost information is required for this advice filing.

TIER DESIGNATION

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

EFFECTIVE DATE

In accordance with D. 06-05-016, D.94-05-068, D.99-10-057 and Resolution E-3389, the changes submitted in this advice filing will become effective on January 1, 2009.

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: jinj@cpuc.ca.gov and 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 of Regulatory Operations
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, Regulatory Affairs
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 4 of General Order No. (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list and A.07-11-011. 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 Karen Salvato at (626) 302-2504 or by electronic mail at Karen.Salvato@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:ks: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) #: 2299-E

Tier Designation: 2

Subject of AL: ACRA/RCRA Compliance Advice Filing

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.06-05-016, D.94-05-068, D.99-10-057

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: 1/1/09 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
inj@cpuc.ca.gov and mas@cpuc.ca.gov

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
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