

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



September 14, 2010

Advice Letter 2385-E-A

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

Subject: Request to Establish the Wildfire Expense Memorandum Account

Dear Mr. Jazayeri:

Advice Letter 2385-E-A is in compliance with Resolution E-4311 and is effective July 29, 2010.

On September 10, 2010, Energy Division sent a letter to SCE Company stating that AL 2385-E is effective. The letter was issued in error and is rescinded.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

August 9, 2010

ADVICE 2385-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplemental Compliance Advice Filing Pursuant to
Resolution E-4311 Regarding Establishment of the Wildfire
Expense Memorandum Account

In compliance with Resolution E-4311 (Resolution), Southern California Edison Company (SCE) hereby submits for filing revisions to its tariff schedule originally proposed in Advice 2385-E. This advice filing supplements and replaces Advice 2385-E in its entirety. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing revises SCE's request of the California Public Utilities Commission (Commission) for approval of a modification to SCE's Preliminary Statement, Part N, Memorandum Accounts, to reflect the establishment of a Wildfire Expense Memorandum Account (WEMA), in compliance with Ordering Paragraph (OP) No. 2 of the Resolution.

BACKGROUND

On August 31, 2009, SCE along with San Diego Gas & Electric Company (SDG&E), Southern California Gas Company, and Pacific Gas and Electric Company (PG&E) (collectively, Utilities) filed Joint Application (A.)09-08-020 requesting approval to establish a Wildfire Expense Balancing Account (WEBA) to enable the Utilities to recover primarily the cost of uninsured wildfire claims to the extent that such claims would have been covered by insurance policies the Utilities historically have been able to purchase. SCE proposes to establish the WEMA to record these same-type costs, should any be incurred, prior to a final decision in A.09-08-020 and the establishment of the WEBA.

WILDFIRE EXPENSE MEMORANDUM ACCOUNT

Consistent with the Utilities' request in A.09-08-020, SCE proposes to record for future recovery wildfire-related costs including: (1) payments to satisfy wildfire claims,¹ including any co-insurance and deductible expenses paid by the Utilities, but excluding costs already authorized for recovery in rates, (2) outside legal expenses incurred in the defense of wildfire claims, (3) increases or decreases in wildfire insurance premiums from amounts authorized in the General Rate Case (GRC), and (4) the cost of financing the WEMA balance. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA as they are received.

Similar to other Commission-approved memorandum accounts, the WEMA will protect against retroactive ratemaking concerns, but will not guarantee recovery in rates of any of the recorded costs prior to Commission review and approval. SCE proposes to only use this interim ratemaking mechanism (i.e., the WEMA) until such time as the Commission authorizes the establishment of the WEBA. Once the WEBA is established, SCE proposes to transfer any balance recorded in the WEMA to the WEBA. SCE will seek recovery of the amounts recorded in the WEMA consistent with the proposal for recovering costs recorded in the WEBA as set forth in A.09-08-020.

In addition, consistent with SCE's Preliminary Statement, Part AAA, Post Test Year Ratemaking Mechanism, SCE filed a notification to Mr. Paul Clanon stating that SCE will establish a Z-Factor Memorandum Account (ZFMA) to record unforeseen insurance premiums and claims expenses, essentially the same expenses that will be recorded in the WEMA. SCE will not seek double recovery. At the appropriate time, SCE will seek recovery of costs recorded in either, but not both, the WEMA or the ZFMA.

On September 22, 2009, SCE filed Advice 2385-E to establish the WEMA. On July 29, 2010, the Commission issued the Resolution ordering the Utilities to re-file tariffs with changes and modifications as specified in the Resolution.

PROPOSED TARIFF CHANGES

SCE has revised the previously filed Advice 2385-E in compliance with OP No. 2 of the Resolution which states:

"Within ten days of today's date, SDG&E shall file a supplement to Advice Letter (AL) 2109-E/1889-G, PG&E shall file a supplement to AL 3046-G/3530-E, SCE shall file a supplement to AL 2385-E, and SoCalGas shall file a supplement to AL 4019 to make revisions to their proposed WEMA tariffs as set forth in the appendix of this resolution. These supplemental advice letters shall replace the original advice letters in their

¹ Wildfire claims mean amounts paid by SCE to a third party in respect of a claim by such third party for damage or loss resulting from a wildfire, including claims by a governmental entity for the reimbursement of fire suppression costs, damages to environmental resources and other governmental claims against SCE arising from a wildfire.

entirety, shall be designated Tier 1, and shall be effective on today's date, subject to Energy Division's review for compliance with this resolution."

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.

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.1, this advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

Pursuant to the Resolution, this advice filing will become effective on July 29, 2010, subject to Energy Division determining that the revisions described herein are in compliance with the Resolution.

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 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) 929-5540
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 GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and A.09-08-020 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 Doug Snow at (626) 302-2035 or by electronic mail at Douglas.Snow@sce.com

Southern California Edison Company

Akbar Jazayeri

AJ:ds: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) #: 2385-E-A Tier Designation: 1

Subject of AL: Supplemental Compliance Filing Pursuant to Resolution E-4311 Regarding Establishment of the Wildfire Expense Memorandum Account

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

AL filing type: Monthly Quarterly Annual One-Time Other

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

Resolution E-4311

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: 7/29/10 No. of tariff sheets: -4-

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: _____

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
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) 929-5540
E-mail: Karyn.Gansecki@sce.com

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45584-E Revised 45585-E Revised 45586-E	Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N	Revised 46512-E* Revised 44428-E Revised 44429-E
Revised 45587-E	Table of Contents	Revised 46830-E

PRELIMINARY STATEMENT

Sheet 2

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

Section No.	Specified Project	Interest Bearing Memorandum Account*	
(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)	Wildfire Expense Memorandum Account (WEMA)	Yes	(T)
(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)	Not Used		
(13)	California Power Exchange Wind-Up Charge Memorandum Account (PXWUC)	Yes	
(14)	Income Tax Component of Contribution Memorandum Account	Yes	
(15)	Demand Side Management (DSM) Earnings Memorandum Account	Yes	
(16)	DWR Franchise Fee Obligation Memorandum Account	Yes	
(17)	Renewable Transmission Feasibility Study Costs	Yes	
(18)	Not Used		
(19)	Hydrogen Energy California Memorandum Account (HECAMA)	Yes	
(20)	Distributed Energy Resources Memorandum Account (DERMA)	Yes	
(21)	Nuclear Claims Memorandum Account (NCMA) Memorandum Account (DFG Memorandum Account)	Yes	
(22)	Energy Efficiency 2009-2011 Memo Account (EEMA)	Yes	
(23)	Not Used		
(24)	Four Corners Capital Expenditures Memorandum Account (FCCMA)	Yes	
(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	
(31)	Employee Stock Ownership Plan Tax Memorandum Account (ESOPTMA)	Yes	
(32)	Not Used		
(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 2385-E-A
Decision _____

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Aug 9, 2010
Effective Jul 29, 2010
Resolution E-4311

PRELIMINARY STATEMENT

Sheet 7

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

7. Wildfire Expense Memorandum Account - (WEMA)

a. PURPOSE:

The purpose of the Wildfire Expense Memorandum Account (WEMA) is to record for later recovery, subject to a decision in A.09-08-020, the costs of third party claims resulting from wildfires prior to the approval of SCE's Wildfire Insurance Application (A.09-08-020) that would have been covered by insurance, as well as costs that would not have been incurred if insurance were available, including: (1) payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by SCE, but excluding costs that have already been authorized in the SCE's General Rate Case (GRC); (2) outside legal costs incurred in the defense of wildfire claims; (3) premium costs not in rates; and (4) the cost of financing these amounts. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA as they are received. (T)

b. DEFINITIONS:

- i. Costs Arising From Wildfires: All amounts paid by SCE that are the result of a wildfire, including (1) payments to satisfy Wildfire Claims, including any co-insurance and deductible expense paid by SCE, (2) outside legal expenses incurred in the defense of Wildfire Claims, and (3) changes in wildfire insurance premiums for insurance, including associated fees and taxes. Costs Arising From Wildfires shall exclude costs that have previously been authorized for recovery in rates in SCE's General Rate Case ("GRC").
- ii. Wildfire Claims: All amounts paid by SCE to a third party in respect of a claim by such third party for damage or loss resulting from a wildfire, including claims by a governmental entity for the reimbursement of fire suppression costs, damages to environmental resources and other governmental claims against the Utilities arising from a wildfire.

(Continued)

(To be inserted by utility)

Advice 2385-E-A
Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Aug 9, 2010
Effective Jul 29, 2010
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PRELIMINARY STATEMENT

Sheet 8

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

7. Wildfire Expense Memorandum Account - (WEMA) (Continued)

c. ACCOUNTING PROCEDURE: SCE shall maintain the WEMA by making entries to this account at the end of each month as follows:

(i) A debit entry each month equal to SCE's Costs Arising From Wildfires.

(ii) A credit entry each month equal to amounts received by SCE from insurance companies or other third parties in respect of Costs Arising From Wildfires.

(iii) A credit entry each month equal to amounts received by SCE from transmission customers through FERC authorized transmission rates for the recovery of costs related to wildfire claims.

(iv) A credit entry each month equal to any wildfire related costs recorded in the WEMA that are recovered through the Z-factor mechanism described in Preliminary Statement Part AAA.5. (T)

(v) An entry to record interest expense calculated by applying the Interest Rate to the average monthly balance in the WEMA. (T)

d. DISPOSITION: The disposition of any amounts recorded in the WEMA shall be established by a Commission decision in A.09-08-020. (T)

(Continued)

(To be inserted by utility)
 Advice 2385-E-A
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Aug 9, 2010
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(Continued)

(To be inserted by utility)
 Advice 2385-E-A
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