

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



January 21, 2010

**Advice Letter 2396-E-A**

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

**Subject: Supplemental Filing – 2010 General Rate Case (GRC)  
Post Test Year Revenue Requirement in Accordance  
with D.09-03-025**

Dear Mr. Jazayeri:

Advice Letter 2396-E-A is effective January 1, 2010.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division

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December 9, 2009

**ADVICE 2396-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** 2010 General Rate Case (GRC) Post Test Year Revenue  
Requirement in Accordance With Decision No. 09-03-025

In accordance with California Public Utilities Commission (Commission or CPUC) Decision No. (D.)09-03-025, 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 implement the CPUC-authorized GRC revenue requirements for the 2010 Post Test Year consistent with D.09-03-025.

The Other Operating Revenue adjustment is being removed from Advice 2396-E as requested in Energy Division's December 2, 2009, letter. This advice filing supplements and replaces Advice 2396-E in its entirety.

**BACKGROUND**

On March 12, 2009, the Commission issued D.09-03-025 which, among other things, adopted a Post Test Year Ratemaking (PTYR) mechanism for SCE for the years 2010 and 2011. The adopted PTYR mechanism adjusts SCE's base-related revenue requirements<sup>1</sup> on an annual basis, in between GRC Test Years, to provide SCE with additional revenues to cover its costs of doing business.

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<sup>1</sup> SCE's base-related revenue requirements include the costs of operating, maintaining and investing in SCE's generation, distribution, and general functions, and exclude costs such as fuel and power procurement costs.

The adopted PTYR mechanism includes the following elements:

- Implementation of revenue requirement adjustments through advice filings;
- A Revenue Balancing Account to adjust for sales variations;<sup>2</sup>
- A “Z” Factor mechanism to address major exogenous cost changes; and
- Implementation of Post Test Year revenue requirements as follows:
  - A 2010 increase of \$205 million (4.25 percent over the adopted 2009 revenue requirement of \$4.830 billion) to a CPUC-authorized revenue requirement of \$5.035 billion;
  - A 2011 increase of \$219 million (4.35 percent over the adopted 2010 revenue requirement of \$5.035 billion) to a CPUC-authorized revenue requirement of \$5.254 billion; and
  - An annual San Onofre Nuclear Generating Station (SONGS) 2&3 Refueling and Maintenance Outage Cost Adjustment.

### **IMPLEMENTATION OF 2010 CPUC-AUTHORIZED GRC REVENUE REQUIREMENTS**

SCE’s 2010 Post Test Year revenue requirement or Authorized Base Revenue Requirement (ABRR) is based on an adjustment of generation costs to reflect one planned refueling outage at SONGS 2&3,<sup>3</sup> and uses the current Commission-adopted 8.75 percent rate of return.<sup>4</sup>

Table 1 below shows SCE’s functionalized 2010 ABRR adopted in D.09-03-025.

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<sup>2</sup> The Base Revenue Requirement Balancing Account (BRRBA) will continue to operate as the authorized base revenue balancing account during the 2010 Post Test Year. The BRRBA compares, on a monthly basis, Commission-authorized base distribution and generation revenue requirements to the recorded retail distribution and generation revenues.

<sup>3</sup> Appendix A to this advice letter includes the calculation of the 2010 SONGS 2&3 nuclear refueling outage revenue requirement.

<sup>4</sup> On October 15, 2009, the Commission issued D.09-10-016 deferring SCE’s next full cost of capital application to April 20, 2012, for a Test Year 2013 return on equity. This decision also continued SCE’s currently authorized costs of capital.

Line No.	Item	2009			2010		
		Distribution	Generation	Total	Distribution	Generation	Total
1.	<b>Base Revenues</b>	3,341,130	1,488,612	4,829,742	3,483,128	1,551,878	5,035,006
2.	<b>Expenses:</b>						
3.	Operation & Maintenance	1,298,220	831,832	2,130,052			
4.	Depreciation	781,781	255,671	1,037,452			
5.	Taxes	554,510	169,273	723,783			
6.	Revenue Credits	(167,140)	(11,475)	(178,615)			
7.	Total Expenses	2,467,371	1,245,301	3,712,672			
8.	<b>Net Operating Revenue</b>	873,759	243,311	1,117,070			
9.	<b>Rate Base</b>	9,985,813	2,780,705	12,766,518			
10.	<b>Rate of Return</b>	8.75%	8.75%	8.75%			

SCE will consolidate its January 1, 2010, ABRR in rate levels as part of the 2010 Energy Resource Recovery Account (ERRA) Forecast proceeding (A.09-08-001).<sup>5</sup>

### **PRELIMINARY STATEMENT MODIFICATIONS**

This advice filing revises:

- Preliminary Statement, Part N, Section 8, Results Sharing Memorandum Account (RSMA), to reflect the authorized funding level included in SCE's 2010 ABRR;
- Preliminary Statement, Part N, Section 24, Four Corners Capital Expenditures Memorandum Account (FCCMA), to reflect the authorized increase in funding level, if recovery is approved by the Commission;
- Preliminary Statement, Part J, Palo Verde Balancing Account, to reflect the authorized funding level included in SCE's 2010 ABRR;
- Preliminary Statement, Part X, Research, Development and Demonstration Adjustment Clause (RDDAC), to reflect the authorized funding level included in SCE's 2010 ABRR;
- Preliminary Statement, Part NN, Mohave Balancing Account (MBA), to reflect the GRC-authorized Mohave revenue requirement included in SCE's 2010 ABRR;
- Preliminary Statement, Part OO, Pension Costs Balancing Account, to reflect the authorized funding level included in SCE's 2010 ABRR;

<sup>5</sup> A decision in A.09-08-001 is expected during the first quarter of 2010.

- Preliminary Statement, Part PP, Post Employment Benefits Other Than Pensions (PBOP) Balancing Account, to reflect the authorized funding level included in SCE's 2010 ABRR;
- Preliminary Statement, Part VV, Medial Programs Balancing Account, to reflect the authorized funding level included in SCE's 2010 ABRR; and
- Preliminary Statement, Part YY, Base Revenue Requirement Balancing Account (BRRBA), to reflect the January 1, 2010, ABRR which includes the Authorized Distribution Base Revenue Requirement and Authorized Generation Base Revenue Requirement set forth in this advice letter.<sup>6</sup>

### **TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, SCE submits this advice filing with a Tier 2 designation.

### **PROTESTS**

In accordance with GO 96-B, General 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**

This advice filing is made in compliance with D.09-03-025. Therefore, this advice letter shall become effective on January 1, 2010.

### **NOTICE**

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 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](mailto: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](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.

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<sup>6</sup> Consistent with the Monthly Distribution Percentages (MDP) methodology included in Advice 1808-E, in order to more closely match the planned outage costs with the refueling outage revenue requirement, SCE has allocated the refueling outage revenue requirement by month using a forecast of when the outage is anticipated to occur. As such, the 2010 refueling outage revenue requirement is allocated evenly between November and December 2010. Refueling outage revenue requirements included in rate levels are subject to refund if a refueling outage does not occur – see Preliminary Statement, Part YY, Section 6.

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](mailto:Karen.Salvato@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:ks:sq  
Enclosures

**APPENDIX A**  
**SONGS 2&3 Refueling - 2009**  
**(SCE Share Only)**  
Thousands of Dollars

1. Labor (2006\$)		9,630
2. Nonlabor (2006\$)		<u>30,563</u>
		40,193
3. Escalated		
4. Labor (2009\$)		10,730
5. Nonlabor (2009\$)		<u>34,381</u>
		45,111
6. Payroll Taxes, Results Sharing, etc.		<u>1,509</u>
	Total Per Refueling	46,620
7.	<b>Total Per Refueling w/FF&amp;U</b>	<b>47,160</b>
8.	<b>2010 Total Per Refueling w/FF&amp;U</b>	<b>49,164</b>

# 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](mailto:James.Yee@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto: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) #: 2396-E-A      Tier Designation: 2

Subject of AL: 2010 General Rate Case Post Test Year Revenue Requirement in Accordance With Decision No. 09-03-025

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

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other annually between GRC Test Years

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

D.09-03-025

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>: \_\_\_\_\_

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: 1/1/10      No. of tariff sheets: -23-

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 Parts J, N, X, NN, OO, PP, VV, and YY and Table of Contents

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: 2020-E-B

<sup>1</sup> 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](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto: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](mailto:Karyn.Gansecki@sce.com)

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45958-E	Preliminary Statement Part J	Original 44942-E
Revised 45959-E Revised 45960-E	Preliminary Statement Part N Preliminary Statement Part N	Revised 44947-E Revised 44955-E
Revised 45962-E	Preliminary Statement Part X	Revised 44962-E
Revised 45963-E	Preliminary Statement Part NN	Revised 44965-E
Revised 45964-E	Preliminary Statement Part OO	Revised 44967-E
Revised 45965-E	Preliminary Statement Part PP	Revised 44970-E
Revised 45966-E	Preliminary Statement Part VV	Original 44977-E
Revised 45967-E	Preliminary Statement Part YY	Revised 45442-E
Original 45968-E	Preliminary Statement Part YY	Revised 45443-E
Revised 45969-E	Preliminary Statement Part YY	Revised 43689-E
Revised 45970-E	Preliminary Statement Part YY	Revised 40730-E
Revised 45971-E	Preliminary Statement Part YY	Revised 45444-E
Revised 45972-E	Preliminary Statement Part YY	Original 40732-E
Revised 45973-E	Preliminary Statement Part YY	Revised 44983-E
Revised 45974-E	Preliminary Statement Part YY	Revised 44983-E
Revised 45975-E*	Preliminary Statement Part YY	Revised 45408-E*
Revised 45976-E	Preliminary Statement Part YY	Original 40736-E
Revised 45977-E	Preliminary Statement Part YY	Original 40737-E
Revised 45978-E	Preliminary Statement Part YY	Revised 44985-E
Revised 45979-E	Preliminary Statement Part YY	Revised 44985-E
Revised 45990-E	Table of Contents	Revised 45893-E
Revised 45991-E	Table of Contents	Revised 45934-E

PRELIMINARY STATEMENT

Sheet 1

J. Palo Verde Balancing Account

1. Purpose:

The purpose of the Palo Verde Balancing Account (PVBA) is to record the difference between: (1) Operations and Maintenance (O&M); Administrative & General (A&G); Pension & Benefits (P&B); and Payroll Taxes expenses authorized by the Commission in Decision (D.) 09-03-025; (2) actual O&M expenses billed by Arizona Public Service Company (APS) under the Palo Verde Operating Agreement for SCE's share of expenses, including refueling outage O&M expense and contractual overheads for A&G, P&B, and Payroll Taxes; and, (3) actual SCE oversight expenses.

2. Definitions:

a. Authorized Palo Verde O&M Expense

The authorized amount adopted by the Commission in D.09-03-025 is set for the below. The post test year revenue requirement amounts shall be in SCE's Post Test Year Ratemaking advice letter filed annually on November 1.

Effective Date	Type	<u>\$000</u> Authorized Revenue Requirement	
	O&M	92,341	
	Overhead for:		
	A&G	18,334	
	P&B	15,855	
	Payroll Taxes	<u>4,174</u>	
1/01/09	Total Expenses	130,704	
1/01/10	Total Expenses	136,259	(N)

b. Interest Rate

The Interest Rate shall be one-twelfth of the most recent Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

(Continued)

(To be inserted by utility)

Advice 2396-E-A  
Decision 09-03-025

Issued by

Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 9, 2009  
Effective Jan 1, 2010  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 9

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

8. Results Sharing Memorandum Account

The purpose of the Results Sharing Memorandum Account (RSMA) is to annually compare the authorized and actual Results Sharing expenses paid out for 2009, 2010 and 2011 and to record the difference pursuant to D.09-03-025 Ordering Paragraph 16.

a. SCE shall maintain the RSMA by making entries at the end of each month as follows:

1. A debit entry for the actual Results Sharing amount paid out after capitalization.
2. A credit entry equal to the result of multiplying the authorized amount for Results Sharing by the applicable (Distribution / Generation) MDP as set forth in Preliminary Statement YY, Base Revenue Requirement Balancing Account (BRRBA) after capitalization.

**Total Company Authorized – Results Sharing Before Capitalization  
In Thousands**

	<b>2006</b>	<b>2009</b>	<b>2010</b>	(N)
	<b>Dollars</b>	<b>Dollars</b>	<b>Dollars</b>	
Generation	13,772	15,278	15,928	
Transmission & Distribution	36,170	40,301	42,013	
Customer Service	14,128	15,742	15,423	
Administrative & General	<u>31,782</u>	<u>35,411</u>	<u>36,916</u>	
Total Before Capitalization	95,852	106,732	110,280	(N)

Interest shall accrue monthly by applying one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate) to the average monthly balance. If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

Any underexpended CPUC Results Sharing balance, as recorded in the RSMA, shall be transferred to the BRRBA annually and reviewed in the annual April 1<sup>st</sup> ERRA reasonableness proceeding.

(Continued)

(To be inserted by utility)

Advice 2396-E-A  
Decision 09-03-025

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Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 9, 2009  
Effective Jan 1, 2010  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 29

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

24. Four Corners Capital Expenditures Memorandum Account (FCCMA)

1. Purpose

The purpose of the Four Corners Capital Expenditures Memorandum Account is to track the revenue requirement associated with the GRC forecast of Four Corners Capital Expenditures that may become subject to the Emission Performance Standards (EPS) that were effective January 25, 2007, pursuant to a decision in R.06-04-009.

2. Definitions:

a. Revenue Requirement

For 2009, the annual FCC Revenue Requirement is \$0.878 million (I) including FF&U.

b. Franchise Fees and Uncollectible Accounts:

Franchise Fees and Uncollectible Accounts shall be the rate derived from the Utility's most recent general rate case decision to provide for franchise fees and uncollectible accounts expense.

c. Interest Rate:

The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPs) Applicable to the FCCMA shall be the Generation MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account.

3. Operation of FCCMA

SCE shall maintain the FCCMA by making entries each month as follows.

An entry equal to the result of the annual revenue requirement in 2.a. above multiplied by the Generation MDP's.

Interest shall accrue monthly to the FCCMA by applying the Interest Rate to the average of the beginning-of-the month and end-of-month balances in the FCCMA.

4. Review Procedures

If the Commission allows recovery of the FCC Memorandum Account, SCE will transfer the balance to the Generation Subaccount of the Base Revenue Requirement Balancing Account to be recovered from customers. At such time, SCE will file an advice letter to provide review of the operation of the FCC Memorandum Account and request increase in SCE's Authorized Base Revenue Requirement (ABRR) to include the FCC revenue requirement.

(Continued)

(To be inserted by utility)

Advice 2396-E-A  
Decision 09-03-025

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Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 9, 2009  
Effective Jan 1, 2010  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

X. Research, Development and Demonstration Adjustment Clause (RDDAC)

1. Purpose:

The purpose of the Research, Development and Demonstration Adjustment Clause (RDDAC) is to record the difference between: (1) the authorized expenditures associated with Research, Development and Demonstration (RD&D) programs reflected in the Authorized RD&D Funding Level; and (2) the recorded expenditures associated with RD&D programs.

2. Definitions.

a. Authorized Funding Level:

The Authorized Funding Level for RD&D programs is the amount authorized by the Commission to be reflected in Distribution rates. Such amount shall exclude Franchise Fees and Uncollectible Accounts (FF&U). The post test year amounts shall be determined in the Post Test Year Ratemaking advice letters submitted annually to the Commission by November 1.

<u>Effective Date</u>	<u>Distribution Authorized Level</u> (\$000)
May 22, 2003	\$1,573
January 1, 2004	\$1,602
January 1, 2005	\$1,658
January 12, 2006	\$1,768
January 1, 2007	\$1,808
January 1, 2008	\$1,879
January 1, 2009	\$2,496
January 1, 2010	\$2,602

(N)

b. Interest Rate:

The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month Commercial Paper Rate – Financial.

c. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPs) Applicable to the RD&D Authorized Funding Level shall be the Distribution MDPs included in Preliminary Statement YY-Base Revenue Requirement Balancing Account.

(Continued)

(To be inserted by utility)  
 Advice 2396-E-A  
 Decision 09-03-025

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
 Date Filed Dec 9, 2009  
 Effective Jan 1, 2010  
 Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

NN. Mohave Balancing Account

1. Purpose:

The purpose of the Mohave Balancing Account (MBA) is to track the difference between: (1) recorded Capital-related Expenses, Operating Expenses and Worker Protection Expenses associated with the Mohave Generating Station (Mohave); and (2) the Authorized Mohave Revenue Requirement as adopted in D.06-05-016 and D.09-03-025.

2. Definitions:

a. Authorized Mohave Revenue Requirement

The authorized Mohave Revenue Requirement is the amount adopted by the Commission in D.06-05-016. The post test year revenue requirement amounts shall be set forth in the Post Test Year Ratemaking advice letters submitted annually to the Commission by November 1.

\$000

Effective Date

Authorized Revenue Requirement

1/12/06	\$57,249
1/01/07	\$42,340
1/01/08	\$43,650
1/01/09	\$17,876
1/01/10	\$18,636

(N)

b. Capital-related Expenses

For purposes of making monthly entries to the MBA, capital-related expenses include: (1) depreciation expense based on the currently adopted depreciation rates; (2) return based on the currently authorized rate of return on rate base; and (3) taxes based on income, including appropriate income tax-related adjustments, and deferred income tax expense. Initially, Capital-related expenses are calculated based on the net investment at December 31, 2005.

c. Interest Rate

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPs) applicable to the MBA authorized funding levels shall be the generation MDPs included in Preliminary Statement YY, Base Revenue Requirement Balancing Account (BRRBA).

(Continued)

(To be inserted by utility)

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Effective Jan 1, 2010  
Resolution \_\_\_\_\_

PRELIMINARY STATEMENT

Sheet 1

OO. Pension Costs Balancing Account

1. Purpose:

The purpose of the Pension Costs Balancing Account (PCBA) is to record the difference between: 1) pension costs authorized by the Commission, and 2) recorded pension expenses. The PCBA is established in accordance with D.06-05-016.

2. Definitions:

a. Authorized Pension Cost:

The authorized pension cost is the annual amount of CPUC Authorized Pension expenses adopted in D.09-03-025. Such amounts shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2010 and 2011 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by November 1, 2009 and 2010.

<u>Effective Date</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>		
	Distribution	Generation	Total		
	<u>Authorized Level</u>	<u>Authorized Level</u>	<u>Authorized Level</u>		
January 1, 2009	\$31,622	\$18,884	\$50,506	before capitalization	
January 1, 2009	\$21,124	\$12,615	\$33,738	after capitalization	
January 1, 2010	\$32,966	\$19,687	\$52,653	before capitalization	(N)
January 1, 2010	\$22,022	\$13,151	\$35,173	after capitalization	(N)

b. Effective Date:

The Effective Date of the PCBA is January 12, 2006

c. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages:

The Monthly Distribution Percentages (MDPs) applicable to the distribution and generation related authorized Pension costs shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)

e. Capitalization Rate:

The Pensions and Benefits Capitalization Rate is 33.2% as adopted in D.09-03-025.

(Continued)

(To be inserted by utility)  
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Vice President

(To be inserted by Cal. PUC)  
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PRELIMINARY STATEMENT

Sheet 1

PP. Post Employment Benefits Other Than Pensions (PBOP) Costs Balancing Account

1. Purpose:

The purpose of the Post Employment Benefits Other than Pensions (PBOP) Costs Balancing Account (PBOP BA) is to record the difference between: 1) PBOP Costs authorized by the Commission, and 2) recorded PBOP expenses. The PBOP BA is established in accordance with D.06-05-016.

2. Definitions:

a. Authorized PBOP Costs:

The authorized PBOP costs are the annual amount of CPUC Authorized PBOP expenses adopted in D.09-03-025. Such amount shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2010 and 2011 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by November 1, 2009 and 2010.

<u>Effective Date</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>		
	<u>Distribution</u>	<u>Generation</u>	<u>Total</u>		
	<u>Authorized Level</u>	<u>Authorized Level</u>	<u>Authorized Level</u>		
January 1, 2009	\$34,886	\$20,833	\$55,719	before capitalization	
January 1, 2009	\$23,304	\$13,917	\$37,221	after capitalization	
January 1, 2010	\$36,369	\$21,719	\$58,088	before capitalization	(N)
January 1, 2010	\$24,295	\$14,508	\$38,803	after capitalization	(N)

b. Effective Date:

The Effective Date of the PBOP BA is January 12, 2006

c. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages:

The Monthly Distribution Percentages (MDPs) applicable to the distribution and generation related authorized PBOP costs shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)

(Continued)

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Vice President

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PRELIMINARY STATEMENT

Sheet 1

VV. Medical Programs Balancing Account

1. Purpose:

The purpose of the Medical Programs Balancing Account (MPBA) is to record the difference between: 1) Medical, Dental and Vision expenses authorized by the Commission, and 2) recorded Medical, Dental and Vision Service Plan expenses. The MPBA is established in accordance with D.09-03-025.

2. Definitions:

a. Authorized Medical Programs Expense:

The authorized Medical Program Expense is the annual amount of CPUC Authorized expenses adopted in D.09-03-025 for medical, dental and vision expenses. Such amount shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2010 and 2011 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by November 1, 2009 and 2010.

Effective Date	Expense	(\$000)			
		Distribution Authorized Level	Generation Authorized Level	Total Authorized Level	
	Medical	\$64,663	\$38,615	\$103,278	
	Dental	\$ 9,322	\$ 5,566	\$ 14,888	
	Vision	\$ 1,731	\$ 1,033	\$ 2,764	
January 1, 2009	Total	\$75,715	\$45,215	\$120,930	Before Capitalization
January 1, 2009	Total	\$50,578	\$30,204	\$ 80,781	After Capitalization
January 1, 2010	Total	\$78,933	\$47,136	\$126,069	Before Capitalization
January 1, 2010	Total	\$52,727	\$31,487	\$ 84,214	After Capitalization

b. Effective Date:

The Effective Date of the MPBA is January 1, 2009

c. Interest Rate:

The Interest Rate shall be the most recent annual interest rate on three months Financial or Non-financial Commercial Paper, (prime, three months) published in the Federal Reserve Statistical Release, H.15, whichever is available on the first day of the month.

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PRELIMINARY STATEMENT

Sheet 1

YY. Base Revenue Requirement Balancing Account (BRRBA)

1. Purpose:

The purpose of the Base Revenue Requirement Balancing Account (BRRBA) is to record: 1) the difference between SCE's authorized distribution and generation base revenue requirements and recorded revenues from authorized distribution and generation rates; and 2) record other authorized and recorded costs authorized by the Commission. The BRRBA is established in accordance with D.04-07-022, and as modified by D.06-05-016 and D.09-03-025.

2. Definitions:

a. Authorized Distribution Base Revenue Requirement:

The Authorized Distribution Base Revenue Requirement (ADBRR) is the most current Commission-authorized Distribution-related base revenue requirement. The current ADBRR is listed below:

Table A  
Authorized Distribution Base Revenue Requirement  
(\$000)

<u>Effective Date</u>	<u>ADBRR</u>	(N)
May 22, 2003	\$ 2,432,380	(N)
January 1, 2004	\$ 2,665,448	(N)
January 1, 2005	\$ 2,770,383	(N)
January 1, 2006	\$ 2,749,569	(N)
January 12, 2006	\$ 2,611,710	(N)
December 29, 2006	\$ 2,613,277	(N)
January 1, 2007	\$ 2,763,065	(N)
January 1, 2008	\$ 2,896,694	(N)
January 1, 2009	\$ 3,341,130	(N)
January 1, 2010	\$ 3,483,128	(N)

b. Authorized Generation Base Revenue Requirement:

The Authorized Generation Base Revenue Requirement (AGBRR) is the most current Commission-authorized Generation-related base revenue requirement. The current AGBRR is listed below:

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PRELIMINARY STATEMENT

Sheet 2

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

b. Authorized Generation Base Revenue Requirement: (Continued)

Table B  
Authorized Generation Base Revenue Requirement  
(\$000)

<u>Effective Date</u>	<u>TOTAL</u>	<u>Less Mountainview Rev Requirement</u>	<u>Less Peaker Rev Requirement</u>	<u>Adj AGBRR</u>	<u>(N)</u>
May 22, 2003	\$ 401,149				
January 1, 2004	\$ 675,852				
September 7, 2004	\$ 671,712				
January 1, 2005	\$ 596,049				
January 1, 2006	\$ 683,082				
January 12, 2006	\$1,137,582				
December 29, 2006	\$1,153,030				
January 1, 2007	\$1,152,135				
January 1, 2008	\$1,216,630				
January 1, 2009	\$1,488,612	\$149,806		\$1,388,806	
April 1, 2009	\$1,488,612	\$149,806	\$63,643	\$1,275,163	
July 1, 2009	\$1,488,612	\$0	\$63,643	\$1,424,969	
January 1, 2010	\$1,551,878	\$0	\$66,348	\$1,485,530	(N)

Table C  
SONGS Refueling Amounts Included in AGBRR  
(\$000)

<u>Effective Date</u>	<u>AGBRR Without Refueling</u>	<u>Number of Refuelings included in AGBRR</u>	<u>Total Amount of Refuelings included in AGBRR</u>	<u>MV<sup>1</sup></u>	<u>AGBRR</u>	<u>(T)</u>
May 22, 2003	\$401,149	0	\$0		\$401,149	
January 1, 2004	\$588,690	2	\$87,162		\$675,852	
September 7, 2004	\$584,550	2	\$87,162		\$671,712	
January 1, 2005	\$596,049	0	\$0		\$596,049	
January 1, 2006	\$593,185	2	\$89,897		\$683,082	
January 12, 2006	\$1,040,806	2	\$96,776		\$1,137,582	
December 29, 2006	\$1,051,786	2	\$101,244		\$1,153,030	
January 1, 2007	\$1,100,548	1	\$51,587		\$1,152,135	
January 1, 2008	\$1,162,686	1	\$53,944		\$1,216,630	
January 1, 2009	\$1,291,646	1	\$47,160		\$1,338,806	
April 1, 2009	\$1,228,003	1	\$47,160		\$1,275,163	
July 1, 2009	\$1,228,003	1	\$47,160	\$149,806	\$1,424,969	(T)
January 1, 2010	\$1,436,366	1	\$49,164	N/A	\$1,485,530	(N)

<sup>1</sup>Beginning January 1, 2010 the MV revenue requirement is included in the AGBRR without refueling. (T)

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PRELIMINARY STATEMENT

Sheet 3

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

(D)(L)

c. BRRBA Distribution Revenue:

1. BRRBA Billed Distribution Revenue:

Total recorded billed Distribution revenues, adjusted to remove the CARE discount,

2. Plus: the change (plus or minus) in the amount of BRRBA unbilled Distribution revenue (the reversal of prior month's estimated unbilled revenue, plus the current month's estimate);

3. Less: a provision for FF&U.

d. Franchise Fees (FF) Factor:

The current Commission FF factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Franchise Fees.

<u>GRC Decision</u>	<u>Factor</u>
D.04-07-022	0.00847
D.06-05-016	0.00893
D.09-03-025	0.009056

e. Uncollectible (U) Accounts Factor:

The current Commission U factor adopted in SCE's most recent General Rate Case (GRC) to provide recovery for Uncollectible expense.

<u>GRC Decision</u>	<u>Factor</u>
D.04-07-022	0.00324
D.06-05-016	0.00225
D.09-03-025	0.00240

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PRELIMINARY STATEMENT

Sheet 4

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

f. BRRBA Distribution-Related FF&U:

BRRBA Distribution-Related FF&U is determined as follows:

BRRBA Distribution FF: (BRRBA Distribution Revenue + TTA Revenue) \* FF Factor

BRRBA Distribution U: (BRRBA Distribution Revenue) \* U Factor

BRRBA Distribution Related FF&U = BRRBA Distribution FF + BRRBA Distribution U

g. TTA Revenue:

Total monthly amount of Trust Transfer Amount recorded revenues.

h. BRRBA Generation Revenue:

BRRBA Generation Revenue shall be determined each month as follows:

1. BRRBA Billed Generation Revenue:

Shall be determined each month as follows:

$$(A / B) * C$$

Where:

A = AGBRR included in rate levels plus the amount consolidated into Generation rate levels associated with Generation Sub-account of the BRRBA

B = Total Authorized Generation Revenue Requirement in rate levels, including AGBRR, plus all other Commission authorized generation-related revenue requirements

C = Total recorded billed Generation revenues adjusted to remove the impact of 20/20 Rebate Program, the Residential Generation Tier 1 and Tier 2 revenue shortfall/surplus that occurs as the result of implementing Resolution E-3897, and the 2006 Residential revenue deferral that will take place as the result of deferring the Residential rate increase authorized in D.06-06-067 until November 4, 2006.

2. Plus: the change (plus or minus) in the amount of BRRBA unbilled Generation revenue (the reversal of prior month's estimated unbilled revenue, plus the current month's estimate), (BRRBA generation unbilled revenues will be allocated using the same percentage used to determine BRRBA Generation Revenue);

3. Less: a provision for FF&U.

i. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

(Continued)

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PRELIMINARY STATEMENT

Sheet 5

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

j. Monthly Distribution Percentages (MDPs)

MDPs are the estimated monthly billed and unbilled distribution rate revenues, expressed as a percentage of annual distribution and generation revenues.

1. Distribution MDPs

January	8.60%
February	7.60%
March	8.60%
April	7.70%
May	8.10%
June	8.60%
July	8.00%
August	9.30%
September	8.30%
October	8.70%
November	8.40%
December	<u>8.10%</u>
Total	100.00%

2. Generation MDPs

	<u>Applied To</u> <u>AGBRR Less</u> <u>Refuelings</u>
January	6.10%
February	5.30%
March	6.60%
April	5.90%
May	6.20%
Jun	8.80%
July	11.70%
August	14.50%
September	12.70%
October	10.60%
November	6.00%
December	<u>5.60%</u>
Total	100.00%

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PRELIMINARY STATEMENT

Sheet 6

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

j. Monthly Distribution Percentages (MDPs) (Continued)

2. Generation MDPs (Continued)

Applied to Authorized Refuelings

	<u>In 2004</u>	<u>In 2005</u>	<u>In 2006</u>	<u>In 2007</u>	<u>In 2008</u>	<u>In 2009</u>	<u>In 2010</u>	(N)
January	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	}
February	25.00%	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	
March	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
April	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
May	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
June	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
July	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
August	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
September	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
October	25.00%	0.00%	25.00%	0.00%	50.00%	0.00%	0.00%	
November	25.00%	0.00%	25.00%	50.00%	50.00%	50.00%	50.00%	
December	0.00%	0.00%	0.00%	50.00%	0.00%	50.00%	50.00%	
Total	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	(N)

Mountainview<sup>1</sup>

	<u>2009</u>	
January	7.70 %	} Recorded in ERRA
February	7.60 %	
March	7.98 %	
April	7.49 %	
May	8.15 %	
June	9.59 %	} Recorded in BRRBA
July	9.86 %	
August	12.22 %	
September	10.70 %	
October	8.93 %	
November	5.06 %	
December	4.72 %	
Total	100.00%	

<sup>1</sup>Beginning January 1, 2010 the Mountainview MDP's will no longer be used.

(T)

k. BRRBA Distribution and Generation Unbilled Revenues

Unbilled Revenues are accrued ("earned" revenue for financial statement purposes) BRRBA revenues associated with electric customer kWh usage that has not yet been billed by SCE.

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PRELIMINARY STATEMENT

Sheet 7

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

I. Recorded CPUC Non-Utility Affiliate Credits:

Recorded Non-Utility Affiliate Credits shall be equal to the CPUC jurisdictional expenses SCE incurs that are charged to EIX and non-utility affiliates. Such credits shall exclude the following costs as adopted in D.06-05-016: 1) Corporate Communications outside services costs associated exclusively with EIX and non-utility affiliates; and 2) EIX and non-utility affiliate's pensions and benefits costs.

3. Operation of the BRRBA:

The BRRBA consists of the Distribution Sub-account and the Generation Sub-account. Entries to the BRRBA shall be made monthly as follows:

- a. Recorded monthly activity in the Distribution Sub-account;
- b. Plus: recorded monthly activity in the Generation Sub-account;
- c. Equals: recorded monthly activity in the BRRBA.

4. Distribution Sub-account:

The purpose of the Distribution Sub-account of the BRRBA is to record on a monthly basis SCE's: (1) BRRBA Distribution Revenue; (2) Authorized Distribution Base Revenue Requirement (ADBRR) and other authorized revenue requirements (e.g., Demand Response, Self Generation, and California Solar Initiative); and (3) other authorized costs and transfers approved by the Commission.

A. Operation of the Distribution Sub-account:

Entries to the Distribution Sub-account shall be made on a monthly basis, and shall be calculated as follows:

- (1) Credit entry equal to the BRRBA Distribution Revenue;
- (2) Debit entry equal to the monthly amount of the ADBRR calculated by multiplying the applicable MDP (as determined in Section 2 above) to the annual ADBRR, less a provision for FF&U;
- (3) Debit entry equal to the monthly amount of the authorized Demand Response Program revenue requirement (DRPRR) as defined in Preliminary Statement, Part Y, DRPBA, Section 2.a.1., calculated by multiplying the applicable MDP to the annual DRPRR, less a provision for FF&U;
- (4) Debit entry equal to the Self-Generation Incentive Programs Revenue Requirement (the annual CPUC-authorized amount, divided by twelve);
- (5) Debit entry equal to the California Solar Initiative Program Revenue Requirement (the annual CPUC-authorized amount, divided by twelve);

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Sheet 8

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

4. Distribution Sub-account: (Continued)

- (6) Credit entry equal to the recorded CPUC Non-Utility Affiliate Credits;
- (7) Debit entry to record amounts transferred from the Community Choice Aggregation Balancing Account;
- (8) Debit entry to record amounts transferred from the Advanced Metering Infrastructure Balancing Account;
- (9) Credit entry equal to the monthly amount recorded in the Rate Reduction Bond (RRB) Memorandum Account;
- (10) Debit entry equal to the transfers from the following, subsequent to CPUC approval:
  - a. PBR Distribution Rate Performance Memorandum Account (PDRPMA);
  - b. Catastrophic Event Memorandum Account (CEMA);
  - c. PBR Distribution Revenue Sharing Memo Account;
  - d. Optional Pricing Adjustment Clause (OPAC) Balancing Account;
  - e. Hazardous Substance Cleanup and Litigation Cost Recovery Mechanism;
  - f. Affiliate Transfer Fee Memorandum Account;
  - g. Self Generation Program Incremental Cost Memorandum Account, and
- (11) Debit entry to record incremental administrative costs and uncollected deferred amounts associated with the payment deferral plan for qualifying citrus growers and other agricultural growers pursuant to Resolution E-4065.
- (12) Debit entry to record incentives paid to Aggregators who participate in SCE's Schedule TOU-BIP and Schedule CBP.
- (13) Debit entry to record actual capacity payments associated with four (4) third party demand response contracts in accordance with D.08-03-017.
- (14) An entry to record the transfer of annual interest expense from the Purchase Agreement Administrative Costs Balancing Account (PAACBA) in accordance with D.08-03-017.
- (15) An entry to record other Distribution-related amounts as authorized by the Commission.

The sum of (1) through (16) equals the activity recorded in the Distribution Sub-account of the BRRBA.

Interest Expense shall be calculated monthly by applying the Interest Rate to the average balance of the beginning-of-month and the end-of-month balances in the Distribution Sub-account.

<sup>1/</sup> Refer to Preliminary Statement, Part N. Rate Reduction Bond Memorandum Account to see how this amount is calculated. The RRB credit included in rate levels applies to only Residential and Small Commercial Customers as stated in the tariff.

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Sheet 9

(Continued)

## YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

## 5. Generation Sub-account:

The purpose of the Generation Sub-account of the BRRBA is to record on a monthly basis SCE's: (1) BRRBA Generation Revenue; (2) Authorized Generation Base Revenue Requirement (AGBRR), and other authorized revenue requirements, (e.g., Demand Response and SONGS Steam Generator Replacement Program (SGRP) Removal and Disposal Costs); and (3) other authorized costs and transfers approved by the Commission.

## A. Operation of the Generation Sub-account:

Entries to the Generation Sub-account shall be made on a monthly basis, and shall be calculated as follows:

- (1) Credit entry equal to the BRRBA Generation Revenue;
- (2) Debit entry equal to the monthly amount of the AGBRR calculated by multiplying the applicable MDP (as determined in Section 2 above) to the annual AGBRR without an amount for refueling (as shown in Table C), less a provision for FF&U;
- (3) Debit entry equal to the monthly amount of the AGBRR calculated by multiplying the applicable MDP (as determined in Section 2 above) to the annual refueling amount included in the annual AGBRR (as shown in Table C), less a provision for FF&U;
- (4) Debit entry equal to the monthly amount of the authorized DRPRR as defined in Preliminary Statement, Part Y, DRPBA, Section 2.a.1., calculated by multiplying the applicable MDP to the annual DRPRR, less a provision for FF&U;
- (5) Debit entry equal to the SONGS SGRP Removal and Disposal Costs revenue requirement (the annual CPUC-authorized amount multiplied by the applicable MDP, as determined in Section 2 above) less a provision for FF&U;
- (6) Debit entry to record Transfer from Clean Technology Generation Balancing Account.
- (7) Debit entry to record transfers from the SONGS 2&3 Steam Generator Replacement Balancing Account.
- (8) Debit entry to record transfers from the SONGS 2&3 Steam Generator Removal and Disposal Balancing Account.
- (9) Debit entry to record the transfers from the Solar PV Program Balancing Account.

The sum of (1) through (9) equals the activity recorded in the Generation Sub-account of the BRRBA.

Interest Expense shall be calculated monthly by applying the Interest Rate to the average balance of the beginning-of-month and the end-of-month balances in the Generation Sub-account.

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PRELIMINARY STATEMENT

Sheet 10

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YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

6. SONGS 2&3 Refueling and Maintenance Outage Tracking Account

The SONGS 2&3 Refueling and Maintenance Outage Tracking Account (SONGS 2&3 RMOTA) shall track for each calendar year in the GRC cycle the revenue requirement difference between: 1) the actual number of SONGS 2&3 refueling and maintenance outages; and 2) the number of SONGS 2&3 refueling and maintenance outages included in SCE's authorized generation revenue requirement. The account shall not track SONGS 2&3 unplanned outages.

SONGS 2&3 refueling and maintenance outage expenses to be included in SCE's authorized generation revenue requirements (as identified in section 2.b.) shall be determined using the second quarter Global Insight escalation factors.

a. Actual Outages Equal Forecast Outages

If the actual number of SONGS 2&3 refueling and maintenance outages for any year in the GRC cycle equals the number of SONGS 2&3 refueling and maintenance outages included in SCE's generation revenue requirement for any year in the GRC cycle then no over-collection or under-collection calculation shall be necessary.

b. Actual Outages Less Than Forecast Outages

If the actual number of SONGS 2&3 refueling and maintenance outages in any year in the GRC cycle is less than the number of refueling and maintenance outages reflected in SCE's generation revenue requirement, then SCE shall have over-collected its SONGS 2&3 refueling and maintenance outage expenses for any year in the GRC cycle. The difference in the number of outages shall be multiplied by the authorized SONGS 2&3 refueling and maintenance outage expenses for any year in the GRC cycle to derive an annual over-collection amount. Such amount shall be included in the operation of the SONGS 2&3 RMOTA.

SCE shall return a SONGS 2&3 refueling and maintenance outage expense over-collection for any year in the GRC cycle through an advice filing submitted to the Commission by February 15<sup>th</sup> for the previous calendar year. The advice filing shall include workpapers supporting all calculations. Upon Commission approval of SCE's February 15<sup>th</sup> advice filing, a SONGS 2&3 refueling and maintenance outage expense over-collection in any year in the GRC cycle shall be returned to SCE's customers through a credit entry to the generation Sub-account of SCE's Base Revenue Requirement Balancing Account (BRRBA). The entry shall include accrued interest expense.

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Sheet 11

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YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

6. SONGS 2&3 Refueling and Maintenance Outage Tracking Account (Continued)

c. Actual Outages Greater Than Forecast Outages

If the actual number of SONGS 2&3 refueling and maintenance outages in any year in the GRC cycle is greater than the number of SONGS 2&3 refueling and maintenance outages included in SCE's revenue requirements for any year in the GRC cycle, then SCE shall have under-collected its authorized SONGS 2&3 refueling and maintenance outage expenses for any year in the GRC cycle. The difference in the number of outages shall be multiplied by the authorized SONGS 2&3 refueling and maintenance outage expenses for any year in the GRC cycle to derive an annual under-collection amount. Such amount shall be included in the operation of the SONGS 2&3 RMOTA.

SCE shall recover from customers a SONGS 2&3 refueling and maintenance outage expense under-collection for any year in the GRC cycle through an advice filing submitted to the Commission by February 15<sup>th</sup> for the previous calendar year. The advice filing shall include workpapers supporting all calculations. Upon Commission approval of SCE's February 15<sup>th</sup> advice filing, a SONGS 2&3 refueling and maintenance outage expense under-collection in any year in the GRC cycle shall be recovered from SCE's customers through a debit entry to the generation Sub-account of the BRRBA. The entry shall include accrued interest expense.

d. Operation of the SONGS 2&3 RMOTA

Entries to the SONGS 2&3 RMOTA shall be made annually only if the conditions described above in b or c occur.

1. Monthly SONGS 2&3 refueling and maintenance outage expenses that should have been included in SCE's authorized generation base revenue requirement;
2. Less: Monthly SONGS 2&3 refueling and maintenance outage expenses that were included in SCE's authorized generation base revenue requirement.

If the above calculation is a positive amount (under-collection), such amount shall be debited to the SONGS 2&3 RMOTA. If the above calculation is a negative amount (over-collection), such amount shall be credited to the SONGS 2&3 RMOTA.

(Continued)

(To be inserted by utility)

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YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

6. SONGS 2&3 Refueling and Maintenance Outage Tracking Account (Continued)

e. Interest Expense Calculation

Interest expense shall be applied to SONGS 2&3 refueling and maintenance outage expense over-collection or under-collection by applying the Interest Rate to the monthly difference between the SONGS 2&3 refueling and maintenance outage expense actually included in SCE's authorized generation revenue requirement, and the SONGS 2&3 refueling and maintenance outage expense that should have been included in SCE's authorized generation revenue requirement.

Interest expense shall be computed annually, through the date of transfer to the generation Sub-account of the BRRBA.

(Continued)

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Sheet 13

(Continued)

## YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

## 7. Rate Level Changes

Pursuant to D.04-01-048, D.04-03-023, D.04-07-022, and D.06-05-016 SCE shall update its Distribution and Generation Rate levels to reflect the most current Commission-adopted revenue requirements in its August Energy Resource Recovery Account (ERRA) application. The balance forecast to be recorded in the Distribution Sub-account of the BRRBA (either overcollected or undercollected) on December 31<sup>st</sup> of the current year, plus an amount for FF & U, shall be included in the Distribution revenue requirement to either be returned to, or recovered from, SCE's retail electric customers in Distribution rate levels. Likewise, the balance forecast to be recorded in the Generation Sub-account of the BRRBA (either overcollected or undercollected) on December 31<sup>st</sup> of the current year, plus an amount for FF & U, shall be included in the Generation revenue requirement to either be returned to, or recovered from SCE's retail electric customers in Generation rate levels. Prior to implementing consolidated Commission-authorized revenue requirements and rate levels to recover those revenue requirements, the BRRBA balance will be updated to reflect the latest recorded balance available.

## 8. Review Procedures

Pursuant to D.04-01-048, D.04-03-023, D.04-07-022, D.06-05-016, and D.09-03-025 the recorded operation of the BRRBA for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual April ERRA application to ensure that the entries made in the BRRBA are stated correctly and are consistent with Commission decisions.

SCE shall provide a monthly report showing the activity in the BRRBA to Energy Division within 30 days of the end of each month.

(Continued)

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An EDISON INTERNATIONAL Company

Lisa Vellanoweth  
Manager of Tariffs

August 10, 2010

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

Attn: Honesto Gatchalian  
Energy Division

Re: Substitute Sheet for Advice 2396-E-A

Dear Mr. Gatchalian:

Enclosed are an original and four copies of Attachment A and Substitute Sheet No. 45975-E\* of Advice 2396-E-A. This substitute sheet is necessary to include condition (9), which was approved in Advice 2363-E.

This substitute sheet ensures that all appropriate revisions are contained in the affected tariff sheet. Please include the enclosed sheets in your master Advice 2396-E-A. If you have any questions, please contact Lisa Foulds at (626) 302-2010.

Sincerely,

Lisa Vellanoweth

Enclosures  
2396-EASub.doc

\*An asterisk denotes a substituted sheet.