

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



June 20, 2011

**Advice Letter 2526-E-A**

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

**Subject: Supplement – Implementation of Residential Rate Changes  
Pursuant to Resolution E-4391**

Dear Mr. Jazayeri:

Advice Letter 2526-E-A is effective June 1, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division

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June 1, 2011

**ADVICE 2526-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Implementation of Residential Rate Changes Pursuant to  
Resolution E-4391

**PURPOSE**

In compliance with Resolution E-4391 (Resolution), Southern California Edison Company (SCE) files rates that increase the commodity rates<sup>1</sup> for Tier 1 and Tier 2 by 0.97 percent and 3 percent, respectively, on all non-California Alternate Rates for Energy (CARE) residential rate schedules, and decrease the commodity rates for non-CARE Tiers 3, 4, and 5 rates commensurately to result in revenue neutrality effective June 1, 2011. The rate changes proposed herein will be consolidated with other rate changes submitted via Advice 2577-E and reflected in tariffs provided in Advice 2577-E-A and Advice 2577-E-B, which are expected to be authorized for a June 1, 2011 effective date. This supplemental filing replaces Advice 2526-E in its entirety.

**BACKGROUND**

Public Utilities (PU) Code Section 739.9(a) permits the California Public Utilities Commission (Commission) to authorize increases to Tier 1 and Tier 2 rates for SCE's non-CARE residential rate schedules by the annual percentage change in the Consumer Price Index (CPI) for the prior year, plus 1 percent, but not less than 3 percent and not more than 5 percent.<sup>2</sup> The annual percentage change in the CPI shall be calculated using the same formula that was used to determine the annual

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- <sup>1</sup> The term "rates" as used in this advice letter does not include SCE's customer charge or minimum charge, which may also be construed as rates. Whether these charges could increase at the same percentage applied to the commodity rates for Tiers 1 and 2, was not specifically addressed by the parties or by the Commission in Decision (D.)09-12-048, and therefore SCE does not request increases in those charges in this advice letter.
- <sup>2</sup> PU Code Section 739.9(a). PU Code Section 739.9(b) further requires that the rates charged for usage up to the baseline quantity, including any customer charge revenues, cannot exceed 90 percent of the system average rate (SAR).

Social Security cost of living adjustment (COLA) on January 1, 2008. This process for setting rates shall become inoperative on January 1, 2019, unless extended by a subsequent statutory change. For CARE rate schedules, PU Code Section 739.1(b)(2) specifies that the Commission may increase rates for Tiers 1 and 2 by the annual percentage increase in benefits provided under the CalWORKs program for the fiscal year in which the rate increase would take effect, but not to exceed 3 percent per year.<sup>3</sup>

### **PROPOSED RESIDENTIAL TIERED RATES**

Resolution E-4391 approved with minor modifications SCE's Advice 2526-E based on comments SCE filed on the draft Resolution, including an addendum to SCE's comments that was submitted on May 11, 2011. As demonstrated in SCE's comments that were incorporated in Resolution E-4391, because the 2011 COLA is 1.5 percent, PU Code Section 739.9(a) would permit an increase in Tier 1 and Tier 2 rates for non-CARE residential schedules of 3 percent, from \$0.12351/kWh to \$0.12722/kWh for Tier 1, and \$0.14342/kWh to \$0.14772/kWh for Tier 2. However, as a further limitation on the allowable increase to Tier 1 rates, PU Code Section 739.9(b) requires that the rates charged to non-CARE residential customers for electricity usage up to the baseline quantity, including any customer or minimum charge revenues, not exceed 90 percent of the SAR. For purposes of determining whether SCE's proposed non-CARE Tier 1 rate of \$0.12722/kWh meets this requirement, \$0.00260/kWh is included to reflect the effective value of the monthly customer charge and minimum charge revenues. Including the effective customer charge and minimum charge revenues in the proposed Tier 1 rate results in a combined effective rate of \$0.12982, which is more than 90 percent of the \$0.14146 per kWh SAR for bundled service customers as of the time of this filing. Therefore, SCE caps the Tier 1 effective rate at \$0.12731/kWh, which is 90 percent of the SAR for bundled service. Removing the \$0.00260/kWh equivalent customer charge revenue from the cap value of \$0.12731/kWh yields a Tier 1 rate of \$0.12471/kWh, an increase of 0.97 percent over the effective rate as of the date of this advice letter.

In addition, SCE proposes to reduce non-CARE Tiers 3, 4, and 5 rates by an amount that offsets the revenue increase resulting from the Tier 1 and Tier 2 rate adjustments authorized by Resolution E-4391 to maintain a 3.5 cent/kWh differential between the rates applicable to Tiers 3, 4, and 5.

As required by PU Code Section 739.1(b)(4), the CARE Tier 3 rate will continue to receive a 20 percent discount from the non-CARE Tier 3 rate, excluding the Department of Water Resources (DWR) Bond Charge (DWRBC), CARE Surcharge, and any applicable California Solar Initiative (CSI) charges or other exempt charges. The lower rate for non-CARE Tier 3 will result in lower overall rates for CARE customers due to the relationship between CARE and non-CARE Tier 3 rates.

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<sup>3</sup> PU Code Section 739.1(b)(2).

Domestic Rate Change  
(\$ / kWh)

Table 1						
	Non-CARE			CARE		
	Current Rates	Section 739.9(b) Capped Rates	% Change	Current Rates	Section 739.9(b) Capped Rates	% Change
Tier 1	0.12351	0.12471	0.97%	0.08533	0.08533	0.00%
Tier 2	0.14342	0.14772	3.00%	0.10668	0.10668	0.00%
Tier 3	0.23940	0.22939	-4.18%	0.18351	0.17503	-4.62%
Tier 4	0.27440	0.26439	-3.65%	0.18351	0.17503	-4.62%
Tier 5	0.30940	0.29939	-3.24%	0.18351	0.17503	-4.62%

The residential rate changes proposed in compliance with Resolution 4391 herein are to be consolidated with other rate changes filed in Advice 2577-E-A and Advice 2577-E-B to become effective on June 1, 2011. Workpapers supporting the rates shown above are included in Attachment A.

**TIER DESIGNATION**

This advice letter is submitted with a Tier 1 designation, as it is filed in compliance with Resolution E-4391.

**EFFECTIVE DATE**

Pursuant to Ordering Paragraph No. 4 of the Resolution, the residential rate changes proposed herein will go into effect on June 1, 2011.

**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: [nj@cpuc.ca.gov](mailto:nj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5540  
E-mail: [Karyn.Gansecki@sce.com](mailto: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 (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, R.09-06-018, and A.09-10-013 et al. service lists. 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. 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 Robert Thomas at (626) 302-3505 or by electronic mail at [Robert.Thomas@sce.com](mailto:Robert.Thomas@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:rt: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](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) #: 2526-E-A

Tier Designation: 1

Subject of AL: Implementation of Residential Rate Changes Pursuant to Resolution E-4391

Keywords (choose from CPUC listing): Compliance, Energy Charge, SB 695

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

Resolution E-4391

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: 6/1/2011

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 proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

<sup>1</sup> 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](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 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5540  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

# **Attachment A**

## **Workpapers**

## Southern California Edison Residential Rate Impact Summary

### Non-CARE

Energy Charge- \$/kWh	<b>Dec 2010</b>	<b>Proposed June 2011</b>	<b>% Change</b>
<b>Baseline</b>	0.12351	0.12471	0.97%
<b>101% - 130% of Baseline</b>	0.14342	0.14772	3.00%
<b>131% - 200% of Baseline</b>	0.23530	0.22939	-2.51%
<b>201% - 300% of Baseline</b>	0.27030	0.26439	-2.19%
<b>Over 300% of Baseline</b>	0.30530	0.29939	-1.94%

### CARE

Energy Charge- \$/kWh	<b>Dec 2010</b>	<b>Proposed June 2011</b>	<b>% Change</b>
<b>Baseline</b>	0.08533	0.08533	0.00%
<b>101% - 130% of Baseline</b>	0.10668	0.10668	0.00%
<b>131% - 200% of Baseline</b>	0.18017	0.17503	-2.85%
<b>201% - 300% of Baseline</b>	0.18017	0.17503	-2.85%
<b>Over 300% of Baseline</b>	0.18017	0.17503	-2.85%

**Southern California Edison**  
 Workpaper Supporting 80% and 90% Tests to Comply with  
 PU Code Sections 739.1 and 739.9

**PU Code Section 739.1 (b) (4) - "80% Test"**

	Tier 1	Tier 2
A) Proposed (Non-CARE) Total Rate	\$ 0.12471	\$ 0.14772
B) Less DWR Bond Charge	\$ 0.00505	\$ 0.00505
C) Less CARE Surcharge	\$ 0.00375	\$ 0.00375
Less California Solar Initiative	\$ 0.00188	\$ 0.00188
D) Non-CARE Residual	\$ 0.11403	\$ 0.13704
E) 80% of Non-CARE Residual	\$ 0.09122	\$ 0.10963
F) Proposed CARE Total Rate	\$ 0.08533	\$ 0.10668
H) Is (F) <= (E) ?	YES	YES

**PU Code Section 739.9 (b) (4) - "90% Test"**

A) Proposed System Bundled Average Rate	\$ 0.14146
B) 90% Proposed System Bundled Average Rate (A * 90%)	\$ 0.12731
C) Proposed Non-CARE Tier 1	\$ 0.12471
D) Non-CARE Tier 1 Sales (GWh)	10,847
E) Non-CARE Customer & Minimum Charge Revenue (\$M)	\$ 28.2
F) Customer & Minimum Charge Rate Adder (E/D)	\$ 0.00260
G) Baseline, Including Customer & Minimum Charge (C+F)	\$ 0.12731
H) Is (G) <= (B) ?	YES

Proposed System Bundled Average Rate	<b>\$ 0.14146</b>
90% Proposed System Bundled Average Rate (A * 90%)	\$ 0.12731
Current Non-CARE Tier 1	\$ 0.12351
Non-CARE Tier 1 Sales (GWh)	10,847
Non-CARE Customer & Minimum Charge Revenue (\$M)	\$ 28.2
Customer & Minimum Charge Rate Adder (E/D)	\$ 0.00260
Maximum Allowable Tier 1 Increase	0.97%

Tier 1 Increase	0.97%
Tier 2 Increase	3.00%

Rate Schedule	2011 Sales Forecast		Proposed Rate Before increase T1 and T2			Before Tier Change Revenue (\$000)			Final Proposed Rate			Final Revenue (\$000)		
	Bundled	DA	Delivery	Generation	Total	Delivery	Generation	Total	Delivery	Generation	Total	Delivery	Generation	Total
<b>Unit Charge: Domestic Rates</b>														
Energy Charge- \$/kWh														
<b>Baseline</b>	10,846,862.2	35,529.6	0.05040	0.07311	0.12351	\$ 548,472.5	\$ 793,014.1	\$ 1,341,486.6	0.05160	0.07311	0.12471	\$ 561,531.4	\$ 793,014.1	\$ 1,354,545.5
<b>101% - 130% of Baseline</b>	2,191,542.9	7,178.8	0.07031	0.07311	0.14342	154,592.1	160,223.7	314,815.8	0.07461	0.07311	0.14772	164,052.3	160,223.7	324,276.0
<b>131% - 200% of Baseline</b>	3,373,417.1	11,049.0	0.15971	0.07311	0.23282	540,533.1	246,630.5	787,163.6	0.15628	0.07311	0.22939	528,924.4	246,630.5	775,554.9
<b>201% - 300% of Baseline</b>	2,225,041.1	7,284.8	0.19471	0.07311	0.26782	434,656.2	162,672.8	597,328.9	0.19128	0.07311	0.26439	426,999.3	162,672.8	589,672.1
<b>Over 300% of Baseline</b>	1,812,184.5	5,931.7	0.22971	0.07311	0.30282	417,639.5	132,488.8	550,128.3	0.22628	0.07311	0.29939	411,403.3	132,488.8	543,892.1
Basic Charge - \$/day														
Single-Family Residence	2,019,068.2	4,218.7	0.029		0.029	21,416.5		21,416.5	0.029		0.029	21,416.5		21,416.5
Multi-Family Residence	840,437.2	1,756.0	0.022		0.022	6,762.8		6,762.8	0.022		0.022	6,762.8		6,762.8
Total												Total		\$ 3,616,119.9
												Difference		-0.08241%

Rate Schedule	Final Proposed Rate		
	Delivery	Generation	Total
<b>Unit Charge: D-CARE Rates</b>			
Energy Charge- \$/kWh			
<b>Baseline</b>	0.01222	0.07311	0.08533
<b>101% - 130% of Baseline</b>	0.03357	0.07311	0.10668
<b>131% - 200% of Baseline</b>	0.10192	0.07311	0.17503
<b>201% - 300% of Baseline</b>	0.10192	0.07311	0.17503
<b>Over 300% of Baseline</b>	0.10192	0.07311	0.17503
Basic Charge - \$/day			
Single-Family Residence	0.023		0.023
Multi-Family Residence	0.017		0.017