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May 11, 2001

**ADVICE 1528-E-B**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:**     **Establishment of the Purchased Power Balancing Account –  
Supplemental Filing**

In compliance with Decision 01-03-082 (D.01-03-082), 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**

This advice filing is made in compliance with Ordering Paragraphs 1 and 2 of D.01-03-082, which adopts a rate surcharge of three-cents per kilowatt-hour (kWh), and requires that the revenues from this surcharge and the one-cent per kWh surcharge authorized on January 4, 2001 be used to pay for power purchases and not for any other costs incurred by SCE. Consistent with Ordering Paragraphs 1 and 2 of D.01-03-082, this advice filing: 1) establishes Preliminary Statement, Part LL, Purchased Power Balancing Account (PPBA); 2) modifies the Transition Revenue Account (TRA); 3) modifies the Transition Cost Balancing Account (TCBA); 4) modifies the Generation Memorandum Accounts<sup>1</sup>; and 5) eliminates the Emergency Procurement surcharge (EPS) Balancing Account.

This advice filing supplements and replaces Advice 1528-E-A in its entirety.

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<sup>1</sup> SCE's Generation Memorandum Accounts include the Independent System Operator (ISO) Revenue, the Power Exchange (PX) Revenue, the Unavoidable Fuel Contracts Costs, and the Hydro Generation Memorandum Account.

## **BACKGROUND**

On March 27, 2001, the California Public Utilities Commission (Commission) issued D.01-03-082, which authorized an increase in rates by adding to SCE's current rates a three-cent per kilowatt-hour surcharge. This three-cent increase will be added to SCE's currently frozen rates in addition to the Emergency Procurement Surcharge approved on January 4, 2001 in D.01-01-018, which was made permanent by D.01-03-082. Further, D.01-03-082 requires that the revenues from the rate increases must be used to pay for future power purchases and are subject to refund if, at a later date, the Commission determines that SCE failed to use the funds to pay for future power purchases.

On April 26, 2001, SCE filed Advice 1528-E-A to establish the Procurement Energy Surcharge Balancing Account (PESBA) to track Surcharge Revenues accrued on and after March 27, 2001 pursuant to D.01-03-082, Ordering Paragraph 2. In addition, in order to implement the Commission's requirements in both D.01-03-081 and D.01-03-082, in Advice 1534-E-A filed on April 20, 2001, SCE established the appropriate ratemaking mechanisms (including new balancing accounts) for recovery of its future generation costs. SCE's implementation approach included in Advice 1534-E-A ensures that the Commission-adopted surcharge revenues are spent on future power purchases while at the same time establishing the accounting and trigger mechanisms consistent with the Memorandum of Understanding (MOU) between SCE and the California Department of Water Resources (DWR) executed on April 9, 2001.

In a letter dated May 4, 2001, the Energy Division concluded that SCE had improperly separated the cost-side for energy purchases from the revenue-side of those purchases by addressing only the revenue aspects in Advice 1528-E-A and addressing the costs in Advice 1534-E-A. In its letter, the Energy Division required SCE to supplement Advice 1528-E-A to reflect the Commission's objective for the establishment of a stand alone balancing account to track surcharge revenues and purchased power costs.

Through the establishment of the balancing account mechanisms that SCE submitted in Advice 1534-E-A, the requirements of D.01-03-082, as well as, D.01-03-081 and the MOU have been met. The balancing account mechanisms included in Advice 1534-E-A contain sufficient detail to track the requirements of D.01-03-082 and have been established to operate such that the surcharge revenues will be matched with future power purchases. However, in order to comply with Energy Division's requirement for the establishment of a stand alone balancing account to track surcharge revenues and purchased power costs, SCE is establishing the Purchased Power Balancing Account (PPBA) in this filing. SCE proposes that the PPBA should be effective only until the Commission adopts SCE's proposed ratemaking and associated balancing accounts set forth in Advice

1534-E-A. Upon Commission adoption of the ratemaking included in Advice 1534-E-A, the PPBA will not be necessary and should be eliminated.

### **ESTABLISHMENT OF PURCHASED POWER BALANCING ACCOUNT (PPBA)**

The PPBA will record monthly revenues associated with both the one-cent per kWh and three-cents per kWh surcharges and all future purchased power costs. The categories of purchased power costs include: 1) all payments made by SCE to DWR for the costs DWR is incurring to procure energy on behalf of SCE customers; 2) all QF obligations; 3) all payments made to the Independent System Operator (ISO) for ancillary services and other ISO-related costs; and 4) other purchased power contract costs such as interutility, bilateral, and block-forward contract costs.

To the extent that there is an over- or undercollection in the PPBA, any overcollection will be used to offset future purchased power costs incurred by SCE, and any undercollection will be recovered through an annual advice letter, or by any other means deemed appropriate by the Commission.

### **OTHER TARIFF CHANGES**

With the establishment of the PPBA, changes to the following tariffs are necessary:

- *Preliminary Statement, Part R, Transition Revenue Account (TRA)*: The TRA is modified to: 1) allow for monthly transfers from the GMAs to the TRA consistent with Ordering Paragraphs 7 and 8 of D.01-03-082; and 2) allow for the monthly transfer of the TRA balance, whether debit or credit, to the TCBA;
- *Preliminary Statement, Part JJ, Transition Cost Balancing Account (TCBA)*: The TCBA is modified to remove those purchased power-related costs (i.e., QF obligations and other purchased power-related payments such as interutility contracts) that will be included in the PPBA going forward;
- *Preliminary Statement, Part N, Generation Memorandum Accounts*: The GMAs are modified to reflect the monthly transfers from the GMAs to the TRA; and
- *Preliminary Statement, Part KK, Emergency Procurement Surcharge Balancing Account (EPSBA)*: Any credit balance that remains in the EPSBA as of March 27, 2001, will be transferred to the PPBA, and the EPSBA is eliminated.

No cost information is required for this advice filing.

**EFFECTIVE DATE**

Pursuant to D.01-03-082, Ordering Paragraph 2, this advice filing is effective March 27, 2001, the effective date of D.01-03-082, subject to the Energy Division's approval.

**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 by the Energy Division and SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@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  
Director of Revenue and Tariffs  
Southern California Edison Company  
2244 Walnut Grove Avenue, Rm. 303  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [lawlerem@SCE.com](mailto:lawlerem@SCE.com)

Bruce Foster  
Vice President of Regulatory Operations  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040  
San Francisco, California 94102  
Facsimile: (415) 673-1116  
E-mail: fosterbc@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 III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list and A.00-11-038. Address change requests to the attached GO 96-A Service List should be directed to Emelyn Lawler at (626) 302-3985 (E-mail: Emelyn.Lawler@sce.com).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

For questions, please contact James W. Yee at (626) 302-2509 (James.Yee@SCE.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:cd/eml  
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 29128-E Revised 29129-E Revised 29130-E Revised 29131-E	Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N Preliminary Statement Part N	Original 23216-E* Revised 27036-E Original 23220-E** Revised 26488-E
Revised 29132-E Revised 29133-E Revised 29134-E	Preliminary Statement Part R Preliminary Statement Part R Preliminary Statement Part R	Revised 28255-E* Revised 28284-E* Revised 28284-E* Revised 28285-E*
Revised 29135-E Revised 29136-E Revised 29137-E	Preliminary Statement Part JJ Preliminary Statement Part JJ Preliminary Statement Part JJ	Original 23240-E Original 23246-E* Revised 26846-E Revised 27037-E*, 27318-
Revised 29138-E	Preliminary Statement Part JJ	Original 23250-E Original 23251-E
Revised 29139-E Revised 29140-E Revised 29141-E	Preliminary Statement Part JJ Preliminary Statement Part JJ Preliminary Statement Part JJ	Original 23252-E Original 23290-E Original 23301-E* Original 23302-E, 23303-E
Revised 29142-E	Preliminary Statement Part JJ	Original 23305-E Original 23306-E, 23307-E
Revised 29143-E	Preliminary Statement Part KK	Original 28258-E Original 28259-E
Original 29144-E Original 29145-E Original 29146-E	Preliminary Statement Part LL Preliminary Statement Part LL Preliminary Statement Part LL	
Revised 29147-E Revised 29148-E	Table of Contents Table of Contents	Revised 28449-E Revised 28355-E



PRELIMINARY STATEMENT

Sheet 61

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

40. Independent System Operator Revenue Memorandum Account (Continued)

Expenses recorded in this Memorandum Account shall be on a CPUC-Jurisdictional basis in accordance with the methodology for determining monthly CPUC-Jurisdictional percentages as defined in the Utility's Preliminary Statement "Transition Cost Balancing Account."

Entries to the ISORMA for each "must-run" fossil generating facility shall be made monthly, and shall be determined as follows:

- i. CPUC-Jurisdictional going-forward costs (as defined above).
- m. Less: payments received from the ISO pursuant to the applicable Master Must-Run Agreement.
- n. Less: payments received from the Power Exchange or other energy market(s).
- o. Less: any other applicable revenues or offsets.

If such calculations produce a net positive amount, such amounts will be debited to the account. If such calculations produce a net negative amount, such amounts will be credited to the account. The monthly under (over) collection shall be transferred to the Transition Revenue Account (TRA).

(C)  
(C)  
(D)

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
Decision 01-03-082

Issued by  
John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed May 11, 2001  
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PRELIMINARY STATEMENT

Sheet 63

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

41. Power Exchange Revenue Memorandum Account (Continued)

Entries to the PXRMA for each non "must-run" fossil generating facility shall be made monthly, and shall be determined as follows:

- l. CPUC-Jurisdictional going-forward costs (as defined above).
- m. Less: payments received from the Power Exchange or other energy market(s).
- n. Less: other applicable revenues or offsets, including recorded congestion revenue received as the result of SCE holding Firm Transmission Rights or revenues received from the resale of Firm Transmission Rights;
- o. Plus: cost of Firm Transmission Right acquisition.

If such calculations produce a net positive amount, such amounts will be debited to the account. If such calculations produce a net negative amount, such amounts will be credited to the account. The monthly under (over) collection shall be transferred to the Transition Revenue Account (TRA).

(C)  
(C)  
(D)

(Continued)

(To be inserted by utility)

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Senior Vice President

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PRELIMINARY STATEMENT

Sheet 65

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

42. Unavoidable Fuel Contract Costs Memorandum Account  
(Continued)

b. Plus: the CPUC-Jurisdictional portion of unavoidable fuel transportation and fuel supply expenses associated with gas contracts, including:

- (1) Costs for fixed demand charges for transportation capacity;
- (2) Costs for gas supplies under contractual requirements that such gas be taken by the Utility in preference to gas from other suppliers;
- (3) Costs incurred by the Utility if it does not schedule a minimum quantity of gas under these gas contracts; and
- (4) Costs associated with the buy-down or buy-out of the contracts, to the extent the costs are determined to be reasonable by the Commission.

c. Less: gas commodity and transportation sales revenue;

d. Less: other offsets as authorized by the Commission;

e. The sum of (a) through (d) equals the amount to be debited to the UFCCMA. (C)  
The monthly under (over) collection shall be transferred to the Transition |  
Revenue Account (TRA) (C)  
(D)

(Continued)

(To be inserted by utility)

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PRELIMINARY STATEMENT

Sheet 71

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

43. Hydro Generation Memorandum Account (Continued)

c. Operation of the Hydro Generation Memorandum Account:  
Commencing on the Effective Date and prior to market valuation of Hydro, the Utility shall make monthly entries to the Hydro Generation Memorandum Account determined from the following calculations:

(1) One-twelfth of the annual Hydro Generation Revenue Requirement multiplied by the CPUC-Jurisdictional Factor (less Franchise Fees and Uncollectible Account Expenses);

Plus: Hydro Allocated Industry Restructuring Costs;

(2) Less: Recorded revenues received from sales of Hydro-related energy to the PX (net of station light and power including reserve and auxiliary power);

(3) Less: Recorded revenues received by the Utility from the ISO for ancillary services;

(4) The sum of (1) through (3) above equals the amount to be debited or credited to the HGMA. The monthly under (over) collection shall be transferred to the Transition Revenue Account (TRA)

(C)  
|  
(C)  
(D)

(Continued)

(To be inserted by utility)

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Senior Vice President

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PRELIMINARY STATEMENT

Sheet 1

R. TRANSITION REVENUE ACCOUNT (TRA)

1. Purpose:

The purpose of the Transition Revenue Account (TRA) is to match the amount of billed revenues (excluding all Surcharge Revenues) against the amount of the separated revenue requirement and Commission-approved obligations. This matching process facilitates determination of billed Competition Transition Charge (CTC) revenues, which will be transferred to the Transition Cost Balancing Account (TCBA). The purpose of the TRA is also to ensure dollar-for-dollar recovery of nuclear decommissioning, public purpose program costs, and recoverable Externally Managed Costs and Internally Managed Costs associated with electric industry restructuring. The TRA will be in effect until the end of the rate freeze.

2. Applicability:

This TRA provision applies to all bills for service under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those specifically excluded by the Commission.

3. TRA Separated Revenue Requirement Amounts:

On January 1, 1998, the TRA Separated Revenue Requirement Amounts shall be as adopted in D.97-08-056.

4. Revision Dates:

The TRA Separated Revenue Requirement Amounts are revised annually on January 1, or as authorized by the Commission in a future Revenue Adjustment Proceeding (RAP).

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
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PRELIMINARY STATEMENT

Sheet 2

(Continued)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

5. Accounting Procedures:

Edison shall maintain the TRA by making entries to this account at the end of each month as follows:

- a. A debit entry equal to the recorded revenue from residential and Small Commercial customers from the Fixed Transition Amount Charge (FTAC), as provided for in Decision 97-09-056.
- b. A credit entry equal to the amount of total recorded CPUC-jurisdictional revenue from the sale and/or delivery of electricity during the month (excluding all Surcharge revenues). (C)
- c. A debit entry equal to the Transmission TRA Separated Revenues, based upon rates approved by the Federal Energy Regulatory Commission (FERC).<sup>1/</sup>
- d. A debit entry equal to the Distribution PBR-related TRA Separated Revenues.<sup>1/</sup>
- e. A debit entry equal to the annual applicable Distribution PBR Exclusions TRA Separated Revenue Requirement Amount divided by twelve. In determining this debit entry, the monthly billed revenue associated with both Distribution PBR Exclusions and the CARE discount provided to customers has been subtracted from total Distribution TRA Separated Revenues.
- f. A debit entry equal to the annual applicable Nuclear Decommissioning TRA Separated Revenue Requirement Amount divided by twelve.
- g. A debit entry equal to the annual applicable Public Purpose Programs TRA Separated Revenue Requirement Amount divided by twelve.
- h. A debit entry equal to the amount recorded for FERC-authorized ISO charges for transmission support, exclusive of charges in item c.
- i. A debit entry equal to the amount recorded for purchases from the PX and ISO for all power Edison's customers obtain from the PX and ISO for the period prior to January 4, 2001 including all applicable administrative charges for the period prior to January 4, 2001. (C)  
|  
(C)
- j. A debit entry equal to the monthly transfer, if any, from the Emergency Procurement Surcharge Balancing Account. If a credit balance exists in the Emergency Procurement Surcharge Balancing Account as of March 27, 2001 such amount shall be transferred to the Purchased Power Balancing Account. (N)  
|  
(N)  
  
(L)

<sup>1/</sup> Prior to the date the Commission or its delegate declares to be the start date for Direct Access, Edison shall combine the transmission and distribution rates for revenue recording purposes to revert back to a nongeneration rate.

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
Decision 01-03-082

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PRELIMINARY STATEMENT

Sheet 3

(Continued)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

5. Accounting Procedures: (Continued)

- k. A credit entry equal to the amount of Shareholder Participation as defined in Section 6. (L)
- l. A debit entry equal to the internally managed costs subject to the cap limitations set forth in Decision Nos. 99-09-064 and 99-12-032 for electric industry restructuring and the dollar for dollar recovery of externally managed costs for electric industry restructuring. (L)
- m. A debit or credit entry associated with the disposition of a residual balance recorded in any balancing or memorandum account, if the following condition is met:  
  
The balancing account or memorandum account, or sub-account, thereto, no longer has activity, other than:  
  
(1) the on-going accrual of interest, and  
(2) the monthly debit or credit associated with the amortization of the balance through a unbundled rate component.
- n. A debit or credit entry equal to the monthly transfer from the Generation Memorandum Accounts (Independent System Operator Revenue Memorandum Account, Power Exchange Revenue Memorandum Account, and Unavoidable Fuel Contract Costs Memorandum Account). (N)

Each month the debit or credit balance calculated by summing items 5.a through 5.n above, shall be immediately transferred to the Revenue Account of the TCBA. (C)

6. Shareholder Participation:

- a. Decision 96-08-025 requires Edison's shareholders to share a portion of any Net Incremental Revenue Change associated with business attraction and expansion Flexible Pricing Options (FPOs) with ratepayers. Edison maintains the Optional Pricing Adjustment Clause (OPAC), as set forth in Part P of the Preliminary Statement associated with Commission approved FPOs. The OPAC Balancing Account balance shall be made available for Commission review in the annual Revenue Adjustment Proceeding (RAP). Upon Commission approval, Edison shall transfer the balance to the TRA (as identified in 5.j. above).
- b. Decision 96-08-025 requires that SCE's shareholders be responsible for any CTC that is not collected from FPO participating customers in order to guarantee that CTC will not be shifted from FPO customers to other Options/Competition Transition Cost Memorandum Account, as set forth in part N of the Preliminary Statement associated with Commission-approved FPOs. The FPO/CTC Memorandum Account shall be made available for Commission review in the annual Revenue Adjustment Proceeding (RAP). Upon Commission approval, SCE shall transfer the balance of the FPO/CTC Memorandum Account to the TRA (as identified in 5.j. above).

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
Decision 01-03-082

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John R. Fielder  
Senior Vice President

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PRELIMINARY STATEMENT

Sheet 12

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

4. TCBA Principles and Procedures: (Continued)

e. Cost Accounts: (Continued)

(2) Subaccounts within the Current Costs (Category I) Account are established as follows:

- (a) Not Used; (T) (D)
- (b) Not Used; (T) (D)
- (c) SONGS 2&3 Sunk Costs Subaccount;
- (d) SONGS 2&3 ICIP Subaccount;
- (e) Palo Verde Sunk Costs Subaccount;
- (f) Palo Verde Incremental Costs Subaccount;
- (g) Fossil Sunk Costs Subaccount;
- (h) Fossil Generation Subaccount;
- (i) Regulatory Assets Subaccount; and
- (j) Hydro Subaccount.

(3) Subaccounts may be established within the Accelerated Costs (Category II) Account; Edison shall track each generation-related transition cost accelerated within this account.

(4) Subaccounts within the Post 2001 Eligible Costs (Category III) Account are established as follows:

- (a) Not Used; (T) (D)
- (b) Not Used; (T) (D)
- (c) SONGS 2&3 ICIP Subaccount (January 1, 2002 through December 31, 2003);

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
Decision 01-03-082

12W8

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Senior Vice President

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PRELIMINARY STATEMENT

Sheet 18

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

5. Revenue Account (Continued)

c. Operation of the CTC Revenue Account

Commencing on the Effective Date, Edison shall make monthly entries to the CTC Revenue Account determined from the following calculations:

- (1) A credit or debit entry equal to recorded CTC revenues (including departing load and less Franchise Fees and Uncollectible Account Expenses), or recorded residual CTC revenues transferred from the Transition Revenue Account ("TRA"); (C)
- (2) Plus: A credit entry equal to the Ten Percent Rate Reduction Amount;
- (3) Plus: a credit entry to billed revenues received from residential and small commercial customers through the FTAC;
- (4) Plus: Authorized generation-related other operating revenue.
- (5) Plus: A credit entry equal to recorded gain on sale from the sales of emissions credits or allowances less transaction costs;
- (6) Less: A debit entry equal to CTC revenues assigned to the Post 2001 Eligible Costs (Category III) Subaccounts. Post 2001 QF payments (other than buy-outs, and/or renegotiations) cannot be accelerated if it jeopardizes the possibility that the rate freeze could end prior to March 31, 2002;
- (7) Plus: A one-time debit or credit entry on January 1, 1998 equal to the balance in the Interim Transition Cost Balancing Account ("ITCBA") as of December 31, 1997;
- (8) Plus: Recorded billing lag (subsequent to the Effective Date) from the ECAC and ERAM Balancing Accounts calculated as follows:
  - (a) The applicable Generation-related Authorized Level of Base Rate Revenue (GALBRR) multiplied by the Applicable Monthly Distribution Percentage (MDP);
  - (b) Less: The Recorded Level of Base Rate Revenue for service rendered before January 1, 1997;

(Continued)

(To be inserted by utility)

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PRELIMINARY STATEMENT

Sheet 19

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

5. Revenue Account (Continued)

c. Operation of the CTC Revenue Account (Continued)

(8) Plus: Recorded billing lag . . . (Continued)

(c) Less: The Generation-related recorded Level of Base Rate Revenue for service rendered on and after January 1, 1997;

(d) Less: The amount of revenue billed during the month under the Electric Revenue Adjustment Billing Factor (ERABF);

(e) Less: The amount of revenue billed during the month under the Energy Cost Adjustment Billing Factor (ECABF).

(9) An appropriate entry at the time of market valuation of generation assets (except for sales of fossil generation assets to third parties that are recorded in the Fossil Sunk Costs Subaccount) shall be made as follows:

(a) Estimated Market Valuation

(i) Estimated market value for applicable generation assets, pursuant to D.00-02-048.

(b) Final Market Valuation

(i) Market value of each plant;

(ii) Less: The net book value of each plant;

(iii) Less: Transaction costs and other costs authorized for recovery through the market value process, pursuant to D.97-11-074, D.97-12-039, and Resolution E-3633. In accordance with Resolution E-3633 only costs associated with SCE's role as an impartial seller or valuer of its generation assets should be included as transaction costs.

(iv) Transfer from the Generation Asset Balancing Account (if necessary) upon final valuation of applicable generation assets, pursuant to D.00-06-004.

(10) Plus: Any other amounts as authorized by the Commission.

6. Current Costs (Category 1) Account

a. Not Used

(T) (D)

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
Decision 01-03-082

19W10

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John R. Fielder  
Senior Vice President

(To be inserted by Cal. PUC)

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Resolution \_\_\_\_\_





Southern California Edison  
 Rosemead, California

Revised Cal. PUC Sheet No. 29138-E  
 Cancelling Original Cal. PUC Sheet No. 23250-E  
 23251-E

PRELIMINARY STATEMENT

Sheet 22

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

6. Current Costs (Category 1) Account (Continued)

b. Not Used

(D)  
 (T) (D)

(Continued)

(To be inserted by utility)

Advice 1528-E-B  
 Decision 01-03-082

22W9

Issued by  
John R. Fielder  
 Senior Vice President

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 Effective \_\_\_\_\_  
 Resolution \_\_\_\_\_



PRELIMINARY STATEMENT

Sheet 24

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

6. Current Costs (Category 1) Account (Continued) (D)

c. San Onofre Nuclear Generating Station Units 2&3 ("Songs 2&3") Sunk Costs Subaccount (The Effective Date through December 31, 2001)

(1) Purpose:

The purpose of the Current Costs (Category I) - SONGS 2&3 Sunk Costs Subaccount is to record the monthly CPUC-Jurisdictional SONGS 2&3 Sunk Costs Revenue Requirement from the Effective Date through December 31, 2001. The SONGS 2&3 Sunk Costs Subaccount will replace the SONGS 2&3 Sunk Costs Memorandum Account (as adopted in Decision 96-04-059) on the Effective Date. The December 31, 1997 balance in the SONGS 2&3 Sunk Costs Memorandum Account shall be transferred to the SONGS 2&3 Sunk Costs Subaccount on the Effective Date.

(Continued)

(To be inserted by utility)

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PRELIMINARY STATEMENT

Sheet 62

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

6. Current Costs (Category 1) Account (Continued)

g. Fossil Sunk Costs Subaccount (The Effective Date through December 31, 2001) (Continued)

(4) Subaccount Entries At the Time of Sale: (Continued)

(g) Plus: A return which will be one-twelfth of the Fossil Rate of Return, multiplied by the result of the average of the beginning and end of month fossil loss amount less the average of the beginning and end of month accumulated fossil loss amortization amount.

h. Fossil Generation Subaccount (The Effective Date through December 31, 2001)

(1) Purpose:

The purpose of the Current Costs (Category I) - Fossil Generation Subaccount is to record certain fossil generation-related costs, revenues, and other credits. Edison shall maintain a Current Costs (Category I) - Fossil Generation Subaccount which shall reflect the entries determined in accordance with the following terms:

(2) Commencing on the Effective Date, Edison will make monthly entries to the Current Costs (Category I) - Fossil Generation Subaccount determined from the following calculations:

- (a) Commission approved costs transferred from the Environmental Impact Report Costs subaccount of the Industry Restructuring Memorandum Account; (D) (T)
- (b) Plus: Commission approved costs transferred from the Transition Cost Audit Memorandum Account; (T)
- (c) Plus: Recorded out-of-pocket costs of acquiring risk management tools after a finding of reasonableness by the Commission; (T)
- (d) Plus: Commission approved uneconomic fixed fuel and fuel transportation contract costs transferred from the Unavoidable Fuel Contract Costs Memorandum Account; (T)

(Continued)

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PRELIMINARY STATEMENT

Sheet 73

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT (Continued)

7. Accelerated Costs (Category II) Account (continued)

b. Operation of the Accelerated Costs (Category II) Account

Commencing on the Effective Date, Edison shall make entries to the Accelerated Costs (Category II) Account as follows:

- (1) Revenue requirement associated with the accelerated amortization up to amounts equal to the cumulative overcollection of the TCBA, excluding the Post 2001 Eligible Costs (Category III) Account, as recorded during the month. The applicable Current Costs Revenue Requirement shall be recomputed for the accelerated recovery effects.

The components of the periodic accelerated amortization revenue requirement - depreciation expense, income taxes, and return - shall be calculated based on currently adopted factors. The total revenue requirement shall approximately equal the cumulative overcollection in the TCBA.

Interest shall accrue by applying the Interest rate to the average of the beginning and ending balances of the CTC Revenue Account, Current Costs (Category I) Account, excluding the Regulatory Asset Subaccount balance, and the Accelerated Costs (Category II) Account summed together.

8. Post 2001 Eligible Costs (Category III) Account

a. Not Used

(T) (D)

(Continued)

(To be inserted by utility)

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Southern California Edison  
Rosemead, California

Revised Cal. PUC Sheet No. 29142-E  
Cancelling Original Cal. PUC Sheet No. 23305-E  
23306-E, 23307-E

PRELIMINARY STATEMENT

Sheet 77

(Continued)

JJ. TRANSITION COST BALANCING ACCOUNT. (Continued)

8. Post 2001 Eligible Costs (Category III) Account. (Continued)

b. Not Used

(T) (D)

(Continued)

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Southern California Edison  
 Rosemead, California

Revised Cal. PUC Sheet No. 29143-E  
 Cancelling Original Cal. PUC Sheet No. 28259-E

PRELIMINARY STATEMENT

Sheet 1

KK. Not In Use

(T) (D)

(Continued)

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PRELIMINARY STATEMENT

Sheet 1

LL. Purchased Power Balancing Account (PPBA)

1. Purpose

The purpose of the Purchased Power Balancing Account (PPBA) is to record the difference between (1) all surcharge revenues, and (2) power purchase costs incurred beginning March 27, 2001.

2. Applicability

The PPBA shall apply in accordance to the Commission's decision in the rate design proceeding established to determine the method of recovery of surcharge revenues from various customer classes.

3. Revision Date

The PPBA shall be effective on March 27, 2001. Disposition of amounts recorded in the PPBA shall be determined in a proceeding authorized by the Commission.

4. Operation of the PPBA

Entries to the PPBA shall be made on a monthly basis as follows:

- a. A credit entry equal to the revenues recorded during the month associated with the three cents per kWh rate increase, excluding an allowance for franchise fees and uncollectibles (FF&U) accounts expense at the rate authorized in SCE's most recent General Rate Case (GRC).
- b. A credit entry equal to the revenues recorded during the month associated with the one cent per kWh rate increase, excluding an allowance for FF&U accounts expense at the rate authorized in SCE's most recent GRC.
- c. A Debit amount equal to payments remitted by SCE to DWR pursuant to D.01-03-081, D.01-03-082, or other Commission-approved method.

(Continued)

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PRELIMINARY STATEMENT

Sheet 2

(Continued)

LL. Purchased Power Balancing Account (PPBA) (Continued)

4. Operation of the PPBA (Continued)

d. A debit or credit entry equal to the sum of the following QF-related items,

- Recorded QF payments by SCE relating to Standard Offer Nos. 1, 2, and 3, Interim Standard Offer No. 4 and Non-Standard Contracts;
- Recorded QF costs associated with Commission-approved restructuring of existing QF contracts through bilateral negotiations between utilities and QFs. These costs include all costs associated with the buy-out, buy-down, or renegotiation of existing QF contracts;
- Recorded Commission-approved shareholder incentive for utilities to restructure QF contracts;
- Recorded costs associated with QF disputes and litigation that result in settlement payments or increased QF payment costs for SCE;
- Recorded administrative costs, and scheduling and dispatch costs associated with QF contracts to the extent these costs are not recovered elsewhere;
- Cost of Firm Transmission Right acquisitions;
- Recorded refunds received as a result of QF disputes and litigation;
- Recorded congestion revenue received as the result of SCE holding Firm Transmission Rights or revenues received from the resale of Firm Transmission Rights;

e. A debit or credit entry equal to the sum of the following other Purchased Power-related items,

- Recorded Interutility Contract power purchase payments for both capacity and energy components on unavoidable purchase and must-take obligations;
- Power purchase payments for both Discretionary Energy purchases and purchases of Differential Energy in accordance with the Integrated Operating Agreements (IOAs);
- Recorded cost of energy returned (delivered) pursuant to Interutility Contracts and IOAs;
- Recorded costs, such as ancillary service costs, attributable to operating the Interutility Contracts through the ISO, or other CPUC-approved entity;
- Recorded costs associated with agreements which are auxiliary to the Interutility Contracts, such as cost sharing agreements for environmental studies;
- Recorded costs associated with the buy-out, buy-down, or renegotiation of Interutility Contracts or IOAs;

(Continued)

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PRELIMINARY STATEMENT

Sheet 3

(Continued)

LL. Purchased Power Balancing Account (PPBA) (Continued)

4. Operation of the PPBA (Continued)

e. A debit or credit entry equal to the sum of the following other Purchased Power-related items, (Continued)

- Recorded administrative costs, and scheduling and dispatch costs associated with Interutility contracts to the extent these costs are not recovered elsewhere;
- Recorded value associated with receiving energy pursuant to Interutility Contracts;
- Recorded revenue for discretionary purchases of Discretionary Energy by the ISO or other Commission-approved entity;
- Recorded revenue for differential energy sold pursuant to the IOA;
- Recorded revenue from power provided under the Interutility Contracts;
- Recorded costs associated with bilateral contracts, including administration, scheduling and dispatch costs, and generation-related congestion fees, to the extent that such costs are not recovered elsewhere; and
- Recorded costs associated with block-forward market contracts, including administration, scheduling and dispatch costs, and generation-related congestion fees, to the extent that such costs are not recovered elsewhere.

f. Debit entry equal to the amount of payments made to the ISO associated with ancillary service-related costs including, but not limited to: uplift costs; spinning reserve; non-spinning reserve; replacement reserve; regulation up; regulation down; rational buyer adjustment; RMR pre-emption of ancillary services; day ahead and hour ahead zonal congestion; transmission access and wheeling charges; grid management charges; neutrality adjustments; black start capacity; long-term voltage support; supplemental reactive energy; black start energy; rounding adjustments; unaccounted for energy; no pay provision; and any other ISO-related charges or credits.

g. A monthly entry equal to interest on the average balance in the account at the beginning of the month interest and the balance after the above entries, at a rate equal to one-twelfth of the rate on three month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G. 13 or its successor.

To the extent that there is an overcollection in the PPBA, the overcollection will be used to offset future purchased power costs incurred by SCE. If there is an undercollection in the PPBA, SCE will seek recovery of the balance through an annual advice letter filing, or by any other means deemed appropriate by the Commission.

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