
April 11, 2001

ADVICE 1532-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Revenue Requirement for SCE's Demand Responsiveness
and Self-Generation Programs and Establishment of the
Demand Responsiveness and Self-Generation Programs
Memorandum Account

In compliance with Decision 01-03-073 (Decision or D.01-03-073), 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 sets forth the increased Distribution Performance Based Ratemaking (PBR) Exclusion revenue requirement and establishes the Demand Responsiveness and Self-Generation Programs (DRSGP) Memorandum Account as required in D.01-03-073, Ordering Paragraph 2.

BACKGROUND

Assembly Bill (AB) 970 signed by Governor Davis on September 6, 2000, required the Commission to initiate certain load control and distributed generation activities. On October 17, 2000, a Commission ruling assigned the implementation of Public Utilities Code Section (PU Code) 399.15(b) to codify AB 970 and directed the California Public Utilities Commission's (Commission) Energy Division to develop specific program plans for implementing load control and distributed generation initiatives per PU Code 399.15(b) for the Commission's consideration.

On March 27, 2001, the Commission issued D.01-03-073, which, among other things, adopted the Energy Divisions program proposals with certain modifications and clarifications. The Decision adopted for SCE a Small Commercial Demand Responsiveness Pilot and a Self Generation Incentive Pilot through December 31, 2004. The Decision also adopted an annual budget of \$38,440,000 for SCE's pilots. The Decision further directed SCE to file an advice letter to increase its distribution revenue requirement to reflect the adopted annual budgets for the load control and self generation pilots while not increasing current rate levels. In addition, SCE was directed to establish a memorandum account to track all costs and benefits associated with these pilots by customer class.

Distribution Revenue Requirements

The Decision in Ordering Paragraph 2 requires SCE to increase its Distribution Revenue Requirement to reflect the authorized annual program funding requirements without modifying current rates. SCE will reflect the annual funding requirement of \$38,440,000 authorized in D.01-03-073, plus an adjustment for franchise fees and uncollectible accounts expense (FF&U) in its Distribution PBR Exclusion Revenue Requirement. The current Distribution PBR Exclusion Revenue Requirement amount of (\$59,176,000),¹ when adjusted for the authorized annual funding requirement of \$38,440,000, plus FF&U, will result in a revised Distribution PBR Exclusion revenue requirement of (\$20,300,000). This updated Distribution PBR Exclusion revenue requirement will be reflected in SCE's Transition Revenue Account mechanism starting March 27, 2001.

Demand Responsiveness and Self-Generation Programs Memorandum Account

Ordering Paragraph 2 of the Decision also requires SCE to establish a memorandum account to track all program costs and benefits associated with the load control and distributed generation programs authorized in the Decision. This advice filing establishes the DRSGP Memorandum Account to track these program costs and benefits by customer class. As listed in Attachment A, the Preliminary Statement, Part N, Memorandum Accounts has been modified to reflect the establishment of the DRSGP Memorandum Account.

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

¹ Current Distribution PBR Exclusion revenue requirement includes the components set forth in SCE's Advice 1513-E-A, filed March 16, 2001 and the impact of Resolution E-3712 dated January 18, 2001.

EFFECTIVE DATE

Because the Commission has directed the utilities to implement these demand responsiveness and self-generation programs without delay, this advice filing will become effective on the effective date of D.01-03-073, which is March 27, 2001.

NOTICE

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 R.98-07-037. Address change requests 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 @ (626) 302-2509 (e-mail: James.Yee@SCE.com)

Southern California Edison Company

Donald A. Fellows, Jr.

DAF:jw/eml
Enclosures

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|-------------------------------------|--|-------------------------------------|
| Revised 28873-E Original 28874-E | Preliminary Statement Part N Preliminary Statement Part N | Revised 28435-E |
| Revised 28875-E | Table of Contents | Revised 28859-E |

PRELIMINARY STATEMENT

Sheet 3

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

| Section No. | Specified Project | Interest Bearing Memorandum Account* | |
|-------------|---|--------------------------------------|------------|
| (34) | SONGS 2&3 Permanent Closure Memorandum Account | Yes | |
| (35) | SONGS 2&3 Property Tax Memorandum Account | Yes | |
| (36) | Palo Verde Permanent Closure Memorandum Account | Yes | |
| (37) | California Public Utilities (PU) CODE "SECTION 376" - CTC Displacement Tracking Memorandum Account | Yes | |
| (38) | California Public Utilities (PU) CODE "SECTION 381 (d)" - Renewable Program Tracking Memorandum account | No | |
| (39) | Rate Group Tracking Memorandum Account | No | |
| (40) | Independent System Operator Revenue Memorandum Account | Yes** | |
| (41) | Power Exchange Revenue Memorandum Account | Yes** | |
| (42) | Unavoidable Fuel Contract Costs Memorandum | Yes | |
| (43) | Hydro Generation Memorandum Account | Yes** | |
| (44) | Increased Return on Equity on Divestiture Memorandum Account | Yes | |
| (45) | Deemed Fossil Inventory Memorandum Account | Yes | |
| (46) | Jurisdictional Allocation Memorandum Account | Yes | |
| (47) | Non-nuclear Generation Capital Additions (NGCA) Memorandum Account | Yes | |
| (48) | Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA) | Yes | |
| (49) | Santa Catalina Island Diesel Fuel (SCIDF) Memorandum Account | Yes | |
| (50) | Streamlining Residual Memorandum Account (SRA) | Yes | |
| (51) | ISO/PX Implementation Delay Memorandum Account | Yes | |
| (52) | Direct Access Discretionary Services Costs (DADSC) Memorandum Account (DADSC Memorandum Account) | Yes | |
| (53) | Affiliate Transfer Fee Memorandum Account | Yes | |
| (54) | Fuel Oil Inventory Memorandum Account (FOIMA) | Yes | |
| (55) | Energy Efficiency DSM (EEDSM) Memorandum Account | Yes | |
| (56) | Block-Forward Market Memorandum Account (BFMMA) | Yes | |
| (57) | Power Exchange Credit Audit Memorandum Account (PXCA Memorandum Account) | Yes | |
| (58) | Interim Power Exchange Market Clearing Price (IPXMCP) Memorandum Account | Yes | |
| (59) | Hourly Pricing Implementation Cost (HPIC) Memorandum Account | Yes | |
| (60) | Voluntary Power Reduction Credit Memorandum Account (VPRCMA) | Yes | |
| (61) | Applicant Installed Trench Inspection Memorandum Account (AITIMA) | No | |
| (62) | Air Conditioner Cycling Memorandum Account (ACCMA) | Yes | |
| (63) | Short-Term Generation Capacity Memorandum Account (STGCMA) | Yes** | |
| (64) | Near-Term Bilateral Contracts (NTBC) Memorandum Account | Yes | |
| (65) | Nuclear Claims Memorandum Account (NCMA) | Yes | |
| (66) | Medium-Term Bilateral Contracts (MTBC) Memorandum Account | Yes | |
| (67) | Interruptible Programs Excess Energy Charges (IPEECMA) Memorandum Account | Yes | |
| (68) | Rate of Return Memorandum Account (RORMA) | Yes | |
| (69) | Interruptible Load Programs (ILP) Memorandum Account | Yes | |
| (70) | Procurement Energy Surcharge Balancing Account (PESBA) | Yes | |
| (71) | Demand Responsiveness and Self-Generation Programs (DRSGP) Memorandum Account | Yes | (N) (N) |

* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

** Interest shall accrue monthly to credit balances only. See specific memorandum accounts for more information.

(Continued)

(To be inserted by utility)

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Decision 01-03-073

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

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PRELIMINARY STATEMENT

Sheet 101

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

71. Demand Responsiveness and Self-Generation Programs (DRSGP) Memorandum Account

The purpose of the DRSGP Memorandum Account is to track the costs and benefits associated with SCE's Small Commercial Demand Responsiveness Pilot Program and the Self-Generation Pilot authorized by the Commission in Decision No. 01-03-073. The costs and benefits associated with these programs shall be allocated to the appropriate customer classes. Sub-accounts within the DRSGP Memorandum Account shall be maintained for each of the above programs.

Interest shall accrue to the DRSGP Memorandum Account by applying the Interest Rate to the average of the beginning and ending account balance.

SCE may request recovery of any balance in the DRSGP Memorandum Account in the annual Revenue Adjustment Proceeding, or any other proceeding authorized by the Commission.

(Continued)

(To be inserted by utility)

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