
April 20, 2001

ADVICE 1534-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Establishment of Four New Balancing Accounts and Other
Tariff Revisions – Supplemental Filing**

This advice filing supplements Advice 1534-E to be consistent with the Memorandum of Understanding (MOU) between Southern California Edison Company (SCE) and the California Department of Water Resources (DWR) executed April 9, 2001. Advice 1534-E-A replaces Advice 1534-E in its entirety.

SCE hereby submits for filing the following changes to its tariff schedules to implement California Public Utilities Commission (Commission) Decision No. (D.) 01-03-081 and D.01-03-082 and to start the process of returning SCE to an investment grade credit status. An essential component of the MOU, endorsed by Governor Davis, is that SCE will be entitled to collect revenues for its Utility Retained Generation (URG) sufficient to cover its costs on a timely basis. Another essential component of the MOU is that SCE will be able to recover its reasonable procurement costs on a timely basis. The MOU contemplates that the Commission will adopt decisions to effectuate these components and to have any undercollection in URG or procurement cost recovery financed on reasonable terms, consistent with the State's goal of returning SCE to investment grade credit. SCE believes that this Advice Filing will help achieve these goals, and respectfully requests expedited approval of this Advice Letter. Furthermore, consistent with Public Utilities Code Section 739.10, the balancing accounts and trigger mechanism set forth in this advice filing will ensure that differences between recorded and forecast retail kWh sales will not result in material over or undercollections of URG and purchased

power-related costs.¹ In a subsequent SCE filing, in order to ensure that sales variations do not result in material over or undercollections of required distribution revenue and to comply with P.U. Code Section 739.10, SCE will be requesting similar ratemaking treatment in the form of an ERAM-type mechanism for its PBR distribution revenues.

Proposed changes to SCE's request should contain an explanation of consistency with the State's goal of returning SCE to investment grade credit as soon as possible. The revised tariffs are attached in Appendix B.

PURPOSE

This advice filing establishes four separate balancing accounts: 1) the SCE Utility Retained Generation (URG) Balancing Account (URGBA); 2) the SCE Contracts Balancing Account (SCECBA); 3) the Procurement Costs Balancing Account (PCBA); and 4) the Ancillary Services Balancing Account (ASBA). In addition, this filing dedicates a portion of SCE's residually determined generation rate and Commission-approved surcharges between the four balancing accounts based on estimated costs for a twelve-month period and establishes the Generation Rate Trigger Mechanism. Furthermore, in conjunction with the implementation of the four new balancing accounts and the Trigger Mechanism, this filing 1) modifies the Transition Revenue Account (TRA); 2) establishes the Net Undercollected Amount Account (NUAA); (3) eliminates the Transition Cost Balancing Account (TCBA); 4) eliminates the Generation Memorandum Accounts²; and 5) eliminates the Emergency Procurement Surcharge (EPS) Balancing Account.

BACKGROUND

D.01-03-082 authorized a rate surcharge of three-cents per kWh to be applied to power costs incurred after the effective date of D.01-03-082. D.01-03-082 also made permanent the one-cent per kWh surcharge that was authorized by the Commission in D.01-01-018. Public Utilities Code Section 360.5 recognizes that recovery of SCE's URG, existing contracts, and ancillary service costs is to be through the generation-related component of retail rates. D.01-03-081 adopted a procedure for determining the payments that SCE must make to DWR for costs DWR is incurring to procure energy on behalf of SCE's customers. In order to implement the Commission's requirements in both D.01-03-081 and D.01-03-082, in this advice letter SCE is establishing the appropriate ratemaking mechanism for recovery of

¹ Public Utilities Code Section 739.10 states: "The Commission shall ensure that errors in estimates of demand elasticity or sales do not result in material over or undercollections of the electrical corporations."

² 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.

these costs. SCE's implementation approach ensures that the adopted surcharges are spent on future power purchases while at the same time establishing the accounting and trigger mechanisms consistent with the MOU that limit the undercollection of URG and procurement costs to a pre-established level. If undercollections exceed this pre-established level, the Commission would then authorize an increase in rates or additional surcharges to amortize such undercollections on an assured and timely basis. This procedure and the assurance of timely rate relief will contribute to returning SCE to investment grade credit status consistent with the State's goal set forth in the MOU.

ESTABLISHMENT OF BALANCING ACCOUNTS

The most appropriate method to implement Commission Decisions 01-03-081 and 01-03-082 along with the cost recovery requirements of Public Utilities Code Section 360.5 and the terms of the MOU is the establishment of four separate balancing accounts. The costs to be recorded in each balancing account are summarized below. The revenues that will be recorded to each balancing account are described in the following section.

1. Utility Retained Generation Balancing Account (URGBA):³ SCE's own generation costs including: a) recorded on-going operating costs for Palo Verde, Mohave, Four Corners, and Catalina; b) authorized on-going operating costs for Hydro; c) SONGS ICIP revenue requirement through 2003; and d) capital costs, including a full return on SCE's investment in its URG. Consistent with the terms of the MOU, SCE's investment in URG has been set at the net book value of the assets on December 31, 2000, subject to refund with respect to post-1995 capital additions not yet approved by the Commission.⁴ The URGBA will also record capital additions placed in service after January 1, 2001, subject to refund based upon subsequent Commission determination of reasonableness of such investments. Depreciation/amortization schedules are based on the expected remaining life of each plant, except that the amortization period for the December 31, 2000 investment base for SONGS and Palo Verde is fixed to expire on December 31, 2010.

³ Amounts recorded in the URGBA may change in the future based on the ratemaking methods adopted by the Commission in a GRC or other applicable proceedings.

⁴ Including site specific and non-site specific general plant and capital additions made after December 31, 1995.

2. SCE Contracts Balancing Account (SCECBA): SCE will record: 1) QF contract costs; and 2) existing bilateral contract costs⁵ in the SCECBA.
3. Procurement Costs Balancing Account (PCBA): All payments made by SCE to DWR for the costs DWR is incurring to procure energy on behalf of SCE customers will be recorded to the PCBA. Consistent with D.01-03-081, SCE began making payments to DWR on March 28, 2001, based on the interim methodology outlined in D.01-03-081 (i.e., DWR receives SCE's average generation-related rate component for each kWh that DWR supplies to SCE's retail end-use customers). This methodology will be in place until a more precise method for remitting funds to DWR is implemented. All payments that SCE makes to DWR (either under the current interim method, the future more precise method, or based on DWR's revenue requirement that will be provided to the Commission) will be considered as costs in the operation of the PCBA. When SCE resumes procurement responsibilities after 2002, as is contemplated in the MOU, all procurement costs incurred by SCE in order to provide for the net short needs of SCE's retail customers will be recorded in the PCBA as well as ancillary service costs associated with SCE's total bundled service load.
4. Ancillary Services Balancing Account (ASBA): SCE will record ISO-related charges associated with SCE's bundled service load supplied by SCE through its URG and other purchased power contracts. If SCE resumes procurement responsibilities, all procurement costs incurred by SCE in order to provide for the net short needs of SCE's retail customers will be recorded in the PCBA as well as ancillary service costs associated with SCE's total bundled service load. Therefore, the ASBA may be eliminated at that time.

REVENUE DETERMINATION

SCE will allocate its residually determined generation rate and Commission-approved surcharges among the four balancing accounts based on an estimate of costs and payments for each component over a twelve-month period. Included in Appendix A is an estimate of SCE's costs and residually determined generation revenues including surcharge revenues for a twelve-month period (Pro Forma

⁵ Existing bilateral contract costs include 1) interutility contract costs net of contract revenue; 2) bilateral contract costs; and 3) block-forward contract costs.

2001).⁶ Based on these cost estimates, Table 1 below shows the average rates that would be necessary to fully recover all of SCE's URG costs, SCE's purchased power contract costs (i.e., QF and bilateral contract costs), payments due to DWR, and ancillary service costs for load supplied by SCE each consistent with Commission decisions.⁷

Table 1
Estimated Fully Compensatory Rates

Line No.	Balancing Account	Average c/kWh
1.	URGBA	1.42
2.	SCECBA	5.21
3.	PCBA	3.91
4.	ASBA	0.90
5.	Total	11.44

Because the Commission declared in D.01-03-082 that the AB 1890 rate freeze is still in effect, SCE cannot establish compensatory rate levels as shown in Table 1. SCE estimates that on an annual basis its residually determined generation rate plus surcharges will be 10.87 cents per kWh during the pro forma 2001 period. Table 2 below shows how this rate is determined.

⁶ For purposes of determining dedicated rate components to be used during 2001, the estimates (both revenue and costs) included in Appendix A have been annualized (e.g., the surcharge is assumed to be 4 cents per kWh for the entire twelve-month period). Amounts recorded in the four balancing accounts during 2001 will reflect actual costs incurred and actual revenues accrued. The estimates shown in Appendix A represent a full 12-month forecast period and as such do not include actual 2001 recorded data. Thus, Appendix A is not intended to estimate the operation of the balancing account mechanisms for the 2001 period.

⁷ As explained above, all payments that SCE makes to DWR (either under the current immediate method, the future more precise method, or based on DWR's revenue requirement that will be provided to the Commission) are considered to be costs in the operation of the PCBA.

TABLE 2
Annual Estimates
(amounts are in millions)

1.	Total Revenue Applicable to TRA	(11,283) 1/
2.	TRA Offsets:	
3.	Franchise Fees and Uncollectibles	127
4.	Dedicated Rate Component (Sec. 9 MOU)	- 2/
5.	Direct Access Credit	168 3/
6.	Non-Generation Offsets	2,778 4/
7.	Restructuring Implementation	34
8.	Remaining Transition Costs/Credits	85
9.	Other Commission Authorized Amounts	-
10.	RRB Credits	<u>(720)</u>
11.	Total Available Generation Revenue	(8,811)
12.	Total Bundled Service Sales (GWh)	81,065
13.	Applicable Generation Rate (\$/MWh)	10.87

1/ Includes 4c/kWh surcharge

2/ Shown to illustrate that once MOU approved, the dedicated rate component will reduce the applicable generation rate

3/ Calculation based on the methodology proposed in SCE's Advice Filing 1529-E (Schedule PE)

4/ Includes Transmission and Distribution revenue and PBR Exclusion, Nuclear Decommissioning and Public Purpose Programs Revenue Requirements

SCE has dedicated a portion of the 10.87 cents per kWh to the four balancing accounts as follows:

- **Step 1:** Consistent with D.01-03-082, that portion of the 10.87 cents per kWh that is surcharge related should be used to pay for future power purchases. The surcharge portion of the 10.87 cents per kWh is estimated to be 4.00 cents per kWh during the pro forma 2001 period.⁸ Thus, the 4.00 cents per kWh is available to recover power purchase costs recorded in the SCECBA, PCBA, and ASBA. SCE has allocated the 4.00 cents per kWh first to the recovery of amounts recorded in the PCBA. Because SCE has estimated that

⁸ The 4.0 cents per kWh includes the 1.0 cent per kWh surcharge amount adopted by the Commission in D.01-01-061 and the additional 3.0 cents per kWh authorized in D.01-03-082.

the average rate necessary to fully collect amounts recorded in the PCBA will be 3.91 cents per kWh (as shown in Table 1 above), 0.09 cents per kWh is left to be allocated to the SCECBA and ASBA. SCE has allocated this remaining 0.09 cents per kWh to the recovery of amounts recorded in the ASBA.⁹

- Step 2: The difference between the total residually determined generation rate including surcharges in the amount of 10.87 cents per kWh and the surcharge portion of this rate in the amount of 4.00 cents per kWh will first be available to recover costs recorded in the URGBA.¹⁰ This difference for the pro forma 2001 period equals 6.87 cents per kWh. As can be seen in Table 1 above the estimated fully compensatory URGBA rate is estimated at 1.42 cents per kWh for the pro forma 2001 period. Because this rate is less than the 6.87 cents per kWh, the fully compensatory URGBA rate of 1.42 cents per kWh will be used as the basis for recording revenues into the URGBA.
- Step 3: The difference between the 6.87 cents per kWh available for recovery of all generation-related costs and the 1.42 cents per kWh needed for recovery of URGBA costs will be allocated first to the ASBA. As can be seen in Table 1, the average rate needed to fully recover ASBA-related costs is estimated to be 0.90 cents per kWh. In Step 1 above, 0.09 cents per kWh was allocated to the ASBA. Thus, 0.81 cents per kWh of the remaining 5.45 cents per kWh (6.87 less 1.42) will be allocated to the recovery of costs recorded in the ASBA. The remaining 4.64 cents per kWh (5.45 less 0.81) is available for recovery of amounts recorded in the SCECBA.

Table 3 below shows the Three Step allocation of the available generation rate of 10.87 cents per kWh between the four balancing accounts as described above. The "Total" column in Table 3 shows the estimated dedicated rate components that will be used as the basis for recording revenues in the four balancing accounts.

⁹ For purposes of this filing, SCE has based its estimated QF-related SCECBA costs on the methodology adopted in the Commission's March 27, 2001 Decision (D.01-03-067). Given the variability of cost inputs used in determining the estimated QF payments (e.g., gas prices), actual QF payments may differ significantly from the estimate. The costs to be recorded in the other three balancing accounts (URGBA, ASBA, and PCBA) are not expected to vary by the same degree (although circumstances may arise that could cause significant differences from forecast amounts such as implementation of a new DWR payment methodology). Thus, as described in Step 3, the dedicated SCECBA rate component is being set residually.

¹⁰ As noted before, D.01-03-082 prohibits the surcharge portion of SCE's generation rate to be used to recover costs that are not future purchase power costs.

Table 3
Estimated Dedicated Rates 1/
Average c/kWh

Line No.	Balancing Account	Step 1	Step 2	Step 3	Total
1.	URGBA	0.00	1.42	0.00	1.42
2.	SCECBA	0.00	0.00	4.64	4.64
3.	PCBA	3.91	0.00	0.00	3.91
4.	ASBA	0.09	0.00	0.81	0.90
5.	Total	4.00	1.42	5.45	10.87

1/ It should be noted that the amount of revenue recorded in each balancing account will be equal to this dedicated rate component times total metered sales and not only the kWhs supplied by that source.

On a monthly basis the estimated dedicated rate components derived above will be multiplied by recorded GWh sales to determine the amount of revenue to be recorded in each of the four balancing accounts. At the same time, SCE will determine its actual available generation revenue through operation of the modified TRA.¹¹ All billed retail revenue, including surcharge revenue, will be recorded in the modified TRA. The total revenue amount will be adjusted to account for certain items such as franchise fees and uncollectibles, non generation revenues and revenue requirements, restructuring implementation costs, remaining transition costs, and rate reduction bond credits. The annual operation of the TRA on a pro forma basis has been estimated as shown in Table 2. In any given month, the revenue amount recorded in the four balancing accounts through application of the dedicated rate components will differ from the actual amount of available generation revenue determined through the operation of the modified TRA. These differences will be caused by: 1) differences between recorded and forecast kWh sales; 2) seasonal rate impacts¹²; and 3) changes in TRA Offset amounts (e.g., non generation revenue requirements). The monthly revenue difference will be assigned to the SCECBA since the SCECBA dedicated rate component determined in this filing was set residually.

¹¹ A modified TRA remains necessary because the Commission has not yet ended the AB 1890 rate freeze. Upon ending the AB 1890 rate freeze and implementing post freeze generation-related dedicated rate components, the modified TRA may be eliminated because available generation revenue will not need to be determined residually.

¹² The dedicated generation rates set forth in this advice filing reflect estimated average annual rates. On a monthly basis, the realized generation rates will be different due to Commission authorized seasonal (winter and summer) rate differences.

DISPOSITION OF BALANCING ACCOUNT BALANCES

In order to ensure that any overcollection or undercollection of the costs recorded in the four balancing accounts will be reconciled on a timely basis, SCE is establishing 1) an annual rate true-up mechanism; and 2) a trigger mechanism.

On November 15th of each year, SCE will file an advice letter that will set forth the estimated revenue requirements and associated dedicated rate components for the twelve-month period beginning January 1 of the subsequent year. The revenue requirements will include estimated balances in each applicable balancing account at December 31 of the current year and will become effective January 1 of the subsequent year.

Because the annual rate true-up mechanism described above may be insufficient in disposing of material over or undercollected balances that may occur throughout the course of the year, SCE is establishing a trigger mechanism to dispose of such balances more frequently. This ratemaking mechanism is necessary to help SCE return to investment grade credit consistent with the State's goal by preventing significant undercollection of SCE's URG and power purchased costs. If at the end of any month the sum of the URGBA, SCECBA, ASBA, and PCBA is equal to or greater than \$500 million either over or undercollected, SCE will notify the Commission through advice filing of the rate adjustment that is necessary to either recover or refund the net balances to customers. Such advice letter shall become effective 30 days after the filing date. On the effective date, SCE will change rates or surcharges to amortize the over or undercollected balances over the succeeding twelve-month period. After the first time the conditions in the Generation Rate Trigger Mechanism have been met, the net balances will be reviewed at the end of each subsequent calendar quarter (instead of monthly) thereafter to determine if additional rate changes are required.¹³

IMPLEMENTATION OF NEW DEDICATED RATE COMPONENTS AND BALANCING ACCOUNTS

SCE will implement the four new balancing accounts and associated dedicated rate components effective April 1, 2001. In addition, transfers will be made from the TCBA, TRA, and GMAs to the new balancing accounts to reflect non-capital-related costs recorded February 1, 2001 through March 31, 2001. Capital-related costs (depreciation/amortization, return, and taxes) associated with SCE's URG assets will be determined beginning January 1, 2001 consistent with the MOU and recorded in the URGBA. These adjustments are necessary to ensure that going-forward URG costs and purchased power-related costs are matched with going-

¹³ For example, if a rate change is triggered during August 2001 the net balances will not be reviewed again until December 31, 2001.

forward revenues in the appropriate balancing accounts. The balance remaining in the TCBA, TRA, and GMAs as of January 31, 2001, will be transferred to a new account, the NUAA.

OTHER TARIFF CHANGES

Because of the establishment of the four new balancing accounts, changes to the following tariffs are necessary:

- Preliminary Statement, Part R, Transition Revenue Account (TRA): The TRA is modified to determine the monthly amount of Available Generation Revenue;
- Preliminary Statement, Part RR, Net Undercollected Amount Account (NUAA): The NUAA is established to track the net undercollected amount as defined in Section 9 of the MOU;
- Preliminary Statement, Part JJ, Transition Cost Balancing Account (TCBA): The TCBA is eliminated.
- Preliminary Statement, Part N, Generation Memorandum Accounts: The Generation Memorandum Accounts are eliminated; and
- Preliminary Statement, Part KK, Emergency Procurement Surcharge Balancing Account (EPSBA): Any credit balance that remains in the EPSBA as of March 31, 2001, will be allocated and transferred to the SCECBA, ASBA, and the PCBA, and the EPSBA is eliminated.¹⁴

EFFECTIVE DATE

SCE requests that the Commission issue an implementing Resolution that adopts this advice filing within 60 days after the date of execution of the MOU, which is on or before June 8, 2001.

¹⁴ Credit balances in the ESPBA are associated with procurement surcharge revenue and therefore should be allocated among those three balancing accounts.

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

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:

Donald A. Fellows
Manager 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

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. 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 Chris Dominski at (626) 302-1398 or electronic mail at Chris.Dominski@sce.com.

Southern California Edison Company

Donald A. Fellows, Jr.

DAF:cd/eml
Enclosures

Appendix A

APPENDIX A
Southern California Edison Company
Estimated Residually Determined Generation Revenue And Estimated Costs
(Unless denoted otherwise, amounts are in thousands)

Line No.	Component	Twelve Month Forecast Period (Pro Forma - 2001)												
		January	February	March	April	May	June	July	August	September	October	November	December	Total
<i>Estimated Revenue:</i>														
1.	Total Delivered Sales (Metered GWh)	6,240	6,210	6,629	6,338	6,636	6,940	7,396	8,170	7,477	7,523	6,579	6,581	82,719
2.	Procurement Surcharge (\$/MWh)	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
3.	Procurement Surcharge Revenue	(249,600)	(248,400)	(265,160)	(253,520)	(265,440)	(277,600)	(295,840)	(326,800)	(299,080)	(300,920)	(263,160)	(263,240)	(3,308,760)
4.	Generation Rate As of 1-05-01 (\$/MWh)	56.85	56.85	56.85	56.85	56.85	63.46	73.37	73.37	73.37	66.76	56.85	56.85	62.91
5.	Generation Rate Revenue	(354,744)	(353,039)	(376,859)	(360,315)	(377,257)	(440,399)	(542,645)	(599,433)	(548,587)	(502,251)	(374,016)	(374,130)	(5,203,673)
6.	Generation Rate + Procurement S (\$/MWh)	96.85	96.85	96.85	96.85	96.85	103.46	113.37	113.37	113.37	106.76	96.85	96.85	102.91
7.	Gross Generation Revenue	(604,344)	(601,439)	(642,019)	(613,835)	(642,697)	(717,999)	(838,485)	(926,233)	(847,667)	(803,171)	(637,176)	(637,370)	(8,512,433)
TRA Offsets														
8.	Franchise Fees and Uncollectibles	6,779	6,746	7,202	6,885	7,209	8,054	9,405	10,390	9,508	9,009	7,147	7,149	95,484
1.	Dedicated Rate Component (Sec. 9 MOU)	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Direct Access Credit	11,951	11,894	12,696	12,139	12,710	14,199	16,582	18,317	16,763	15,883	12,601	12,604	168,339
3.	RMR	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Restructuring Implementation	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	33,606
5.	Demand Responsiveness and Self Gen	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	38,440
6.	Remaining Transition Costs/Credits	7,266	7,236	7,205	7,174	7,143	7,112	7,081	7,050	7,019	6,988	6,957	6,926	85,157
7.	Other Commission Authorized Amounts	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Imputed 10% Rate Reduction	(33,244)	(27,814)	(31,663)	(27,926)	(29,852)	(32,524)	(36,685)	(42,554)	(36,322)	(33,843)	(31,268)	(31,130)	(394,826)
9.	Imputed TTA	(30,157)	(22,637)	(26,571)	(21,369)	(24,313)	(29,005)	(37,448)	(30,544)	(26,960)	(23,893)	(22,897)	(22,897)	(325,048)
10.	Subtotal TRA Offsets	(31,401)	(18,570)	(25,127)	(17,093)	(21,099)	(26,161)	(26,867)	(38,242)	(27,572)	(22,919)	(22,453)	(21,344)	(298,848)
11.	Generation-Related Component	(635,745)	(620,009)	(667,146)	(630,929)	(663,795)	(744,159)	(865,352)	(964,475)	(875,239)	(826,090)	(659,629)	(658,714)	(8,811,281)
12.	Generation-Related Rate (\$/MWh)													10.87
														Bundled Service GWh Sales (Assumes 2% Direct Access):
														81,065
<i>Estimated Costs:</i>														
13.	<u>A. URGBA:</u>													c/kWh
14.	Capital Related	26,635	26,635	26,635	26,635	26,635	26,635	26,634	26,633	26,631	26,629	26,625	26,627	319,584
15.	SONGS ICIP	23,921	20,904	23,145	22,369	23,145	24,696	46,289	46,289	44,824	46,289	44,781	46,246	412,898
16.	Other On-Going (PV, Coal, and Hydro)	34,832	33,708	34,404	29,119	33,620	34,000	36,044	37,073	35,799	34,819	36,973	37,188	417,578
17.	Subtotal URGBA	85,387	81,246	84,183	78,122	83,399	85,331	108,967	109,995	107,254	107,737	108,379	110,061	1,150,060
18.	<u>B. SCECBA:</u>													
19.	QF Payments:													
20.	QF Energy and Capacity Costs	326,273	376,857	271,915	262,418	260,134	249,320	377,478	417,600	426,854	393,960	205,645	205,326	3,773,780
21.	QF Buyouts	20,353	3,545	6,670	20,395	3,587	6,712	20,395	3,587	6,712	20,395	3,587	7,024	122,962
22.	Shareholder Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-
23.	Scheduling, Dispatch & Admin	70	70	70	70	70	70	70	70	70	70	70	70	840
24.	Subtotal	346,696	380,472	278,655	282,883	263,791	256,102	397,943	421,257	433,636	414,425	209,302	212,420	3,897,582
25.	Bilateral Contract Costs:													
26.	Interutility Net Contract Costs	8,203	10,372	10,712	9,239	10,420	11,760	11,775	12,082	12,433	10,352	10,568	14,051	131,967
27.	Interutility Buyouts	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	Scheduling, Dispatch & Admin	262	262	262	262	262	262	262	262	262	262	262	262	3,139
29.	BFM Contracts Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
30.	Bilateral Contract Costs	29,064	11,752	13,032	12,557	12,984	12,605	17,679	17,775	17,099	15,624	14,957	15,336	190,462
31.	Subtotal	37,528	22,386	24,005	22,058	23,665	24,627	29,715	30,118	29,794	26,237	25,787	29,648	325,568
32.	Subtotal SCECBA	384,224	402,858	302,660	304,941	287,456	280,729	427,658	451,375	463,430	440,662	235,089	242,068	4,223,150
33.	<u>C. ASBA:</u>													
34.	Ancillary Services (including GMC)	57,558	53,802	57,540	58,445	59,950	59,710	65,062	64,650	61,345	61,750	63,986	61,981	725,781
35.	<u>D. PCBA:</u>													
36.	Payments To DWR	183,992	208,622	243,671	229,437	280,681	290,679	361,450	396,504	333,779	283,759	164,583	195,848	3,173,006
37.	SCE Procurement (Including Any Imbalance)	-	-	-	-	-	-	-	-	-	-	-	-	-
38.	Subtotal PCBA	183,992	208,622	243,671	229,437	280,681	290,679	361,450	396,504	333,779	283,759	164,583	195,848	3,173,006
39.	Subtotal (A + B + C + D)	711,161	746,528	688,055	670,945	711,486	716,449	963,137	1,022,524	965,808	893,908	572,036	609,959	9,271,997

Appendix B

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 29007-E Original 29008-E	Preliminary Statement Part OO Preliminary Statement Part OO	
Original 29009-E Original 29010-E	Preliminary Statement Part PP Preliminary Statement Part PP	
Original 29011-E Original 29017-E Original 29018-E Original 29019-E	Preliminary Statement Part QQ Preliminary Statement Part QQ Preliminary Statement Part QQ Preliminary Statement Part QQ	
Original 29014-E Original 29015-E	Preliminary Statement Part RR Preliminary Statement Part RR	
Revised 29012-E Revised 29013-E	Table of Contents Table of Contents	Revised 28661-E Revised 28662-E

PRELIMINARY STATEMENT

Sheet 3

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>
(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 count	No
(39)	Rate Group Tracking Memorandum Account	No
(40)	Not Used	
(41)	Not Used	
(42)	Not Used	
(43)	Not Used	
(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

(T) (D)
 | |
 (T) (D)

* 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)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



Southern California Edison
 Rosemead, California

Revised Cal. PUC Sheet No. 28966-E
 Cancelling Revised Cal. PUC Sheet No. 24197-E*
 23216-E*

PRELIMINARY STATEMENT

Sheet 60

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

40. Not in Use

(T)(D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

60W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



Southern California Edison
 Rosemead, California

Revised Cal. PUC Sheet No. 28967-E
 Cancelling Revised Cal. PUC Sheet No. 26486-E

PRELIMINARY STATEMENT

Sheet 62

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

41. Not in Use

(T)(D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

62W10

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



Southern California Edison
 Rosemead, California

Cancelling Revised Original
 Cal. PUC Sheet No. 28968-E
 Cal. PUC Sheet No. 24199-E*
 23220-E-23223-E

PRELIMINARY STATEMENT

Sheet 64

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

42. Not in Use

(T) (D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

64W9

Issued by
John R. Fielder
 Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



Southern California Edison
 Rosemead, California

Revised Cal. PUC Sheet No. 28969-E
 Cancelling Revised Cal. PUC Sheet No. 24200-E*
 26487-E, 26488-E

PRELIMINARY STATEMENT

Sheet 69

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

43. Not in Use

(T) (D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

69W8

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



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 against the amount of the separated revenue, revenue requirement and Commission-approved obligations. This matching process facilitates determination of the recorded Total Available Generation Revenue. Any difference between the recorded Total Available Generation Revenue and the sum of the recorded Dedicated Generation Revenue in the SCECBA, the ASBA, and the DWRCBA is to be recorded in the SCECBA each month. (D) (C) (C) (D)

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. Revision Dates:

The TRA Separated Revenue Requirement Amounts are revised annually on January 1, or as authorized by the Commission. (D) (T) (T)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 2

(Continued)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

4. Accounting Procedures:

- | | | |
|----|---|-------------------|
| 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. | (T)
(D) |
| b. | A debit entry equal to the recorded revenue from the First Dedicated Rate Component | (N)
(N) |
| c. | A credit entry equal to the amount of total recorded CPUC-jurisdictional revenue from the sale and/or delivery of electricity during the month including surcharge revenue. | (T)
(C)
(D) |
| d. | A debit entry equal to the Transmission TRA Separated Revenues, based upon rates approved by the Federal Energy Regulatory Commission (FERC). | (T) |
| e. | A debit entry equal to the Distribution PBR-related TRA Separated Revenues. | (T) |
| f. | 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. | (T) |
| g. | A debit entry equal to the annual applicable Nuclear Decommissioning TRA Separated Revenue Requirement Amount divided by twelve. | (T) |
| h. | A debit entry equal to the annual applicable Public Purpose Programs TRA Separated Revenue Requirement Amount divided by twelve. | (C)
(C) |
| i. | A credit entry equal to the amount of Shareholder Participation as defined in Section 5. | (C) |
| j. | 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. | (C)
(C) |
| k. | A debit entry equal to the amount of Franchise Fees and Uncollectibles associated with the sum of SCE's total amount of billed revenues, including surcharge revenue, plus the amount of Direct Access Credit, using the most current CPUC-authorized factor. | (C)
(C) |
| l. | A debit entry equal to the Employee-related costs (per AB 1890, Section 375). | (D)
(N) |
| m. | A debit entry equal to Generation-related Regulatory Assets as defined in D.97-11-074. | (N) |
| n. | A debit entry equal to the Reliability Services cost billed by the ISO. | (N) |

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 3

(Continued)

R. TRANSITION REVENUE ACCOUNT (TRA) (Continued)

- 4. Accounting Procedures: (Continued) (T)
 - o. A debit entry equal to the loss amortization associated with gas-fired fossil station divesture. (C)(T)
(C)
 - p. A credit entry equal to the imputed 10 percent discount to residential and Small Commercial customers (through December 31, 2001). (N)
 - q. A credit entry equal to the recorded Trust Transfer Amount revenue (through December 31, 2001). (N)
 - r. Other adjustments as authorized by the CPUC. (N)
- Each month, if the sum of items 4.a through 4.r above equals the recorded Total Available Generation Revenue. (C)
(C)
- The difference between the Total Available Generation Revenue and the sum of the recorded Dedicated Generation Revenue in the SCECBA, the ASBA, and the DWRCBA shall be recorded in the SCECBA. (N)
(N)
- 5. Shareholder Participation:
 - Decision 96-08-025 requires SCE's shareholders to share a portion of any Net Incremental Revenue Change associated with business attraction and expansion Flexible Pricing Options (FPOs) with ratepayers. SCE 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, SCE shall transfer the balance to the TRA (as identified in 4.g. above). (T)
(T)
(T)
(T)
(T)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 28973-E
Cancelling Revised Cal. PUC Sheet No. 23229-E
23230-E*-23321-E

PRELIMINARY STATEMENT

Sheet 1

JJ. Not Used

(T) (D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



Southern California Edison
 Rosemead, California

Revised Cal. PUC Sheet No. 28975-E
 Cancelling Original Cal. PUC Sheet No. 28258-E
 28259-E

PRELIMINARY STATEMENT

Sheet 1

KK. Not in Use

(T) (D)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

1W6

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



PRELIMINARY STATEMENT

Sheet 1

MM. SCE CONTRACTS BALANCING ACCOUNT

1. Purpose:

The purpose of the SCE Contracts Balancing Account (SCECBA) is to record revenues and costs associated with SCE's (1) Qualifying Facilities (QF) contracts; and (2) existing interutility contracts, bilateral contracts and block forward market contracts. The SCECBA shall include the following accounts in order to track the above costs:

- a. Revenue Account;
- b. QF Contracts Account; and
- c. Other Purchased Power Contracts Account

2. Definitions:

a. Effective Date

The effective date of this tariff is April 1, 2001.

b. Interest Rate

The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest shall so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13., or its successor publication.

c. SCECBA Dedicated Rate

The SCECBA Dedicated Rate is that portion of the generation rate allocated to the SCECBA. The SCECBA initial dedicated rate shall be set at 4.64 cents per kWh.

The SCECBA dedicated rate shall be updated through the operation of the Generation Rate Trigger Mechanism or other applicable Commission proceeding.

d. Dedicated SCECBA Generation Revenues

Dedicated revenues equal the dedicated SCECBA rate times the recorded bundled service metered sales.

e. Effective Date Adjustments

SCE contract costs recorded in the TCBA from February 1, 2001 through March 31, 2001 shall be transferred to the SCECBA as of the Effective Date.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 2

(Continued)

MM. SCE CONTRACTS BALANCING ACCOUNT (SCECBA) (Continued)

3. Operation of the SCECBA

a. Entries to the Revenue Account shall be made as follows:

- (1) Credit amount equal to recorded SCECBA Dedicated Generation Revenues;
- (2) Credit or debit amount equal to allocated revenues as determined in the Transition Revenue Account (TRA);
- (3) The sum of "(1)" And "(2)" Above equals the amount to be credited to the Revenue Account.

b. Entries to the QF Account shall be made monthly as follows:

- (1) Recorded QF payments by SCE relating to Standard Offer Nos. 1, 2, and 3, Interim Standard Offer No. 4 and Non-Standard Contracts;
- (2) Plus: 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;
- (3) Plus: Recorded Commission approved shareholder incentive for utilities to restructure QF contracts;
- (4) Plus: Recorded costs associated with QF disputes and litigation that result in settlement payments or increased QF payment costs for SCE;
- (5) Plus: Recorded administrative costs, and scheduling and dispatch costs associated with QF contracts to the extent these costs are not recovered elsewhere;
- (6) Plus: Cost of Firm Transmission Right acquisitions;
- (7) Less: Recorded refunds received as a result of QF disputes and litigation;
- (8) Less: Recorded congestion revenue received as the result of SCE holding Firm Transmission Rights or revenues received from the resale of Firm Transmission Rights;
- (9) The sum of "1." through "8." above equals the amount to be debited to the QF Contracts Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 3

(Continued)

MM. SCE Contracts Balancing Account (SCECBA) (Continued)

3. Operation of the SCECBA (Continued)

c. Entries to the Other Purchased Power Account shall be made monthly as follows:

- (1) Recorded Interutility Contract power purchase payments for both capacity and energy components on unavoidable purchase and must-take obligations;
- (2) Plus: Power purchase payments for both Discretionary Energy purchases and purchases of Differential Energy in accordance with the Integrated Operating Agreements (IOAs);
- (3) Plus: Recorded cost of energy returned (delivered) pursuant to Interutility Contracts and IOAs;
- (4) Plus: Recorded costs, such as ancillary service costs, attributable to operating the Interutility Contracts through the ISO, or other CPUC-approved entity;
- (5) Plus: Recorded costs associated with agreements which are auxiliary to the Interutility Contracts, such as cost sharing agreements for environmental studies;
- (6) Recorded costs associated with the buy-out, buy-down, or renegotiation of Interutility Contracts or IOAs;
- (7) Plus: Recorded administrative costs, and scheduling and dispatch costs associated with Interutility contracts to the extent these costs are not recovered elsewhere;
- (8) Less: Recorded value associated with receiving energy pursuant to Interutility Contracts;
- (9) Less: Recorded revenue for discretionary purchases of Discretionary Energy by the ISO or other CPUC-approved entity;
- (10) Less: Recorded revenue for differential energy sold pursuant to the IOA;
- (11) Less: Recorded revenue from power provided under the Interutility Contracts;

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 4

(Continued)

MM. SCE CONTRACTS BALANCING ACCOUNT (SCECBA) (Continued)

3. Operation of the SCECBA (Continued)

c. Entries to the Other Purchased Power Account shall be made monthly as follows: (Continued)

- (12) Plus: 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
- (13) Plus: 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.
- (14) The sum of "1." through "13." above equals: the amount to be debited to the Other Purchased Power Account.

If the calculations above result in a negative amount (overcollection), such amount shall be credited to the SCECBA.

If the calculations above result in a positive amount (undercollection), such amount shall be debited to the SCECBA.

Interest shall accrue monthly to the SCECBA by applying the Interest Rate to the average of the beginning and ending monthly balance.

4. Annual Dedicated Rate Adjustment

On November 15th of each year, SCE will submit an advice letter setting forth the SCEBA dedicated rate component to become effective on January 1st of the following year. The SCEBA dedicated rate component will be determined as follows:

$$\frac{A + B + C + D}{E}$$

Where;

- A. estimated annual costs to be recorded in the QF Account in the subsequent year
- B. estimated annual costs to be recorded in the Other Purchased Power Account in the subsequent year
- C. estimated under or over collected balance in the SCEBA on December 31st of the current year
- D. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A through C, and
- E. estimated bundled service metered sales for the subsequent year.

See Preliminary Statement QQ for a discussion on the trigger mechanism.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 1

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT

1. Purpose:

The purpose of the Utility Retained Generation Balancing Account (URGBA) is to record capital-related costs and operating costs associated with SCE-Owned Generation. The URGBA shall include the following accounts:

- URGBA Revenue Account
- SONGS 2&3 Account;
- Palo Verde Account;
- Mohave Account;
- Four Corners Account;
- Pebbly Beach Account; and
- Hydro Account.

2. Definitions

a. Effective Date

The Effective Date of this tariff shall be April 1, 2001.

b. Interest Rate

The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest shall so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13., or its successor publication.

c. URGBA Dedicated Rate

The URGBA Dedicated Rate is that portion on the generation rate allocated to URGBA. The URGBA initial dedicated rate shall be set at 1.42 cents per kWh.

The URGBA dedicated rate shall be updated by either the operation of the Trigger mechanism or in an annual Commission proceeding.

d. URGBA Dedicated Generation Revenue

Recorded revenue equal to the Dedicated URGBA rate times the recorded bundled customer services metered load.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 2

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

2. Definitions (Continued)

e. Rate of Return

The rate of return for URG pursuant to D.96-11-060 is as follows:

URG Rate of Return

<u>Component</u>	<u>Capital Ratio</u>	<u>Cost Factor</u>	<u>Weighted Cost</u>
	(1)	(2)	(3)=(1) x (2)
Long-term Debt	47.00%	7.64%	3.59%
Preferred Stock	5.00%	6.62%	0.33%
Common Equity	48.00%	11.60%	<u>5.57%</u>
Fossil & Hydro Rate of Return			<u>9.49%</u>
			=====

f. SCE-Owned Generation

SCE-Owned Generation are those electric generation-related facilities in which SCE has an ownership interest. Such facilities include, but are not limited to, the: (1) San Onofre Generating Station Unit Nos. 2 & 3 (SONGS 2&3); (2) Palo Verde Nuclear Generating Station (Palo Verde); (3) Mohave Generating Station (Mohave); (4) Four Corners Generating Station (Four Corners); (5) Pebbly Beach Generating Station (Pebbly Beach); and (6) Hydroelectric Generating facilities (Hydro).

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 3

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

2. Definitions (Continued)

g. Effective Date Adjustments

Non-Capital-related URG costs recorded in the TCBA and Generation Memorandum Accounts from February 1, 2001 through March 31, 2001 shall be transferred to the URGBA as of the Effective Date. Capital-related costs (depreciation/amortization, return, and taxes) associated with URG assets will be determined beginning January 1, 2001. The Capital-related URG costs for the months of January, 2001 through March, 2001 shall be recorded in the URGBA as of the Effective Date.

3. Operation of the URGBA

Monthly entries in the following accounts shall be summed to arrive at the total monthly debit or credit to the URGBA:

- URGBA Revenue Account
- SONGS 2&3 Account;
- Palo Verde Account;
- Mohave Account;
- Four Corners Account;
- Pebbly Beach Account; and
- Hydro Account.

Interest shall accrue monthly to the URGBA by applying the interest rate to the average of the beginning and ending monthly balance.

a. URGBA Revenue Account

(1) Purpose:

The purpose of the URGBA Revenue Account is to record revenues associated with SCE owned generation.

(2) Entries to the URGBA Revenue Account shall be made monthly as follows:

- (a) Recorded dedicated URGBA generation revenues
- (b) Plus: authorized generation-related other operating revenues, Yuma-Avis credit and customers' share of SCE Pipeline and Terminal Company (EPTC) net revenues;
- (c) The sum of "a." and "b." above equals the amount to be credited to the URGBA Revenue Account

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 4

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account

(1) Purpose:

The purpose of the SONGS 2&3 Account of the URGBA is to record, on a monthly basis, capital-related costs and operating costs associated with SCE's ownership share of SONGS 2&3.

(2) Notice and Reasonableness Review

In the event SONGS 2 and/or 3 permanently close or discontinue operation for a period of nine or more consecutive months prior to January 1, 2002, SCE shall immediately notify the Commission as set forth in P.U. Code § 455.5(b). The reasonableness of any costs related to such unit(s) shall be reviewed by the Commission under, P.U. Code § 455.5 in whichever of the two following events occur first:

(a) A proceeding to be initiated by SCE within 45 days of a permanent shutdown decision.

(b) In an investigation initiated by the Commission within 45 days of receiving the notification specified in P.U. Code § 455.5(b).

Review of the reasonableness of any costs will be applied retroactively to the date of unit(s) shutdown.

(3) Entries:

Entries to the SONGS 2&3 Account shall be made monthly as follows:

(a) Amortization expense associated with the sunk cost investment as of December 31, 2000. The amortization period shall end December 31, 2010.

(b) Depreciation expense associated with post 2003 net plant investment determined by the remaining term of the SONGS 2&3 license.

(c) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;

(d) plus: return on SONGS 2&3 rate base (which includes post 2003 net plant investment), which shall be computed using 1/12 of the annual authorized rate of return;

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 5

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(3) Entries: (Continued)

- (e) plus: the SONGS 2&3 Incremental Cost Incentive Procedure (ICIP) costs through December 31, 2003 (as detailed below);
- (f) plus: the SONGS 2&3 authorized operating costs (as determined in SCE's next GRC or other applicable proceeding) beginning January 1, 2004.
- (g) equals: the monthly amount to be debited to the SONGS 2&3 Account.

(4) SONGS 2&3 ICIP Mechanism

The SONGS 2&3 ICIP mechanism, as adopted by the CPUC in D.96-04-059 and D.97-11-076, allows for the cost recovery of certain generation-related costs based upon actual SONGS 2&3 generation and a pre-established cents/kWh.

(a) SONGS 2&3 ICIP Definitions:

(i) Ownership Share:

The Ownership Share is 75.05% for SONGS 2 and SONGS 3.

(ii) Positive Net Transmitted Generation:

For purposes of calculating Monthly Recorded ICIP Revenue Requirement for SONGS 2 or SONGS 3, the term "positive Net Transmitted Generation" is defined as the net transmitted power delivered to the grid from SONGS 2 or SONGS 3.

(iii) Negative Net Transmitted Generation:

For purposes of calculating Monthly Recorded ICIP Revenue Requirement for SONGS 2 or SONGS 3, the term "negative Net Transmitted Generation" is defined as the SONGS 2 or SONGS 3 loads consumed in support of the generating units during that period of time commencing at the moment the SONGS 2 or SONGS 3 generation breakers are opened and the unit generator is no longer synchronized to the grid, and continuing until the breakers are closed and the unit generator is synchronized to the grid.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 6

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(a) SONGS 2&3 ICIP Definitions: (Continued)

(iv) SONGS Site Load:

For purposes of determining monthly recorded SONGS 2 or SONGS 3 Net Transmitted Generation, SONGS Site Load is the total amount of energy used at facilities and buildings located on the SONGS nuclear generation site, but not physically a part of the generation plant. Eight percent (8%) of SONGS Site Loads is allocated to SONGS 1. The remaining ninety-two percent (92%) is allocated equally between SONGS 2 and SONGS 3, respectively.

(v) Annual ICIP Factor:

Continuing through December 31, 2003, SCE will apply the Annual ICIP Factors to monthly recorded SONGS 2&3 Net Transmitted Generation pursuant to the Table below. SONGS 2&3 Annual ICIP Factors do not include a provision for FF&U.

SONGS 2&3 Annual ICIP Factors
(2001-2003)

<u>Year</u>	<u>(cents/kWh)</u>
2001	4.10
2002	4.15
2003	4.15

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 7

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(a) SONGS 2&3 ICIP Definitions: (Continued)

(vi) ICIP Time-Differentiation Factors:

The Annual ICIP Factor will be time-differentiated to reflect the benefit of increased SONGS 2&3 Net Transmitted Generation during the Company's summer peak load periods. The Annual ICIP Factor will be multiplied by the following ICIP Time-Differentiation Factors.

(a) The ICIP Time-Differentiation Factor is equal to 1.20 for the first 856,000,000 kWh of SONGS 2 Net Transmitted Generation (1,070 MW times 800 hours) and the first 864,000,000 kWh of SONGS 3 Net Transmitted Generation (1,080 MW times 800 hours) during the period of 10:00 a.m. through 10:00 p.m. for each day, Monday through Friday, during the period June 1 through September 30;

(b) The ICIP Time-Differentiation Factor is equal to 0.80 for the first 856,000,000 kWh of SONGS 2 Net Transmitted Generation (1,070 MW times 800 hours) and the first 864,000,000 kWh of SONGS 3 Net Transmitted Generation (1,080 MW times 800 hours) during periods not covered by (a) above;

(c) The ICIP Time-Differentiation Factor is equal to 1.00 for SONGS 2 Net Transmitted Generation and SONGS 3 Net Transmitted Generation not covered by (a) and (b) above.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

7W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 8

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(a) SONGS 2&3 ICIP Definitions: (Continued)

(vii) Net Transmitted Generation:

For purposes of determining recorded SONGS 2&3 kWh production, SONGS 2 Net Transmitted Generation and SONGS 3 Net Transmitted Generation will be determined separately pursuant to the following calculations:

- (a) Net Generation (positive or zero) as measured from the main transformers;
- (b) Less: Reserve auxiliary transformer loads;
- (c) Less: Energy imported through the main transformers (only during periods of unit(s) shutdown);
- (d) Less: One-half of the portion of the energy for SONGS Site Loads allocated to SONGS 2&3. SONGS 1 site loads and the portion of the energy for SONGS Site Loads allocated to SONGS 1 shall be excluded;
- (e) Equals: Positive Net Transmitted Generation or Negative Net Transmitted Generation, as applicable;
- (f) The result of "(e)" multiplied by the Ownership Share.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

8W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 9

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(a) SONGS 2&3 ICIP Definitions: (Continued)

(viii) Monthly Recorded SONGS 2&3 ICIP Revenue Requirement:

Monthly Recorded ICIP Revenue Requirement for SONGS 2 or SONGS 3 is the sum of the SONGS 2 and SONGS 3 Monthly Recorded ICIP Revenue Requirement, adjusted by the applicable 0.80, 1.00, and 1.20 Time Differentiated ICIP Factors. The following calculations are applied to both SONGS 2 and SONGS 3:

(ix) Monthly Recorded ICIP Revenue Requirement for Positive Net Transmitted Generation:

When the SONGS 2 or SONGS 3 generation breakers are closed and the unit generator is synchronized to the grid ("positive" SONGS 2 or SONGS 3 Net Transmitted Generation):

(a) Recorded SONGS 2 or SONGS 3 Net Transmitted Generation multiplied by Ownership Share;

(b) Multiplied by: the SONGS 2&3 Annual ICIP Factor;

(c) Multiplied by: the SONGS 2&3 ICIP Time Differentiation Factor(s) as defined herein for the applicable kWh, and time period during the calendar year;

(d) The result of "(a)" through "(c)" above equals the SONGS 2 or SONGS 3 Monthly Recorded ICIP Revenue Requirement for positive generation.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

9W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 10

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(a) SONGS 2&3 ICIP Definitions: (Continued)

(x) Monthly Recorded ICIP Revenue Requirement for Negative Net Transmitted Generation:

During a period when SONGS 2 or SONGS 3 generator is not synchronized to the grid, (i.e., SONGS 2 or SONGS 3 Net Transmitted Generation is negative):

(a) Recorded SONGS 2 or SONGS 3 Net Transmitted Generation multiplied by Ownership Share;

(b) Multiplied by: the SONGS 2&3 Annual ICIP Factor;

(c) The result of "(b)" equals the SONGS 2 or SONGS 3 Monthly Recorded ICIP Revenue Requirement for negative generation.

(xi) SONGS 2&3 Corporate A&G Expenses:

SONGS 2&3 Corporate Administrative and General (A&G) Expenses are certain expenses allocable to SONGS 2&3 pursuant to D.97-08-056 (Ratesetting). SONGS 2&3 Corporate A&G Expenses shall be 0.21 cents per net transmitted kWh for SONGS 2 and SONGS 3 pursuant to D.97-11-076.

(xii) SONGS 2&3 Allocated Industry Restructuring Costs:

The SONGS 2&3 Allocated Industry Restructuring Costs shall be those generation related costs associated with industry restructuring allocated to nuclear generation at SONGS 2&3 in accordance with D.99-09-064.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 11

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

b. SONGS 2&3 Account (Continued)

(4) SONGS 2&3 ICIP Mechanism (Continued)

(b) SONGS 2&3 ICIP costs:

SCE shall calculate monthly SONGS 2&3 ICIP costs as follows:

- (i) Monthly recorded SONGS 2&3 ICIP Revenue Requirement
- (ii) Plus: monthly SONGS 2&3 Corporate A&G Expenses derived by multiplying 0.21 cents per kWh by SONGS 2&3 monthly net transmitted kWh.
- (iii) Plus: The SONGS 2&3 Allocated Industry Restructuring Costs,
- (iv) Plus: The annual negative amount (overcollection), if any, in the SONGS 2&3 Property Tax Memorandum Account, due to factors related to the accelerated recovery of SONGS 2&3 Sunk Costs;
- (v) Equals: SONGS 2&3 ICIP costs to be recorded in the SONGS 2&3 Account.

c. Palo Verde Account

(1) Purpose:

The purpose of the Palo Verde Account of the URGBA is to record, on a monthly basis, capital-related costs and operating costs associated with SCE's ownership share of Palo Verde.

(2) Notice and Reasonableness Review

In the event Palo Verde 1, 2, and/or 3 permanently close or discontinue operation for a period of nine or more consecutive months prior to January 1, 2002, SCE shall immediately notify the Commission as set forth in P.U. Code § 455.5(b). The reasonableness of any costs related to such unit(s) shall be reviewed by the Commission under, P.U. Code § 455.5 in whichever of the two following events occur first:

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 12

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(2) Notice and Reasonableness Review (Continued)

- (a) A proceeding to be initiated by SCE within 45 days of a permanent shutdown decision.
- (b) In an investigation initiated by the Commission within 45 days of receiving the notification specified in P.U. Code § 455.5(b).

Review of the reasonableness of any costs will be applied retroactively to the date of the unit(s) shutdown.

(3) Entries:

Entries to the Palo Verde Account shall be made monthly as follows:

- (a) Amortization expense associated with the sunk cost investment as of December 31, 2000. The amortization period shall end December 31, 2010.
- (b) Depreciation expense associated with post 2001 net plant investment determined by the remaining term of the Palo Verde license.
- (c) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;
- (d) plus: return on Palo Verde rate base (which includes post 2001 net plant investment), which shall be computed using 1/12 of the annual authorized rate of return;
- (e) plus: the PVIC revenue requirement as detailed below (actual Palo Verde operating costs will continue to be recorded as detailed below post 2001 until authorized costs are determined in SCE's next GRC or other applicable Commission proceeding);
- (f) equals: the monthly amount to be debited to the Palo Verde Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 13

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(4) Palo Verde Incremental Cost (PVIC) Mechanism

The PVIC, as adopted by the CPUC in D.96-12-083, allows for the cost recovery of certain generation-related costs as detailed below.

(a) Palo Verde Incremental Costs:

Palo Verde Incremental Costs shall include SCE's Ownership Share of Palo Verde O&M expenses, A&G expenses (including allocated Corporate A&G), Nuclear Fuel, Incremental Capital, Property Taxes, and Income Taxes (associated with Incremental Capital and Nuclear Fuel). PVIC categories are defined as follows:

- (i) Nuclear Fuel Costs. Actual costs, including book amortization of nuclear fuel, current nuclear fuel disposal costs, and nuclear fuel carrying costs. For purposes of this calculation only, the definition of Nuclear Fuel Costs shall exclude DOE Decontamination and Decommissioning ("D&D") spent fuel disposal charges, which are recovered in another CPUC-approved rate recovery mechanism.
- (ii) Property Taxes actually paid.
- (iii) Incremental Capital as billed by APS, plus SCE overheads of 17%.
- (iv) O&M expenses billed by APS to SCE (including APS overhead loads), plus SCE's oversight expenses.
- (v) A&G expenses related to SCE's nuclear insurance, SCE's oversight function and SCE's A&G (including SCE's recorded allocated Corporate A&G) associated with Palo Verde.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 14

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(4) Palo Verde Incremental Cost (PVIC) Mechanism (Continued)

(a) Palo Verde Incremental Costs: (Continued)

(vi) Incremental Income Taxes associated with:

(a) Incremental Capital:

Incremental Income Taxes on Incremental Capital shall be determined as follows: Bills for Incremental Capital received from APS during each year shall be multiplied by 1.17 to incorporate SCE's overheads. Incremental Income Taxes on Incremental Capital are computed by multiplying the capital additions, including overheads, by 29%. This 29% rate would be subject to change only if the income tax rate changes.

The 29% reflects (both federal and state income taxes) the present value of Incremental Income Taxes incurred in the year of the Incremental Capital costs, plus the tax benefits resulting from tax depreciation in future years. With the exception of the effects of any rate change, SCE's customers would not be obligated for any additional income taxes associated with Incremental Capital, nor shall they be entitled to any future income tax benefits.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 15

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(4) Palo Verde Incremental Cost (PVIC) Mechanism (Continued)

(a) Palo Verde Incremental Costs: (Continued)

(vi) Incremental Income Taxes associated with:

(b) Nuclear Fuel:

Incremental Income Taxes associated with Palo Verde Nuclear Fuel shall be computed by multiplying the Nuclear Fuel expenses (excluding current nuclear fuel disposal costs and nuclear fuel inventory carrying costs) by 9 percent. This 9 percent rate would be subject to change only if the income tax rate changes.

The 9 percent reflects the present value of Incremental Income Taxes for the year the expense is recognized for book purposes, plus the tax benefits resulting from tax depreciation in future years. With the exception of the effects of any rate change, customers are not obligated for any additional income taxes associated with Nuclear Fuel, nor shall they be entitled to any future tax benefits.

(b) The Palo Verde Allocated Industry Restructuring Costs shall be those generation related costs associated with industry restructuring allocated to nuclear generation at Palo Verde in accordance with D.99-09-064.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 16

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(5) The PVIC Revenue Requirement:

The PVIC revenue requirement shall be determined from the following calculations:

- (a) The sum of recorded Palo Verde Incremental Costs,
- (b) Plus: Recorded Palo Verde Allocated Industry Restructuring Costs;
- (c) Less: Recorded congestion revenue received as the result of SCE holding Firm Transmission Rights or revenues received from the resale of Firm Transmission Rights;
- (d) Plus: Cost of Firm Transmission Right acquisition costs;
- (e) Plus: NUIP rewards;
- (f) Equals: the PVIC revenue requirement.

(6) Incremental Cost Reasonableness Trigger Mechanism

For the period ending December 31, 2001, if SCE's recorded Incremental Capital, O&M Expenses and A&G Expenses (as defined herein) exceed the Trigger Total amounts identified in the table below for any calendar year, SCE must demonstrate that any amounts of these costs (i.e., Incremental Capital, O&M, and A&G) exceeding the amounts in the Table below for that calendar year are reasonable.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 17

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(6) Incremental Cost Reasonableness Trigger Mechanism (Continued)

Incremental Cost Reasonableness Trigger Mechanism
Pursuant To Table 2 of Palo Verde Settlement Agreement
As Adopted in D.96-12-083
 (\$ Millions)

<u>Component</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
O&M	50.8	52.3	54.1	55.9	57.9
A&G	15.2	15.7	16.1	16.6	17.2
Increment Cap.	<u>14.2</u>	<u>14.6</u>	<u>15.1</u>	<u>15.6</u>	<u>16.0</u>
Subtotal	80.2	82.6	85.3	88.1	91.1
Trigger (30%)	<u>24.1</u>	<u>24.8</u>	<u>25.6</u>	<u>26.4</u>	<u>27.3</u>
Total	<u>104.3</u>	<u>107.4</u>	<u>110.9</u>	<u>114.5</u>	<u>118.4</u>

Beginning on January 1, 1997, and ending on December 31, 2001, operations of Palo Verde are assumed to be reasonable unless the annual Palo Verde site Gross Capacity Factor ("GCF") is less than 55%. If the site GCF is below 55% in a calendar year, SCE will bear the burden of proof to demonstrate that operations were reasonable in that year. If operations are determined to be unreasonable by the Commission, SCE's replacement power purchases associated with that period of Palo Verde operations below 55% GCF, may be disallowed.

If: (1) Incremental Capital, O&M Expense and A&G Expense costs exceed the amounts identified in the table above in any applicable calendar year, and (2) the Palo Verde site GCF falls below 55% during the same applicable calendar year, SCE bears the burden of proof that both the costs exceeding the amounts in the table above and associated replacement power costs are reasonable. However, only the replacement power costs or the sum of the Incremental Capital costs, O&M Expenses and A&G Expenses that exceed the applicable calendar year amount in the table above may be disallowed, not both. Any such disallowances shall be directly refunded to customers through the Electric Deferred Refund Account ("EDRA").

(Continued)

(To be inserted by utility)

Advice 1534-E-A
 Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
 Effective _____
 Resolution _____



PRELIMINARY STATEMENT

Sheet 18

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP)

(a) Purpose:

The purpose of the Nuclear Unit Incentive Procedure (NUIP) is to provide a reward for superior performance applicable to SCE's share of ownership of Palo Verde Units 1, 2, and 3. The NUIP is applied by use of a formula that converts an Incentive Period Unit Gross Capacity Factor to dollars. There is no penalty associated with the Palo Verde NUIP. The amount of reward is based upon: (1) the difference in cost between producing energy from Palo Verde nuclear-fueled generation and the Market Price; and (2) any Palo Verde units' performance above 80% Capacity Factor.

(b) Applicability:

The NUIP applies to the operation of SCE's 15.8 percent ownership share of Palo Verde Units 1, 2, and 3 through December 31, 2001. Any NUIP reward based upon a fuel cycle not completed by December 31, 2001 will be calculated on a pro-rata basis ending on November 1, 2001. This reward will be submitted to the Commission for approval via Advice Filing by no later than November 15, 2001 for recovery by no later than December 31, 2001.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 19

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP) (Continued)

(c) Definitions:

(i) Nuclear Fuel Expense:

The Nuclear Fuel Expense for each Palo Verde nuclear unit shall be the nuclear energy cost associated with the change in production between an 80% Capacity Factor and the Unit Gross Capacity Factor for each unit specified herein. The Nuclear Fuel Expense for each unit shall be expressed in cents per kilowatt-hour.

(ii) Unit Gross Capacity Factor:

The Unit Gross Capacity Factor for SCE's share of ownership of each Palo Verde unit specified herein shall be based on SCE's share of each Unit's maximum gross capacity shown below.

<u>Unit</u>	<u>Maximum Gross Capacity</u>	<u>SCE's Share</u>
1	1315 mw	207.8 mw
2	1315 mw	207.8 mw
3	1318 mw	208.2 mw

The Unit Gross Capacity Factor shall be adjusted to provide for Economic Modifiers.

(iii) Incentive Period:

The Incentive Period for each unit shall be based on a single Fuel Cycle beginning with Fuel Cycle 7 for Palo Verde Units 1 and 2 and Fuel Cycle 6 for Palo Verde Unit 3 and continue through December 31, 2001. For a fuel cycle not completed by December 31, 2001 the Incentive Period shall end effective November 1, 2001.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

19W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 20

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP) (Continued)

(c) Definitions: (Continued)

(iv) Fuel Cycle:

A fuel cycle shall be defined as the period of time which begins immediately after the refueling of the reactor when circuit breakers are closed and the unit is synchronized to the grid, and ends simultaneously with the beginning of the subsequent fuel cycle.

(v) Market Price:

The Market Price shall be the Replacement Power Cost.

(vi) Replacement Power Cost:

The Replacement Power Cost shall be the energy expense associated with the change in production between the recorded Unit Gross Capacity Factor and the 80 percent Gross Capacity Factor and expressed in cents per kilowatt-hour.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

20W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 21

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP) (Continued)

(c) Definitions: (Continued)

(vii) Economic Modifiers:

Economic Modifiers shall be adjustments made to the Incentive Period Gross Capacity Factor to compensate for the effect of certain conditions that affect the performance of the unit; such conditions cause reductions in unit performance for the purpose of minimizing the overall cost to the customer, consistent with maintaining the integrity of the electrical system. The application of Economic Modifiers may cause or increase a Nuclear Unit Incentive Procedure reward, and shall be subject to Commission review on a case by case basis.

In accordance with Commission Decision Nos. 84-12-060, 86-10-023, 87-08-023, and 91-05-054 the following three Economic Modifiers are authorized for Palo Verde:

- (a) An Economic Modifier which permits SCE to reduce output from any Palo Verde unit or combination of units during those intervals when to do so produces an energy supply to meet system demands which is less costly to customers. This Economic Modifier shall accommodate additional economic power purchases.
- (b) An Economic Modifier which permits a change to a refueling outage scheduled for any Palo Verde unit or combination of Palo Verde units when it is in the best interest of customers.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 22

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP) (Continued)

(c) Definitions: (Continued)

(vii) Economic Modifiers: (Continued)

(c) An Economic Modifier which permits SCE to reduce output from any Palo Verde unit when the Nuclear Regulatory Commission (NRC) requires such a reduction or outage for any Palo Verde unit or combination of Palo Verde units.

(d) Report on the Nuclear Unit Incentive Procedure:

SCE shall file a report each year whenever an Incentive Period ends during the preceding calendar year. Such report shall set forth the Unit Gross Capacity Factor for SCE's share of ownership of the unit for the Incentive Period. Should the Unit Gross Capacity Factor be above the 80 percent Capacity Factor, SCE shall calculate the amount of reward according to the formula set forth herein. Such adjustment shall be made to this account pursuant to Commission order.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

22W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 23

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

c. Palo Verde Account (Continued)

(7) Nuclear Unit Incentive Procedure (NUIP) (Continued)

(c) Definitions: (Continued)

(vii) Economic Modifiers: (Continued)

(e) Incentive Amount:

- (i) Each Palo Verde unit Incentive Amount shall be calculated separately as follows:

$$IA = (0.5) (GCF_U - 0.80) (MP - NE) PH \times GMC \times SHR \times CO$$

Where:

MP = Market Price

NE = Nuclear Fuel Expense

GCF_U = Unit Gross Capacity Factor of SCE's ownership share of the unit for the Incentive Period

GMC = Gross Maximum Capacity

= 1,315 MW for Palo Verde 1 (Total)

= 1,315 MW for Palo Verde 2 (Total)

= 1,318 MW for Palo Verde 3 (Total)

SHR = SCE's share of ownership (15.80 percent)

PH = Hours in the unit's Incentive Period

CO = Conversion factor of 10 to convert megawatts to kilowatts and cents to dollars

- (ii) When the Unit Gross Capacity Factor falls below 80 percent, the Incentive Amount shall be zero.
- (iii) The amount of reward determined by the application of the formula in "(1)" shall be applicable for inclusion in the Nuclear Unit Incentive Procedure.
- (iv) The reward amount determined above shall be the Nuclear Unit Incentive Amount to be included as a debit to the Palo Verde Account of the URGBA.

(Continued)

(To be inserted by utility)

Advice 1534-E-A

Decision 01-03-081,01-03-082

Issued by

John R. Fielder

Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001

Effective _____

Resolution _____

PRELIMINARY STATEMENT

Sheet 24

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

d. Mohave Account

(1) Purpose:

The purpose of the Mohave Account of the URGBA is to record, on a monthly basis, the capital-related and operating costs associated with SCE's ownership share of Mohave.

(2) Entries:

Entries to the Mohave Account shall be made monthly as follows:

- (a) Depreciation expense associated with (1) plant investment set at the net book value on December 31, 2000, including site specific and non-site specific general plant and capital additions made after December 31, 1995; and (2) all reasonable and prudent incremental capital net plant investments put into service after December 31, 2000. Depreciation schedules shall be based on the expected remaining life of Mohave;
- (b) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;
- (c) plus: return on Mohave rate base, which shall be computed using 1/12 of the annual authorized rate of return;
- (d) plus: operating costs including: fixed and variable fuel costs, fuel inventory carrying costs, emission credit costs, operation and maintenance expenses, direct, joint and common administrative and general expenses, scheduling and dispatch costs, generation-related congestion fees, site remediation costs, auxiliary power costs, materials and supply expenses, allocated Customer Service and Informational expenses, all applicable taxes and other transmission-related costs charged to generators (actual Mohave operating costs will continue to be recorded until authorized costs determined in SCE's next GRC or other applicable Commission proceeding.);
- (e) plus: the Mohave allocated Industry Restructuring Costs in accordance with D.99-09-064.
- (f) The sum of "(a)" through "(e)" above equals the monthly amount to be debited to the Mohave Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

24W9

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 25

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

e. Four Corners Account

(1) Purpose:

The purpose of the Four Corners Account of the URGBA is to record, on a monthly basis, the capital-related and operating costs associated with SCE's ownership share of Four Corners.

(2) Entries:

Entries to the Four Corners Account shall be made monthly as follows:

- (a) Depreciation expense associated with (1) plant investment set at the net book value on December 31, 2000, including site specific and non-site specific general plant and capital additions made after December 31, 1995; and (2) all reasonable and prudent incremental capital net plant investments put into service after December 31, 2000. Depreciation schedules shall be based on the expected remaining life of Four Corners;
- (b) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;
- (c) plus: return on Four Corners rate base, which shall be computed using 1/12 of the annual authorized rate of return (actual Pebbly Beach operating costs will continue to be recorded until authorized costs are determined in SCE's next GRC or other applicable Commission proceeding.);
- (d) plus: operating costs including: fixed and variable fuel costs, fuel inventory carrying costs, emission credit costs, operation and maintenance expenses, direct, joint and common administrative and general expenses, scheduling and dispatch costs, generation-related congestion fees, site remediation costs, auxiliary power costs, Materials and Supply expenses, allocated Customer Service and Informational expenses, all applicable taxes and other transmission-related costs charged to generators (actual Four corners operating costs will continue to be recorded until authorized costs are determined in SCE's next GRC or other applicable Commission proceeding.);
- (e) plus: the Four Corners allocated Industry Restructuring Costs in accordance with D.99-09-064.
- (f) The sum of "(a)" through "(e)" equals the monthly amount to be debited to the Four Corners Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 26

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

f. Pebbly Beach Account

(1) Purpose:

The purpose of the Pebbly Beach Account of the URGBA is to record, on a monthly basis, the capital-related and operating costs associated with SCE's Pebbly Beach Generating Station, to the extent these costs are not recovered elsewhere.

(2) Entries:

Entries to the Pebbly Beach Account shall be made as follows:

- (a) Depreciation expense associated with (1) plant investment set at the net book value on December 31, 2000, including site specific and non-site specific general plant and capital additions made after December 31, 1995; and (2) all reasonable and prudent incremental capital net plant investments put into service after December 31, 2000. Depreciation schedules shall be based on the expected remaining life of Pebbly Beach;
- (b) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;
- (c) plus: return on Pebbly Beach rate base, which shall be computed using 1/12 of the annual authorized rate of return (actual Pebbly Beach operating costs will continue to be recorded until authorized costs are determined in SCE's next GRC or other applicable Commission proceeding.)
- (d) plus: operating costs including: fixed and variable fuel costs, fuel inventory carrying costs, emission credit costs, operation and maintenance expenses, direct, joint, and common administrative and general expenses, scheduling and dispatch costs, generation-related congestion fees, site remediation costs, auxiliary power costs, materials and supply expenses, allocated Customer Service and Informational expenses, all applicable taxes, and other transmission-related costs charged to generators;
- (e) The sum of "(a)" through "(d)" above equals the monthly amount to be debited to the Pebbly Beach Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 27

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

3. Operation of the URGBA (Continued)

g. Hydro Account

(1) Purpose:

The purpose of the Hydro Account of the URGBA is to record, on a monthly basis, the capital-related and operating costs of SCE's hydroelectric facilities.

(2) Entries:

Entries to the Hydro Account shall be made monthly as follows:

- (a) Depreciation expense associated with plant investment, set at the net book value on December 31, 2000, including site specific and non-site specific general plant and capital additions made after December 31, 1995; and (2) all reasonable and prudent incremental capital net plant investments put into service after December 31, 2000. Depreciation schedules shall be based on the expected remaining life of Hydro;
- (b) plus: taxes based on income including all appropriate income tax-related adjustments, deferred income tax expense, and any other federal, state, or local taxes imposed;
- (c) plus: return on Hydro rate base, which shall be computed using 1/12 of the annual authorized rate of return for such generation assets;
- (d) plus: (1) authorized O&M expenses; (2) authorized A&G expenses; (3) authorized property and other taxes; (4) and authorized Customer Service and Informational expenses(the current authorized costs will continue to be recorded until new authorized costs are determined in SCE's next GRC or other applicable Commission proceeding.);
- (e) plus: the Hydro allocated Industry Restructuring Costs in accordance with D.99-09-064;
- (f) the sum of "(a)." through "(e)." above equals the monthly amount to be debited to the Hydro Account.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 28

(Continued)

NN UTILITY RETAINED GENERATION BALANCING ACCOUNT (Continued)

4. Annual Dedicated Rate Adjustment

On November 15th of each year, SCE will submit an advice letter setting forth the URGBA dedicated rate component to become effective on January 1st of the following year. The URGBA dedicated rate component will be determined as follows:

$$\frac{A + B + C + D + E + F + G + H + I}{J}$$

Where;

- A. estimated annual revenue to be recorded in the URGBA Revenue Accounts Section (2) (b), in the subsequent year
- B. estimated annual costs to be recorded in the SONGS 2 & 3 Account in the subsequent year
- C. estimated annual costs to be recorded in the Palo Verde Account in the subsequent year
- D. estimated annual costs to be recorded in the Mohave Account in the subsequent year
- E. estimated annual costs to be recorded in the Four Corners Account in the subsequent year
- F. estimated annual costs to be recorded in the Pebbly Beach Account in the subsequent year
- G. estimated annual costs to be recorded in the Hydro Account in the subsequent year
- H. estimated under or over collected balance in the URGBA on December 31st of the current year
- I. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A through H, and
- J. estimated bundled service metered sales for the subsequent year.

See Preliminary Statement QQ, for a discussion on the trigger mechanism.

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 1

OO. ANCILLARY SERVICES BALANCING ACCOUNT (ASBA)

1. Purpose:

The purpose of the Ancillary Services Balancing Account (ASBA) is to record the difference between (1) costs associated with ISO ancillary service charges associated with SCE URG and power purchase contracts; and (2) the ASBA Dedicated Generation Revenue.

2. Definitions:

a. Effective Date

The Effective Date of this tariff is April 1, 2001. After 2002, upon SCE resuming the net short needs of SCE's retail customers, all ancillary service costs will be recorded in the Procurement Cost Balancing Account (PCBA) and entries in the ASBA will cease.

b. Interest Rate

The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest shall so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13., or its successor publication.

c. ASBA Dedicated Rate

The ASBA Dedicated Rate is that portion of the generation rate allocated to ASBA. The ASBA initial dedicated rate shall be set at 0.90 cents per kWh.

The ASBA Dedicated Rate shall be updated through the operation of the Generation Trigger Mechanism or other applicable Commission proceeding.

d. Effective Date Adjustments

ASBA-related costs recorded in the TRA or EPSBA from February 1, 2001 through the March 31, 2001 shall be transferred to the ASBA as of the Effective Date.

e. Dedicated ASBA Generation Revenues

Recorded revenues equal the dedicated ASBA rate times the recorded bundled service metered sales.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 2

(Continued)

OO. ANCILLARY SERVICES BALANCING ACCOUNT (ASBA) (Continued)

3. Operation of the ASBA

Entries to the ASBA are as follows:

- a. Debit or credit amount equal to the Effective Date Adjustments;
- b. Credit amount equal to recorded ASBA Dedicated Generation Revenues;
- c. Debit amount equal to ISO charges to SCE for 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; and no pay provision;

If the calculations above result in a negative amount (overcollection), such amount shall be credited to the ASBA

If the calculations above result in a positive amount (undercollection), such amount shall be debited to the ASBA.

Interest shall accrue monthly to the ASBA by applying the Interest Rate to the average of the beginning and ending monthly balance.

4. Annual Dedicated Rate Adjustment

On November 15th of each year, SCE will submit an advice letter setting forth the ASBA dedicated rate component to become effective on January 1st of the following year. The ASBA dedicated rate component will be determined as follows:

$$\frac{A + B + C}{D}$$

Where;

- A. estimated annual costs to be recorded in the ASBA in accordance with Section 3 c. in the subsequent year
- B. estimated under or over collected balance in the ASBA on December 31st of the current year
- C. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A and B, and
- D. estimated bundled service metered sales for the subsequent year.

See Preliminary Statement QQ for a discussion on the trigger mechanism.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

2W14

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 1

PP. PROCUREMENT COST BALANCING ACCOUNT (PCBA)

1. Purpose:

The purpose of the Procurement Cost Balancing Account (PCBA) is to record (1) payments remitted by SCE to DWR pursuant to D.01-03-081, D.01-03-082, or other Commission-approved method; (2) procurement costs incurred by SCE after 2002 to provide for the full net short needs of SCE's retail customers; (3) all ancillary service-related costs incurred after 2002; and (4) the dedicated PCBA generation revenue.

2. Definitions:

a. Effective Date

The Effective Date of this tariff is April 1, 2001.

b. Interest Rate

The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest shall so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13., or its successor publication.

c. PCBA Dedicated Rate

The PCBA Dedicated Rate is that portion of the generation rate allocated to PCBA. The PCBA initial dedicated rate shall be set at 3.91 cents per kWh.

The PCBA Dedicated Rate shall be updated through the operation of the Generation Rate Trigger Mechanism or other applicable Commission proceeding.

d. Effective Date Adjustments

PCBA-related costs recorded in the TRA or EPSBA from February 1, 2001 through March 31, 2001 shall be transferred to the PCBA as of the Effective Date.

e. Dedicated PCBA Generation Revenues

Recorded revenues equal the dedicated PCBA rate times the recorded bundled service metered sales.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 2

(Continued)

PP. PROCUREMENT COST BALANCING ACCOUNT (PCBA) (Continued)

3. Operation of the PCBA

Entries to the PCBA are as follows:

- a. Debit or credit amount equal to the Effective Date Adjustments;
- b. Credit amount equal to recorded PCBA Dedicated Generation Revenues;
- c. 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;
- d. Debit amount equal to procurement costs incurred by SCE after 2002 to provide for the full net short needs of SCE's retail customers;
- e. Debit amount equal to ancillary service costs incurred by SCE after 2002.

If the calculations above result in a negative amount (overcollection), such amount shall be credited to the PCBA.

If the calculations above result in a positive amount (undercollection), such amount shall be debited to the PCBA.

Interest shall accrue monthly to the PCBA by applying the Interest Rate to the average of the beginning and ending monthly balance.

4. Annual Dedicated Rate Adjustment

On November 15th of each year, SCE will submit an advice letter setting forth the PCBA dedicated rate component to become effective on January 1st of the following year. The PCBA dedicated rate component will be determined as follows:

$$\frac{A + B + C}{D}$$

Where;

- A. estimated annual costs to be recorded in the PCBA in accordance with Section 3 c., d. and e. in the subsequent year
- B. estimated under or over collected balance in the PCBA on December 31st of the current year
- C. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A and B, and
- D. estimated bundled service metered sales for the subsequent year.

See Preliminary Statement QQ for a discussion on the trigger mechanism.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 1

QQ. GENERATION RATE TRIGGER MECHANISM

1. Purpose:

The purpose of the Generation Rate Trigger Mechanism (GRTM) is to determine at the end of each month the amount of the generation rate (or surcharge) increase or decrease, if any, required because the sum of the ending balances in the SCECBA, ASBA, PCBA, and URGBA is either a \$500 million or greater undercollection (rate increase) or \$500 million or greater overcollection (rate decrease). Generation rates (or surcharges) will be designed such that the period in which the trigger amount is to be recovered or refunded will be 12 months.

2. Operation of the Generation Rate Trigger Mechanism.

At the end of each month the following Balancing Account balances will be summed:

- a. SCECBA:
- b. ASBA;
- c. PCBA;
- d. URGBA

If the sum of the entries result in an amount greater than or equal to \$500 million, then a rate change will be triggered.

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 2

(Continued)

QQ. GENERATION RATE TRIGGER MECHANISM

2. Operation of the Generation Rate Trigger Mechanism. (Continued)

If a rate change is triggered:

- 1) the SCEBA dedicated rate component will be determined as follows:

$$\frac{A + B + C + D}{E}$$

Where;

- A. estimated annual costs to be recorded in the QF Account in the subsequent 12-month period
- B. estimated annual costs to be recorded in the Other Purchased Power Account in the subsequent 12-month period
- C. under or over collected balance in the SCEBA as of the date the conditions in the Generation Rate Trigger Mechanism have been met
- D. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A through C, and
- E. estimated bundled service metered sales for the subsequent 12-month period.

- 2) the URGBA dedicated rate component will be determined as follows:

$$\frac{A + B + C + D + E + F + G + H + I}{J}$$

Where;

- A. estimated annual revenue to be recorded in the URGBA Revenue Account , Section (2) (b), in the subsequent 12-month period
- B. estimated annual costs to be recorded in the SONGS 2&3 Account in the subsequent 12-month period
- C. estimated annual costs to be recorded in the Palo Verde Account in the subsequent 12-month period

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

2W13

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 3

(Continued)

QQ. GENERATION RATE TRIGGER MECHANISM

2. Operation of the Generation Rate Trigger Mechanism. (Continued)

2) the URGBA dedicated rate component will be determined as follows:
(Continued)

- D. estimated annual costs to be recorded in the Mohave Account in the subsequent 12-month period
- E. estimated annual costs to be recorded in the Four Corners Account in the subsequent 12-month period.
- F. estimated annual costs to be recorded in the Pebbly Beach Account in the subsequent 12-month period
- G. estimated annual costs to be recorded in the Hydro Account in the subsequent 12-month period
- H. under or over collected balance in the URGBA as of the date the conditions in the Generation Rate Trigger Mechanism have been met
- I. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A through H, and
- J. estimated bundled service metered sales for the subsequent year.

3) the ASBA dedicated rate component will be determined as follows:

$$\frac{A + B + C}{D}$$

Where;

- A. estimated annual costs to be recorded in the ASBA in accordance with Section 3 c. in the subsequent 12-month period
- B. under or over collected balance in the ASBA as of the date the conditions in the Generation Rate Trigger Mechanism have been met

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 4

(Continued)

QQ. GENERATION RATE TRIGGER MECHANISM

2. Operation of the Generation Rate Trigger Mechanism. (Continued)

3) the ASBA dedicated rate component will be determined as follows:
(Continued)

C. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A and B, and

D. estimated bundled service metered sales for the subsequent 12-month period

4) the PCBA dedicated rate component will be determined as follows:

$$\frac{A + B + C}{D}$$

Where;

A. estimated annual costs to be recorded in the PCBA in accordance with Section 3 c., d. and e. in the subsequent 12-month period

B. under or over collected balance in the PCBA as of the date the conditions in the Generation Rate Trigger Mechanism have been met

C. franchise fees and uncollectibles (using the last Commission adopted FF&U factor) calculated based on the sum of items A and B, and

D. estimated bundled service metered sales for the subsequent 12-month period.

After the first time the conditions in the GRTM have been met, the net balances will be reviewed at the end of each calendar quarter thereafter to determine if additional rate changes are required.

SCE will notify the Commission through advice letter filing of the generation rate increase or decrease resulting from the operation of the GRTM. Thirty days after SCE notifies the Commission that a dedicated generation rate change has been triggered, the SCECBA Dedicated Generation Rate will be changed to recover the ending SCECBA balance, the ASBA Dedicated Generation Rate will be changed to recover the ending ASBA balance, the PCBA Dedicated Generation Rate will be changed to recover the ending PCBA balance, and the URGBA Dedicated Generation Rate will be changed to recover the ending URGBA balance.

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 1

RR. NET UNDERCOLLECTED AMOUNT ACCOUNT

1. Purpose

The purpose of the Net Undercollected Amount Account (NUAA) is to track the balance in SCE's Transition Cost Balancing Account (TCBA), Transition Revenue Account (TRA), and the Generation Memorandum Accounts (GMAs) as of January 31, 2001, with certain adjustments as defined in the Memorandum of Understanding (MOU) between SCE and the California Department of Water Resources (DWR).¹

The NUAA includes the following accounts:

- a. TCBA balance
- b. TRA balance
- c. GMAs balance

2. Definition:

a. Effective Date

The effective date of this tariff is April 1, 2001

b. Interest Rate

The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest shall so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13., or its successor publication.

3. Operation of the NUAA

- a. A debit or credit entry equal to the balance in the TCBA as of January 31, 2001 less the amortization and depreciation expense, return and taxes recorded for the month of January 2001;
- b. A debit entry equal to the balance in the TRA as of January 31, 2001 less ISO charges assumed by the DWR as set for the in Section 10 of the MOU;

¹ SCE's GMAs include the Independent System Operator (ISO) Revenue, the Power Exchange (PX) Revenue, the Unavoidable Fuel Contracts Costs, and the Hydro Generation Memorandum Account

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



PRELIMINARY STATEMENT

Sheet 2

(Continued)

RR. NET UNDERCOLLECTED AMOUNT ACCOUNT (Continued)

3. Operation of the NUAA (Continued)

- c. A credit entry equal to the net balance of the GMAs, less the amortization and depreciation expense, return and taxes recorded for the month of January 2001;
- d. A credit entry equal to the revenues received in February 2001 in respect to power delivered in January 2001;
- e. A debit entry equal to the accrued QF costs as of January 31, 2001 not actually due and payable;
- f. A debit entry equal to CDWR costs due to certain QF's not delivering power to SCE as set forth in Section 10 of the MOU;
- g. A debit entry equal to transaction cost obligation incurred by SCE;

Interest shall accrue monthly to the NUAA by applying the Interest Rate to the average of the beginning and ending monthly balance.

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____



TABLE OF CONTENTS

Sheet 1

Cal. P.U.C.
Sheet No.

TITLE PAGE 11431-E

TABLE OF CONTENTS - RATE SCHEDULES 29012-29013-28663-28664-28665-28666-E (T)

TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS 28667-E

TABLE OF CONTENTS - RULES 28668-E

TABLE OF CONTENTS - BASELINE REGIONS 28669-E

TABLE OF CONTENTS - SAMPLE FORMS 28670-25429-25430-27080-27184-25429-25430-E
..... 25381-E

PRELIMINARY STATEMENT:

A. Territory Served 22909-E

B. Description of Service 22909-E

C. Procedure to Obtain Service 22909-E

D. Establishment of Credit and Deposits 22909-E

E. General 22909-24193-24194-E

F. Symbols 24194-E

G. Gross Revenue Sharing Mechanism 26584-26585-26586-26587-26588-26589-26590-E
..... 26591-26592-26593-27050-E

H. Baseline Service 11457-20329-11880-11881-11461-E

I. NOT IN USE.....

J. NOT IN USE.....

K. NOT IN USE.....

L. NOT IN USE.....

M. Income Tax Component of Contributions 16039-24573-E

N. Memorandum Accounts 21344-28274-28965-28276-24196-28277-26003-24800-E (T)
..... 28278-21803-22369-28279-22371-22372-22373-22374-21121-E
..... 24956-22375-22376-21843-21243-21787-21846-21847-21848-21849-21850-21851-E
..... 21852-21853-21854-25204-26004-22379-26005-21960-22046-22047-22546-23702-E
..... 23703-23406-23200-23201-23202-23203-23204-23205-23206-23207-23208-23209-E
..... 23210-23211-23212-28280-26006-28966-28967-28968-E (T)
..... 28969-23226-23227-28281-28282-24244-24477-24812-22380-E (T)
..... 28283-22621-22622-24272-26007-26096-27212-26314-26757-26996-28408-28436-E

O. California Alternative Rates for Energy (CARE) Adjustment Clause
..... 23704-22161-21350-21351-26008-22163-E

P. Optional Pricing Adjustment Clause (OPAC) 20625-20626-24169-22165-20629-E

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____

TABLE OF CONTENTS

Sheet 2

(Continued)

Cal. P.U.C.
Sheet No.

PRELIMINARY STATEMENT: (Cont'd)

Q.	Demand Side Management Adjustment Clause (DSMAC)	24255-21355-20380-E	
	.....	20381-22167-20383-21356-26597-20386-E	
R.	Transition Revenue Account (TRA)	28970-28971-28972-E	(T)
S.	Envest ^{SCE} Pilot Program Adjustment Mechanism (EPPAM)	17874-17875-17876-E	
	.....	22169-17878-17879-E	
T.	Electric and Magnetic Fields Measurement Program	18319-18320-18321-E	
U.	Electric Vehicle Adjustment Clause (EVAC).....	22170-19860-22171-22172-22173-E	
V.	Hazardous Substance Cleanup Cost Recovery Mechanism	18853-22174-E	
	.....	27264-27294-24205-24206-18857-22175-18859-18860-18861-18862-18863-E	
W.	Competition Transition Charge Responsibility (CTC).....	25672-28474-28475-25675-25676-E	
	.....	25677-25678-25679-25680-28476-25682-25683-25684-25685-25686-25687-25688-E	
X.	Research, Development and Demonstration Adjustment Clause (RDDAC)		
	.....	22176-22177-E	
Y.	Economic Development Adjustment Clause (EDAC)	25206-21363-26607-25207-E	
Z.	NOT IN USE		
AA.	NOT IN USE		
BB.	Nongeneration Base Rate Adjustment Mechanism (NBRAM)....	25208-25209-25210-25211-E	
	.....	25212-26608-25214-25215-25216-25217-25218-25219-E	
CC.	Base Rate Performance Mechanism (BRPM).....	26609-26598-26610-25223-25224-E	
	.....	26010-25226-25227-25228-25229-25230-25231-25232-25233-E	
DD.	Cost Of Capital Trigger Mechanism.....	25234-26611-25235-26612-25236-E	
EE.	Electric Deferred Refund Account (EDRA).....	21212-26600-E	
FF.	NOT IN USE		
GG.	Energy Efficiency Program Adjustment Mechanism (EEPAM)	26601-24257-E	
HH.	Low Income Energy Efficiency Program Adjustment Mechanism (LIEEPAM)		
	.....	24258-24259-E	
II.	Public Purpose Adjustment Mechanism (PPAM)	22029-22030-22031-22032-E	
JJ.	NOT IN USE	28973-E	(T) (D)
KK.	NOT IN USE	28975-E	(T) (D)
LL.	NOT IN USE	-E	
MM.	SCE Contracts Balancing Account (SCECBA).....	28976-28977-28978-28979-E	(N)
NN.	Utility Retained Generation Balancing Account (URGBA)	28980-28981-28982-28983-E	|
	.....	28984-28985-28986-28987-28988-28989-28990-28991-28992-28993-28994-28995-E	|
	.....	28996-28997-28998-28999-29000-29001-29002-29003-29004-29005-29006-29016-E	|
OO.	Ancillary Services Balancing Account (ASBA).....	29007-29008-E	|
PP.	Procurement Cost Balancing Account (PCBA)	29009-29010-E	|
QQ.	Generation Rate Trigger Mechanism (GRTM)	29011-E	|
RR.	Net Undercollected Amount Account	29014-29015-29017-29018-29019-E	(N)

(Continued)

(To be inserted by utility)

Advice 1534-E-A
Decision 01-03-081,01-03-082

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 20, 2001
Effective _____
Resolution _____