
June 26, 2003

ADVICE 1718-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Reestablishment of the Major Additions Adjustment Clause**

Pursuant to Assembly Bill (AB) X1 6, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing reestablishes Preliminary Statement, Part KK, Major Additions Adjustment Clause (MAAC), as a result of ABX1 6.

BACKGROUND

As a consequence of electric industry restructuring, the electric utilities, in conjunction with the California Public Utilities Commission (Commission), the Office of Ratepayer Advocates (ORA) and other interested parties, performed a review of then existing ratemaking mechanisms. The Commission issued Decision (D.) 97-10-057 on October 22, 1997 to ensure that the regulatory accounting mechanisms in place on January 1, 1998 were consistent with the rate freeze and in compliance with AB 1890. D.97-10-057 permitted utilities to eliminate any regulatory accounts beginning January 1, 1998 which were believed to be unnecessary upon implementation of electric industry restructuring.

In compliance with D.97-10-057, SCE filed Advice 1255-E on November 3, 1997 (as supplemented by Advice 1255-E-A, filed on December 24, 1997 pursuant to Resolution E-3514, dated December 16, 1997), which eliminated the MAAC

Preliminary Statement,¹ Part K, from SCE's tariffs because, at that time, recovery of capital projects in excess of \$50 million that were: (1) generation related were subject to competitive market forces; (2) distribution related were subject to Z-factor treatment pursuant to Commission D.96-09-092; and (3) ISO-transmission related were subject to FERC jurisdiction.

On January 18, 2001, ABX1 6 was signed into law which, among other things, prohibits the sale of any generation facility owned by a public utility prior to January 1, 2006. Because of ABX1 6, the reestablishment of the MAAC tariff is now necessary given the return of the utility's retained generation facilities to cost-of-service ratemaking. As described in SCE's 20-Year Resource Plan, filed on April 15, 2003 (R.01-10-024) with the Commission, SCE's long-term resource plan includes commitments such as construction of new generation projects which could easily exceed the \$50 million threshold. In addition, effective with a Commission decision in SCE's 2003 General Rate Case (GRC), A.02-05-004, Z-factor treatment of distribution capital projects in excess of \$50 million will conclude with the elimination of SCE's Performance Based Ratemaking (PBR) mechanism as authorized in D.96-09-092, and as revised in D.02-04-055.

This advice filing reestablishes the MAAC preliminary statement pursuant to ABX1 6, and consistent with SCE's 20-Year Resource Plan and 2003 GRC. However, pursuant to the MAAC procedure as last modified by the Commission in D.87-12-066, no project may be included in the MAAC mechanism for cost recovery without Commission review and approval to do so in a GRC proceeding.

The attached tariff sheets contain the MAAC preliminary statement language as last authorized by the Commission (and as withdrawn in Advice 1255-E-A) and contain minor revisions. The revisions as shown in detail on Attachment B, are minor in nature and account for changes that have occurred in SCE's tariffs since the MAAC tariff was eliminated, such as the replacement of the "Energy Cost Adjustment Clause" with the "Energy Resource Recovery Account."

No cost information is required for this advice filing.

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

¹ The MAAC ratemaking procedure enabled the Commission to consider the reasonableness issues related to SCE's major plant additions which were estimated to exceed \$50 million without the time constraints imposed by the GRC Plan. The MAAC procedure, as authorized in D.87-12-066, allowed SCE, among other things, to: (1) ultimately recover the investment-related costs found reasonable by the Commission; and (2) recover, on an interim basis and subject to refund, 75 percent of the estimated investment-related revenue requirement effective upon the commercial operating date (COD) of the major plant additions, and prior to completion of the Commission's reasonableness review.

EFFECTIVE DATE

This advice filing will become effective on the 40th calendar day after the date filed, which is August 5, 2003.

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
c/o Jerry Royer
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:

Akbar Jazayeri
Director of Revenue and Tariffs
c/o Emelyn Lawler
Southern California Edison Company
2244 Walnut Grove Avenue, Quad 3D
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: Emelyn.Lawler@sce.com

Bruce Foster
Vice President of Regulatory Operations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is furnishing 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 or by electronic mail at Emelyn.Lawler@sce.com. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

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. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/adviceletters>.

For questions, please contact Linda Letizia at (626) 302-3634 or by electronic mail at Linda.Letizia@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:ll
Enclosures

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Revised 34127-E Revised 34128-E	Table of Contents Table of Contents	Revised 33546-E Revised 33519-E



PRELIMINARY STATEMENT

Sheet 1

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

1. Purpose: The purpose of the Major Additions Adjustment Clause (MAAC) is to reflect in rates, through application of the Major Additions Adjustment Billing Factor (MAABF) and the Annual Major Additions Rate (AMAR), certain costs of owning, operating, and maintaining (excluding all costs recovered through SCE's Energy Resource Recovery Account or through the currently effective General Rate Case (GRC) authorized rates) capital projects in excess of \$50 million which are specified as major plant additions (Specified Major Additions) authorized for inclusion in the MAAC by the California Public Utilities Commission (Commission). The currently authorized Specified Major Additions are set forth in Section 3.g. The costs applicable for inclusion in the MAAC for each Specified Major Addition will be recovered through the MAAC until GRC authorized rates become effective which include all such costs. At such time as the MAAC provision is terminated, any accumulated differential in the Major Additions Adjustment Accounts, as described and limited in Section 7, shall be transferred to the applicable GRC-related balancing account or such other appropriate balancing account. (T)

2. Applicability: The MAAC provision applies to certain rate schedules and certain special contracts subject to the jurisdiction of the Commission. (T)

3. Definitions.

a. Authorization Date:

The Authorization Date shall be the date on which the Commission authorizes the inclusion of a Specified Major Addition in the MAAC.

b. Undercollected or Overcollected Income Tax Expense:

Undercollected or Overcollected Income Tax Expense shall be the product of the monthly entry (excluding interest) recorded in each Major Additions Adjustment Account and SCE's current composite income tax rate.

(Continued)

(To be inserted by utility)
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John R. Fielder
Senior Vice President

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Resolution _____



PRELIMINARY STATEMENT

Sheet 2

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

3. Definitions. (Continued)

c. Effective Date:

The Effective Date for the revised MAAC rates shall be the Revision Date or such other date as the Commission may authorize. The revised MAAC rates shall be applied to sales for service rendered on and after the Effective Date and shall continue thereafter until the next such MAAC rates become effective or until the MAAC is terminated.

d. Forecast Period:

The Forecast Period for calculating the MAABF and the AMAR shall be the twelve-calendar-month period commencing with the Revision Date.

e. Franchise Fees and Uncollectible Accounts:

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

f. Carrying Cost Rate:

The Carrying Cost Rate shall be 1/12 of SCE's after tax gross Allowance For Funds Used During Construction (AFUDC) rate calculated in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts. (T)

g. Pre-COD Investment:

The Pre-COD Investment shall be the investment in a portion of SCE's Electric Plant In-Service made prior to the Commercial Operating Date. (T)

h. Post-COD Investment:

The Post-COD Investment shall be the investment in a portion of SCE's Electric Plant In-Service made on or after the Commercial Operating Date. (T)

i. Revision Date:

The Revision Date for calculating the MAABF and the AMAR shall be January 1 of each year. Applications for MAAC rate revisions calculated in accordance with the provisions described herein shall be filed with the Commission at least 90 days prior to the Revision Date.

(Continued)

(To be inserted by utility)
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PRELIMINARY STATEMENT

Sheet 3

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

3. Definitions. (Continued)

j. Specified Major Addition:

A Specified Major Addition is an addition to SCE's Electric Plant In-Service (T)
between general rate proceedings which has been authorized for inclusion in
the MAAC by the Commission. For purposes of calculating revisions to the
MAAC rates and the entries to the Major Additions Adjustment Account,
those Pre-COD Investment and Post-COD Investment related costs
applicable for inclusion in the MAAC associated with the following Specified
Major Additions shall be included:

<u>Specified Major Addition</u>	<u>Authorization Date</u>	<u>Termination Date</u>
-------------------------------------	-------------------------------	-----------------------------

None at the present time

k. Termination Date:

The Termination Date shall be the date on which the revenue requirement
associated with the investment-related costs incurred thereafter for a
Specified Major Addition shall no longer be applicable for inclusion in the
MAAC.

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PRELIMINARY STATEMENT

Sheet 4

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

4. Calculation of the Average Ownership Rate. Individual rates to reflect certain costs of owning each Specified Major Addition shall be calculated as authorized by the Commission. The Average Ownership Rate for each Specified Major Addition shall be determined from the following calculations:

- a. The Forecast Period depreciation;
- b. Plus: The Forecast Period ad valorem taxes;
- c. Plus: The forecast Period taxes based on income, including the following tax adjustments:
 - (1) The tax deductions resulting from items "a" and "b" above; (T)
 - (2) The tax effect of the excess of liberalized depreciation over booked depreciation; (D)
 - (3) Interest charge deductions; (T)
 - (4) Other appropriate tax adjustments; (T)
- d. Plus: The Forecast Period return which shall be the Forecast Period rate base multiplied by SCE's system rate of return most recently authorized by the Commission. (T)
- e. The amounts in "d" above, increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the MAAC estimated to be sold during the Forecast Period. The result shall be the Average Ownership Rate, expressed in dollars per kilowatthour, as set forth below. (D)

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PRELIMINARY STATEMENT

Sheet 5

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

4. Calculation of the Average Ownership Rate (Continued)

f. (Continued)

<u>Specified</u> <u>Major Addition</u>	<u>Average</u> <u>Ownership Rate</u> <u>Per kWh</u>
---	---

None at the present time

At such times as the Commission authorizes any adjustments which affect the amounts applicable for inclusion in the Average Ownership Rate, the Average Ownership Rate shall be appropriately revised.

5. Calculation of the Balancing Rate for Each Specified Major Addition. The Balancing Rate for each Specified Major Addition shall be calculated by dividing the estimated balance in the Major Additions Adjustment Account (on the Revision Date or such other date as the Commission may authorize and calculated in accordance with the procedure set forth in Paragraph 7), plus the interest forecast to accrue during the amortization period, increased to provide for Franchise Fees and Uncollectible Accounts, by the sales subject to the MAAC estimated to be sold during the amortization period. The result shall be the Balancing Rate, expressed in dollars per kilowatthour. The Balancing Rate associated with each Specified Major Addition authorized for inclusion in the MAAC is set forth below:

<u>Specified</u> <u>Major Addition</u>	<u>Balancing Rate</u> <u>Per kWh</u>
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None at the present time

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PRELIMINARY STATEMENT

Sheet 6

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

6. Major Additions Adjustment Billing Factor (MAABF). The MAABF shall be the sum of the Average Ownership Rates and the Balancing Rates for each Specified Major Addition. Such MAABF, expressed in dollars per kilowatthour, shall be applied on a uniform dollars-per-kilowatthour basis to all sales subject to the MAAC. The application of the MAABF to sales shall be as set forth on the applicable rate schedule.

The MAABF listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Major Additions Adjustment Billing Factor Per kWh</u>
---------------------------	--

None at the present time.

(D)
(T)

7. Major Additions Adjustment Account for Each Specified Major Addition. SCE shall maintain a Major Additions Adjustment Account (Balancing Account) for each Specified Major Addition. Entries to be made to these accounts at the end of each month will be determined from the calculations set forth in "a" through "e" below. Such entries shall not include amounts reflected in SCE's GRC authorized rates. (T)

- a. Depreciation as recorded during the month;
- b. Plus: Add valorem taxes as recorded during the month;
- c. Plus: Taxes based on income, including appropriate tax adjustments, all as recorded during the month;
- d. Plus: Return, which shall be one-twelfth of the rate of return authorized by the Commission for each Specified Major Addition multiplied by the average depreciated rate base, as recorded during the month;

(D)

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PRELIMINARY STATEMENT

Sheet 7

(Continued)

KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

7. Major Additions Adjustment Account for Each Specified Major Addition. (Continued)

e. Less: The amount of revenue attributable to each Specified Major Addition. This amount of revenue shall be calculated by multiplying the sum of the Average Ownership Rate and Balancing Rate for each Specified Major Addition, by the kilowatthours sold during the month applicable to the MAABF, reduced to provide for Franchise Fees and Uncollectible Accounts.

If the above calculation produces a positive amount (undercollection), such amount will be debited to the Balancing Account in conjunction with the Specified Major Addition as approved by the Commission. If the calculation produces a negative amount (overcollection), such amount will be credited to the Balancing Account. Interest will accrue monthly to the Balancing Account by applying the Carrying Cost Rate to the average of the beginning balance less the accumulated Undercollected or Overcollected Income Tax Expense and the ending balance less the accumulated Undercollected or Overcollected Income Tax Expense. (T)

8. Calculation of the Average Noninvestment-Related Expense Rate. Individual rates to reflect certain noninvestment-related costs associated with each Specified Major Addition shall be calculated as authorized by the Commission. The Average Noninvestment-Related Expense Rate for each Specified Major Addition shall be determined from the following calculations:

- a. The Forecast Period operation and maintenance expenses (excluding all costs recovered through SCE's Energy Resource Recovery Account or through the currently-effective GRC authorized rates) appropriate for inclusion in the MAAC; (T)
- b. Plus: The Forecast Period pensions and benefits expense associated with the labor portion of "a" above; (T)
- c. Plus: The Forecast Period payroll tax expense associated with the labor portion of "a" above; (T)

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PRELIMINARY STATEMENT

Sheet 8

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

8. Calculation of the Average Noninvestment-Related Expense Rate. (Continued)

d. Plus: The Forecast Period property, liability, and replacement generation insurance expenses. (D)

e. The amount in "d" above, increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the MAAC estimated to be sold during the Forecast Period. The result shall be the Average Noninvestment-Related Expense Rate, expressed in dollars per kilowatthour. (T)

9. Annual Major Additions Rate (AMAR). The AMAR shall be the sum of the Average Noninvestment-Related Expense Rates for each Specified Major Addition. Such AMAR, expressed to dollars per kilowatthour, shall be applied on a uniform dollars-per-kilowatthour basis to all sales subject to the MAAC. The application of the AMAR to sales shall be as set forth on the applicable rate schedule.

The AMAR listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Annual Major Additions Rate Per kWh</u>	
None at the present time.		(D) (T)

(To be inserted by utility)
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ATTACHMENT B

PRELIMINARY STATEMENT

Sheet 1

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PRELIMINARY STATEMENT

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

3. Definitions. (Continued)

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d. Forecast Period:

The Forecast Period for calculating the MAABF and the AMAR shall be the twelve-calendar-month period commencing with the Revision Date.

e. Franchise Fees and Uncollectible Accounts:

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

f. Carrying Cost Rate:

The Carrying Cost Rate shall be 1/12 of ~~the Company~~SCE's after tax gross Allowance For Funds Used During Construction (AFUDC) rate calculated in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts. (T)

g. Pre-COD Investment:

The Pre-COD Investment shall be the investment in a portion of ~~the Company~~SCE's Electric Plant In-Service made prior to the Commercial Operating Date. (T)

h. Post-COD Investment:

The Post-COD Investment shall be the investment in a portion of ~~the Company~~SCE's Electric Plant In-Service made on or after the Commercial Operating Date. (T)

i. Revision Date:

The Revision Date for calculating the MAABF and the AMAR shall be January 1 of each year. Applications for MAAC rate revisions calculated in accordance with the provisions described herein shall be filed with the Commission at least 90 days prior to the Revision Date.

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PRELIMINARY STATEMENT

Sheet 3

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

3. Definitions. (Continued)

j. Specified Major Addition:

A Specified Major Addition is an addition to ~~the Company~~**SCE**'s Electric Plant In-Service between general rate proceedings which has been authorized for inclusion in the MAAC by the Commission. For purposes of calculating revisions to the MAAC rates and the entries to the Major Additions Adjustment Account, those Pre-COD Investment and Post-COD Investment related costs applicable for inclusion in the MAAC associated with the following Specified Major Additions shall be included: (T)

Specified Major Addition	Authorization Date	Termination Date
-----------------------------	-----------------------	---------------------

None at the present time

k. Termination Date:

The Termination Date shall be the date on which the revenue requirement associated with the investment-related costs incurred thereafter for a Specified Major Addition shall no longer be applicable for inclusion in the MAAC.

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Sheet 4

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

4. Calculation of the Average Ownership Rate. Individual rates to reflect certain costs of owning each Specified Major Addition shall be calculated as authorized by the Commission. The Average Ownership Rate for each Specified Major Addition shall be determined from the following calculations:

- a. The Forecast Period depreciation;
- b. Plus: The Forecast Period ad valorem taxes;
- c. Plus: The forecast Period taxes based on income, including the following tax adjustments:

(1) The tax deductions resulting from items "a" and "b" above; (T)

~~(2.) Investment tax credits;~~ (D)
(T)

~~2)3.~~ The tax effect of the excess of liberalized depreciation over booked depreciation; (T)

~~(3)4~~ Interest charge deductions; (T)

~~(4)5~~ Other appropriate tax adjustments;

d. Plus: The Forecast Period return which shall be the Forecast Period rate base multiplied by ~~the Company~~SCE's system rate of return most recently authorized by the Commission. (T)

~~e~~
~~The sum of "a" through "d" shall be multiplied by the most recently adopted retail jurisdictional allocation factor.~~ (D)
(T)

f. The amounts in "~~d~~e" above, increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the MAAC estimated to be sold during the Forecast Period. The result shall be the Average Ownership Rate, expressed in dollars per kilowatthour, as set forth below.

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

4. Calculation of the Average Ownership Rate (Continued)

f. (Continued)

<u>Specified Major Addition</u>	<u>Average Ownership Rate Per kWh</u>
-------------------------------------	---

None at the present time

At such times as the Commission authorizes any adjustments which affect the amounts applicable for inclusion in the Average Ownership Rate, the Average Ownership Rate shall be appropriately revised.

5. Calculation of the Balancing Rate for Each Specified Major Addition. The Balancing Rate for each Specified Major Addition shall be calculated by dividing the estimated balance in the Major Additions Adjustment Account (on the Revision Date or such other date as the Commission may authorize and calculated in accordance with the procedure set forth in Paragraph 7), plus the interest forecast to accrue during the amortization period, increased to provide for Franchise Fees and Uncollectible Accounts, by the sales subject to the MAAC estimated to be sold during the amortization period. The result shall be the Balancing Rate, expressed in dollars per kilowatt-hour. The Balancing Rate associated with each Specified Major Addition authorized for inclusion in the MAAC is set forth below:

<u>Specified Major Addition</u>	<u>Balancing Rate Per kWh</u>
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None at the present time

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Sheet 6

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

6. Major Additions Adjustment Billing Factor (MAABF). The MAABF shall be the sum of the Average Ownership Rates and the Balancing Rates for each Specified Major Addition. Such MAABF, expressed in dollars per kilowatthour, shall be applied on a uniform dollars-per-kilowatthour basis to all sales subject to the MAAC. The application of the MAABF to sales shall be as set forth on the applicable rate schedule.

The MAABF listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Major Additions Adjustment Billing Factor Per kWh</u>	
None at the present time	01/01/89	\$.00163 (D)
07/01/89	\$.00112	(T)
01/01/91	\$.00090	(T)
01/20/91	\$.00062	
01/20/92	\$.00016	
03/05/93	\$.00000	(T)

7. Major Additions Adjustment Account for Each Specified Major Addition. ~~The Company~~ SCE shall maintain a Major Additions Adjustment Account (Balancing Account) for each Specified Major Addition. Entries to be made to these accounts at the end of each month will be determined from the calculations set forth in "a" through "e" below. Such entries shall not include amounts reflected in ~~SCE Edison's~~ base-GRC authorized rates.

- a. Depreciation as recorded during the month;
- b. Plus: Add valorem taxes as recorded during the month;
- c. Plus: Taxes based on income, including appropriate tax adjustments, all as recorded during the month; (D)
- d. Plus: Return, which shall be one-twelfth of the rate of return authorized by the Commission for each Specified Major Addition multiplied by the average depreciated rate base, as recorded during the month;

~~Less: The sum of "a" through "d" multiplied by the most recently adopted resale jurisdictional allocation factor;~~

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

7. Major Additions Adjustment Account for Each Specified Major Addition. (Continued)

ef. Less: The amount of revenue attributable to each Specified Major Addition. This amount of revenue shall be calculated by multiplying the sum of the Average Ownership Rate and Balancing Rate for each Specified Major Addition, by the kilowatthours sold during the month applicable to the MAABF, reduced to provide for Franchise Fees and Uncollectible Accounts.

If the above calculation produces a positive amount (undercollection), such amount will be debited to the Balancing Account in conjunction with the Specified Major Addition as approved by the Commission. If the calculation produces a negative amount (overcollection), such amount will be credited to the Balancing Account. Interest will accrue monthly to the Balancing Account by applying the Carrying Cost Rate to the average of the beginning balance less the accumulated ~~retail jurisdictional~~ Undercollected or Overcollected Income Tax Expense and the ending balance less the accumulated ~~retail jurisdictional~~ Undercollected or Overcollected Income Tax Expense. (T)

8. Calculation of the Average Noninvestment-Related Expense Rate.
Individual rates to reflect certain noninvestment-related costs associated with each Specified Major Addition shall be calculated as authorized by the Commission. The Average Noninvestment-Related Expense Rate for each Specified Major Addition shall be determined from the following calculations:

a. The Forecast Period operation and maintenance expenses (excluding all costs recovered through ~~the Company~~ SCE's Energy ~~Cost~~ Adjustment Resource Recovery Account Clause or through the currently-effective ~~base~~ GRC authorized rates) appropriate for inclusion in the MAAC; (T)

b. Plus: The Forecast Period pensions and benefits expense associated with the labor portion of "a" above;

c. Plus: The Forecast Period payroll tax expense associated with the labor portion of ~~"a" above; portion of "a" above;~~ (T)

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KK. MAJOR ADDITIONS ADJUSTMENT CLAUSE (MAAC) (T)

8. Calculation of the Average Noninvestment-Related Expense Rate. (Continued)

d. Plus: The Forecast Period property, liability, and replacement generation insurance expenses.

~~e. The sum of "a" through "d" shall be multiplied by the most recently adopted retail jurisdictional allocation factor.~~ (D)
(T)

ef. The amount in "~~de~~" above, increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the MAAC estimated to be sold during the Forecast Period. The result shall be the Average Noninvestment-Related Expense Rate, expressed in dollars per kilowatthour.

9. Annual Major Additions Rate (AMAR). The AMAR shall be the sum of the Average Noninvestment-Related Expense Rates for each Specified Major Addition. Such AMAR, expressed to dollars per kilowatthour, shall be applied on a uniform dollars-per-kilowatthour basis to all sales subject to the MAAC. The application of the AMAR to sales shall be as set forth on the applicable rate schedule.

The AMAR listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Annual Major Additions Rate Per kWh</u>	<u>(D)</u> <u>(T)</u>
<u>10/09/83</u>	<u>\$.00071</u>	
<u>03/23/84</u>	<u>\$.00077</u>	
<u>04/01/84</u>	<u>\$.00154</u>	
<u>01/01/85</u>	<u>\$.00000</u>	
<u>None at the present time.</u>		

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