
October 5, 2004

ADVICE 1744-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplement to SCE's Advice 1744-E to Clarify the
Implementation of the One-Time Bill Credit Ordered in
D.03-09-018

In accordance with Decision (D.)03-09-018, Southern California Edison Company (SCE) hereby submits this supplemental filing to address the concerns raised by the California Department of Water Resources (DWR).

PURPOSE

In accordance with the California Public Utilities Commission (Commission) D.03-09-018, SCE filed Advice Letter 1744-E on September 11, 2003 to modify its rate schedules to reflect a revised 2003 DWR Power Charge, applicable to SCE's bundled service customers,¹ of \$0.10287/kWh and to acknowledge the Commission's directive to provide a one-time bill credit to these customers. This supplemental filing is made to clarify how SCE implemented the one time bill credit and to provide for undistributed funds held in trust for and returned to DWR as discussed in DWR's March 24, 2004 memorandum to the Commission's Energy Division.

BACKGROUND

In D.02-12-045, the Commission provided that the 2003 DWR power purchase revenue requirement be supplemented to allow for a more accurate and equitable allocation, and a likely significant reduction to the revenue requirement. In D.03-09-018, the Commission: 1) implemented a revised 2003 DWR power charge revenue requirement to reflect an update by the DWR

¹ In accordance with Ordering Paragraph No. 5 of D.03-09-018, "The implementation of DWR's revenue requirement reduction for departing load and direct access customer groups will be determined in Rulemaking (R.) 02-01-011."

of previously forecasted costs, revenues, and required reserve levels; and 2) reduced the 2003 DWR power charge revenue requirement by \$1.002 billion for the three Investors-Owned Utilities (IOUs).² SCE filed Advice 1744-E to implement D.03-09-018.

On October 2, 2003, DWR submitted a memorandum in response to the IOUs' advice letters that addressed, among other things, how the IOUs should treat any excess funds that remain after processing the one-time bill credit ordered in D.03-09-018. On March 24, 2004, DWR issued another memorandum that reaffirmed its recommendation to order the IOUs to return undistributed credit amounts to DWR. DWR proposed that undistributed funds be held in trust to be returned to DWR along with interest and that it would be willing to track these amounts on a utility specific basis and provided examples of an accounting mechanism that would be used to enable such tracking. DWR has agreed to adopt an accounting mechanism to ensure the appropriate allocation of these funds, including interest, amongst the end-use customers of each utility on the following conditions: (1) the IOUs modify their Advice Letters to provide that undistributed funds be held in trust for and returned to DWR with interest; and (2) the Commission approves the IOUs' modified Advice Letters. Based on DWR's March 24, 2004 memorandum, SCE hereby modifies its Advice 1744-E to provide for undistributed funds to be held in trust for and returned to DWR with interest.

IMPLEMENTATION OF THE ONE-TIME CREDIT

In accordance with Ordering Paragraph 3 of D.03-09-018, the \$1.002 billion 2003 revenue requirement reduction is to be returned to the IOUs' bundled service customers via a one-time bill credit. To implement this requirement, SCE provided its bundled service customers with the one-time bill credit and reduced its remittances to the DWR by the amount of the billed credits on a daily basis. Only the one-time credits paid to customers were deducted from remittances to DWR and tracked until the entire credit amount provided to SCE's customers was reflected in the remittances.³ By doing this, amounts not returned to customers did not reduce SCE's remittances to DWR (i.e., only deducting the amounts actually provided to customers on a daily basis from remittances to DWR and not stopping the remittances for the entire \$422.5 million). By implementing the one-time bill credit and remittances in this manner, the only undistributed funds will be amounts paid to inactive customers by check that remain uncashed after a 90-day period. With this

² In accordance with Ordering Paragraph 3 of D.03-09-018, the \$1.002 billion revenue requirement reduction was to be returned to IOUs' bundled service customers who are responsible for the DWR Bond Charge via a one-time bill credit.

³ Of the one-time credit amount of \$422.5 million allocated to SCE's customers in D.03-09-018, approximately \$8.9 million in the form of checks have been sent to inactive accounts.

advice letter filing, SCE seeks the approval of the Commission to return any undistributed funds with interest to DWR.⁴

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.

EFFECTIVE DATE

Pursuant to Ordering Paragraph 2 of D.03-09-018, this advice filing is effective September 4, 2003, subject to the review by the Commission's Energy Division.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
c/o Jerry Royer
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:

⁴ It is SCE's practice not to issue checks for amounts less than \$10.00 since processing costs would exceed the refund amount. DWR remittances were not reduced for these inactive customer accounts with a one-time credit amount of less than \$10.00.

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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 serving copies of this advice filing to the interested parties shown on the attached service list and A.00-11-038. Address change requests to the attached GO 96-A Service List should be directed to (626) 302-4039 or by electronic mail at AdviceTariffManager@sce.com. For changes to the A.00-11-038 Service List, 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 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> and choose Regulatory Info Center/Advice Letters.

For questions, please contact James Yee (626) 302-2509 or by electronic mail at James.Yee@sce.com

Southern California Edison Company

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AJ:jy/mm/pf
Enclosures