

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



June 13, 2011

**Advice Letter 2579-E**

Akbar Jazayeri  
Vice President, Regulatory Operations  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

**Subject: Withdrawal -- Implementation of Residential Rate Change  
Pursuant to D.09-12-048**

Dear Mr. Jazayeri:

Advice Letter 2579-E is withdrawn as requested in your letter dated June 1, 2011.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division

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May 2, 2011

**ADVICE 2579-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Implementation of Residential Rate Change Pursuant to  
Decision 09-12-048

**PURPOSE**

Pursuant to Ordering Paragraph No. 3 of Decision (D.)09-12-048, Southern California Edison Company (SCE) herein proposes to increase the commodity rate<sup>1</sup> for Tier 2 usage by 3 percent for all non-California Alternate Rate for Energy (CARE) residential rate schedules, and to decrease the commodity rates for non-CARE Tiers 3, 4, and 5 usage commensurately effective June 1, 2011. These rate changes are to be consolidated with other rate changes submitted via Advice 2577-E-A, filed May 2, 2011 pursuant to D.11-04-006.

**BACKGROUND**

Public Utilities (PU) Code Section 739.9(a) permits the California Public Utilities Commission (Commission) to authorize increases to Tier 1 and Tier 2 rates for SCE's non-CARE residential rate schedules by the annual percentage change in the Consumer Price Index (CPI) for the prior year, plus 1 percent, but not less than 3 percent and not more than 5 percent.<sup>2</sup> The annual percentage change in the CPI shall be calculated using the same formula that was used to determine the annual Social Security cost of living adjustment (COLA) on January 1, 2008. This process for setting rates shall continue until January 1, 2019, unless extended by a subsequent

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<sup>1</sup> The term "rates" as used in this advice letter does not include SCE's customer charge or minimum charge, which may also be construed as rates. Whether these charges could increase at the same percentage applied to the commodity rates for Tiers 1 and 2, was not specifically addressed by the Commission in D.09-12-048, and therefore SCE does not request increases in those charges in this advice letter.

<sup>2</sup> PU Code Section 739.9(a). PU Code Section 739.9(b) further requires that the rates charged for usage up to the baseline quantity, including any customer charge revenues, cannot exceed 90 percent of the system average rate (SAR).

statutory change. For CARE rate schedules, PU Code Section 739.1(b)(2) specifies that the Commission may increase rates for Tiers 1 and 2 by the annual percentage increase in benefits provided under the CalWORKs program for the fiscal year in which the rate increase would take effect, but not to exceed 3 percent per year.<sup>3</sup>

On November 16, 2010, SCE filed Advice 2526-E in compliance with D.09-12-048 to request an increase in the non-CARE residential Tier 1 rate of 2 percent and an increase in the non-CARE residential Tier 2 rate of 3 percent, with commensurate decreases in Tier 3, 4 and 5 rates sufficient to maintain revenue neutrality within the residential rate group. The rate change was requested effective January 1, 2011 to coincide with other rate changes to be implemented at that time.

On December 16, 2010, Advice 2526-E was suspended by the Energy Division for up to 120 days, in order to allow time for preparation of a draft resolution by the Energy Division and the Commission's deliberation on the resolution. The advice letter has been automatically suspended for up to 180 days beyond the initial suspension period. Draft Resolution E-4391 (Draft Resolution) was issued April 12, 2011, approving the requested 3 percent increase to the Tier 2 rate. However, no change in the Tier 1 rate would be authorized by the Draft Resolution.

## **PROPOSED RATES**

Recognizing that the Draft Resolution may not be disposed of by the Commission prior to June 1, 2011, which is the effective date of SCE's consolidated rate change, SCE herein proposes to increase, on June 1, 2011, the non-CARE residential Tier 2 rate by the 3 percent increase SCE initially requested in Advice 2526-E because that increase is apparently uncontested (and would be approved by the Draft Resolution), with a corresponding reduction to upper tier rates. Should the Commission approve the Draft Resolution as written prior to June 1, 2011, SCE will withdraw this advice letter and make rate changes in accordance with the final resolution. Should the Commission modify the Draft Resolution and issue it after June 1, 2011, SCE will make any necessary subsequent rate changes in compliance with the revised resolution.

The formula used to determine the Social Security COLA in effect on January 1, 2008, was based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).<sup>4</sup> The COLA formula reflects the change in the average CPI-W for the two previous third quarter periods and tracks the index on a lagged basis.

SCE uses the Social Security COLA effective on January 1, 2011 as the base CPI measure for the proposed 2011 rate adjustment. The 2011 COLA represents the change in the CPI-W from the third quarter of 2009 to the third quarter of 2010 and thus

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<sup>3</sup> PU Code Section 739.1(b)(2).

<sup>4</sup> The CPI-W is published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, for the U.S., four census regions, and selected metropolitan/local areas. The Social Security COLA formula is based on the national index (U.S. City Average). For more information on CPI-W please visit the Bureau of Labor Statistics website: <http://www.bls.gov/cpi/>.

satisfies the requirement in PU Code Section 739.9(a) that annual non-CARE Tiers 1 and 2 rate increases be based on the change in the CPI for the previous year. Since the 2011 COLA is 1.5 percent, SCE proposes to increase its non-CARE Tier 2 residential rate by 3.0 percent, the minimum adjustment permitted under PU Code Section 739.9(a).

In addition, SCE proposes to reduce non-CARE Tiers 3, 4, and 5 rates by an amount that offsets the revenue increase resulting from the Tier 2 rate adjustment described above. As described in Ordering Paragraph No. 3 of D.09-12-048, in accordance with a settlement adopted in D.09-08-028, a 3.5 cent/kWh differential between the rates applicable to Tiers 3, 4, and 5 usage will be maintained.

SCE is not proposing any increases to CARE Tier 1 and Tier 2 rates due to the suspension of the cost of living benefits adjustment for the CalWORKs program. As required by PU Code Section 739.1(b)(4), the CARE Tier 3 rate will continue to receive a 20 percent discount from the non-CARE Tier 3 rate, excluding the California Department of Water Resources Bond Charge (DWRBC), CARE Surcharge, and any applicable California Solar Initiative (CSI) charges or other exempt charges. The lower rate for non-CARE Tier 3 will result in a lower rate for CARE customers due to the relationship between CARE and non-CARE Tier 3 rates.

**Table 1**

Domestic

Energy Charge - \$/kWh	Current	Proposed	% Change
Baseline	0.12351	0.12351	0.0
101% - 130% of Baseline	0.14342	0.14772	3.0
131% - 200% of Baseline	0.24236	0.23152	-4.5
201% - 300% of Baseline	0.27736	0.26652	-3.9
Over 300% of Baseline	0.31236	0.30152	-3.5

D-CARE

Baseline	0.08533	0.08533	0.0
101% - 130% of Baseline	0.10668	0.10668	0.0
131% - 200% of Baseline	0.18588	0.17674	-4.9
201% - 300% of Baseline	0.18588	0.17674	-4.9
Over 300% of Baseline	0.18588	0.17674	-4.9

**CONSOLIDATED REVENUE REQUIREMENT AND RATE CHANGES**

The rates shown above reflect SCE's authorized revenue requirements included in consolidated rates as filed in Advice 2577-E. The rates shown above are incorporated in Advice 2577-E-A to be effective June 1, 2011.

## **TIER DESIGNATION**

Pursuant to Ordering Paragraph No. 5 of D.09-12-048, this advice letter is submitted with a Tier 2 designation.

## **EFFECTIVE DATE**

Pursuant to Ordering Paragraph No. 3 of D.09-12-048, the residential rate changes proposed in Advice 2526-E were to become effective with the first rate change that takes place in 2011, which was January 1, 2011. SCE requests that the Energy Division approve the 3 percent Tier 2 rate increase described above effective June 1, 2011.

## **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:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [jni@cpuc.ca.gov](mailto:jni@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@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  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5540  
E-mail: [Karyn.Gansecki@sce.com](mailto: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 4 of General Order (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, R.11-03-006, and A.09-10-013 et al. service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-2930. 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](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with PU 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/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Robert Thomas at (626) 302-3505 or by electronic mail at [Robert.Thomas@sce.com](mailto:Robert.Thomas@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:rt:sq  
Enclosures

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: [James.Yee@sce.com](mailto:James.Yee@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
 PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2579-E      Tier Designation: 2

Subject of AL: Implementation of Residential Rate Change Pursuant to Decision 09-12-048

Keywords (choose from CPUC listing): Compliance, Energy Charge

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:  
D.09-12-048

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  Yes  No

Requested effective date: 6/1/11      No. of tariff sheets: -0-

Estimated system annual revenue effect: (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

<sup>1</sup> Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.,  
San Francisco, CA 94102  
[inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Akbar Jazayeri  
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Rosemead, California 91770  
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E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
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