
June 27, 2007

ADVICE 2090-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplement to Advice 2090-E, Modification of Preliminary Statement Part U, California Solar Initiative Program Balancing Account and Preliminary Statement N.3 Self-Generation Program Incremental Cost Memorandum Account, and the Net Energy Metering and Generating Facility Interconnection Agreement, (Form 16-344), in Accordance with Decision No. 06-12-033

In compliance with the California Public Utilities Commission (Commission) Decision No. (D.) 06-12-033 and D.07-06-014, 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

Pursuant to Senate Bill (SB) 1, D.06-12-033, and D.07-06-014, this advice filing modifies SCE's Preliminary Statement, Part U, California Solar Initiative Program Balancing Account (CSIPBA) and sets forth SCE's \$996 million allocated share of the funding for the California Solar Initiative (CSI) program years 2007 through 2016 and establishes the CSIPBA Performance Based Incentives (PBI) sub-account. SCE is modifying Preliminary Statement N.3. Self-Generation Program Incremental Cost Memorandum Account (SGPICMA) to reduce the 2007 Self-Generation Program Incremental Cost (SGPIC) funding to exclude the CSI-related portion and eliminate the SGPICMA CSI sub-account. In addition, the time-variant pricing requirement in SB 1 and D.06-12-033 is stayed until such time that the Commission develops time-of-use tariffs that meet all of the criteria of Public Utilities Code (PUC) § 2851 (a)(4). This supplemental advice filing replaces Advice 2090-E in its entirety.

BACKGROUND

On January 12, 2006, the Commission issued D.06-01-024 which established the statewide funding for CSI at \$2.5 billion for Commission-managed programs for the years 2007 through 2016. SCE's allocated share of the funding over this period was \$850 million. Subsequently, D.06-08-028, among other things, adopted the performance-based incentives.

SB 1, effective January 1, 2007, directed the Commission and the California Energy Commission to implement the CSI consistent with specific requirements and budget limits set forth in the legislation. Specifically, SB 1 eliminates any cost responsibility of gas ratepayers for the CSI program and mandates that the CPUC portion of CSI shall not exceed a total program cost of \$2.167 billion. SB 1 also requires incentives for certain sized solar energy systems to be based upon actual metered performance, and mandates that recipients of CSI funding take electric service under a time-variant tariff.

The Commission issued D.06-12-033 to modify D.06-01-024 and D.06-08-028 to conform those decisions with the requirements of SB 1. D.06-12-033 increased SCE's allocated CSI funding from \$850 million as originally established in D.06-01-024 to \$996 million, and required SCE to establish a PBI tracking mechanism. In addition, SCE is required to modify its authorized 2007 SGPIC funding level and transfer any remaining unspent 2006 CSI-related funding in the SGPICMA to the CSIPBA.

D.06-01-033 also required new CSI applicants as of January 1, 2007 to take service on an applicable existing time-of-use (TOU) tariff.¹ As SB 1 states, the purpose of the time variant pricing requirement is to create the maximum incentive for customers to install solar energy systems whose energy generation coincides with California's peak electricity demand.

On June 7, 2007 the Commission issued D.07-06-014 granting the petition filed by PV Now, the California Solar Energy Industries Association, and the Vote Solar Initiative, to stay the implementation of the CSI time variant pricing requirement in Public Utilities Code § 2851 (a)(4) until such time as the Commission develops TOU tariffs that meet all the requirements of that section.

ANNUAL FUNDING LEVELS PURSUANT TO D.06-12-033

Pursuant to D.06-12-033, Appendix A, Table 1, SCE is modifying its CSI authorized funding levels from 2007 through 2016 as follows:²

¹ D.06-01-033 at page 18.

² These funding amounts do not include amounts for Franchise Fees and Uncollectibles (FF&U). FF&U will be added to these amounts upon consolidation in distribution rates.

SCE's Share of the Annual Funding for CSI

Year	(in millions of dollars)
2007	\$147
2008	147
2009	147
2010	110
2011	110
2012	110
2013	74
2014	74
2015	74
2016	<u>2</u>
Total	\$996

ESTABLISHMENT OF A PBI SUB-ACCOUNT WITHIN THE CSIPBA

Pursuant to D.06-08-028 Ordering Paragraph (OP) 7 as modified by D.06-12-033, Conclusion of Law (COL) 30, SCE is establishing the PBI sub-account as part of the CSIPBA. The purpose of the CSIPBA PBI sub-account is to ensure that the money for PBI payments is available for the full five year PBI incentive payment period once an incentive application is approved by the CSI program administrator. Each quarter, SCE will forecast the total five-year expected PBI payments for all solar projects completed in that quarter and transfer CSIP funding for the expected PBI payments to the PBI sub-account of the CSIPBA. In addition, as required by D.06-12-033, SCE is adding language to Preliminary Statement, Part U, CSIPBA, to include a description of the PBI program and payment criteria.

MODIFICATION OF PRELIMINARY STATEMENT N.3., SGPICMA

Pursuant to D.06-12-033, COL 31 and OP 9, SCE is modifying the SGPICMA to reduce its 2007 SGPIC authorized annual funding levels to \$28 million to eliminate the solar-related funding portion of the SGPIC. As previously directed in D.06-08-028 and reaffirmed in D.06-12-033, COL 33 and OP 11, SCE will also transfer the December 31, 2006 balance of unspent 2006 SGPIC CSI-related funds in the SGPICMA CSI sub-account (i.e., Level 1 funds) into the CSIPBA. In addition, SCE will eliminate the Solar Self-Generation Incentive Component (SSGIC) Subaccount of the SGPICMA.

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

Consistent with Advice 2090-E, this advice filing shall have an effective date of February 15, 2007, which was 30 calendar days after Advice 2090-E was filed.

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:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: inj@cpuc.ca.gov and 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, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Quad 3D
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior 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 serving copies of this advice filing to the interested parties shown on the attached GO 96-A service list and R.06-03-044. 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 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/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Jill Holmes at (626) 302-4962 or Jill.Holmes@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:jh:mm
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

E-mail Disposition Notice to: 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) #: 2090-E-A

Subject of AL: Supplement to Advice 2090-E, Modification of Preliminary Statement Part U, California Solar Initiative Program Balancing Account and Preliminary Statement N.3 Self-Generation Program Incremental Cost Memorandum Account, and the Net Energy Metering and Generating Facility Interconnection Agreement, (Form 16-344), in Accordance with D. 06-12-033

Keywords (choose from CPUC listing): Compliance, Memorandum Account, Metering, Forms

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.06-12-033

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: 2/15/07 No. of tariff sheets: 7

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: Preliminary Statement Part N and U, and Table of Contents

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: None

¹ 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
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior 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

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 42035-E Revised 42036-E	Preliminary Statement Part N Preliminary Statement Part N	Revised 39302-E* Revised 39303-E*
Revised 42037-E Original 42038-E Revised 42039-E	Preliminary Statement Part U Preliminary Statement Part U Preliminary Statement Part U	Original 40361-E Original 40361-E Original 40362-E
Revised 42040-E Revised 42041-E	Table of Contents Table of Contents	Revised 42023-E Revised 42024-E

PRELIMINARY STATEMENT

Sheet 5

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

(L)

4. Catastrophic Event Memorandum Account (CEMA).

The purpose of the CEMA is to record all costs incurred by SCE associated with a Catastrophic Event for:

- a. restoring utility service to SCE's customers;
- b. repairing, replacing, or restoring damaged utility facilities; and
- c. complying with governmental agency orders.

Entries to the CEMA shall be made at the end of each month commencing with the month in which the Catastrophic Event occurs.

If a Catastrophic Event occurs, SCE shall, if possible, inform the Executive Director by letter within 30 days after the Catastrophic Event, if SCE has started booking costs into the CEMA. Copies of the letter shall be mailed to the Director of the Commission Advisory & Compliance Division (CACD), and the Branch Chief of the CACD. The letter shall specify the Catastrophic Event, date, time, location, service areas affected, impact on SCE's facilities, and an estimate of the extraordinary costs expected to be incurred. Costs due to expense and capital items shall be shown separately. Costs recorded in the CEMA shall include generation-related costs pursuant to Assembly Bill X1 6 which prohibits a facility for the generation of electricity owned by a public utility from being disposed of prior to January 1, 2006.

Costs recorded in the CEMA may be recovered in rates only after a request by SCE, a showing of reasonableness, and approval by the Commission. Disposition of amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP) or other proceeding expressly authorized by the Commission.

(Continued)

(To be inserted by utility)

Advice 2090-E-A
Decision 06-12-033

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 27, 2007
Effective _____
Resolution _____

PRELIMINARY STATEMENT

Sheet 1

U. California Solar Initiative Program Balancing Account (CSIPBA)

1. The purpose of the CSIPBA is to track the recorded incremental California Solar Initiative Program costs and authorized distribution revenue requirement recorded in the Base Revenue Requirement Balancing Account (BRRBA) associated with SCE's California Solar Initiative Program authorized in Decision (D.) 06-01-024, D.06-08-028 and D.06-12-033. The CSIPBA will separately track in the Performance Base Incentives (PBI) sub-account the forecast PBI payment amounts for all completed solar projects receiving PBI to ensure fund security for the duration of the PBI contract incentive periods. (T)

2. Definitions

a. Authorized Annual Funding Levels for CSIP per D.06-12-033: (T)

<u>Year</u>	<u>Amount*</u>	
2007	\$147.0 million	(T)
2008	\$147.0 million	
2009	\$147.0 million	
2010	\$110.0 million	
2011	\$110.0 million	
2012	\$110.0 million	
2013	\$ 74.0 million	
2014	\$ 74.0 million	
2015	\$ 74.0 million	
2016	\$ 2.0 million	(T)

*In accordance with Conclusion of Law 8 of D.06-01-024, in cases where funding is or would be exhausted before the end of the funding cycle and following consultation with the Commission and the California Energy Commission (CEC) staffs, the Administrative Law Judge (ALJ), assigned to R.04-03-017 or its successor proceeding, in consultation with the Assigned Commissioner, may increase the current period's funding by up to 15% of the budget allocated to the subsequent funding period by directing the utilities to use the subsequent period's allocated funds.

(L)

(Continued)

(To be inserted by utility)

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PRELIMINARY STATEMENT

Sheet 2

(Continued)

U. California Solar Initiative Program Balancing Account (CSIPBA) (Continued)

2. Definitions (Continued)

b. PBI Program

(N)

In accordance with the rules established by the Commission for the California Solar Initiative Program, SCE will pay performance-based incentives (PBI) to 1) qualifying solar energy systems equal to or greater than 100 kilowatts in size, 2) any size system that elects to receive a CSI incentive through the PBI mechanism, and 3) any size system using building integrated technology.

PBI payments will be made monthly based on recorded kilowatt hours (kWh) of solar power produced over a five-year period. PBI payments will be prorated for systems that exceed 1 MW in size by prorating the output of the system based on the ratio of 1 MW to the size of the facility. As an alternative, and if possible, the customer may, at its election and cost, separately meter a 1 MW element of a larger solar energy system. The PBI incentive rate is confirmed when solar energy system project receives a confirmed reservation, and will remain constant for the five-year term. The PBI rate may vary by utility service area, depending upon the pace of solar demand in each utility's service territory. Please refer to SCE's website (www.sce.com) to determine the currently effective incentive rate.

(N)

1. Effective Date

(L)

The Effective Date of the CSIPBA is January 1, 2007.

2. Interest Rate

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

(L)

(Continued)

(To be inserted by utility)

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