
March 28, 2007

**ADVICE 2113-E
(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Tariff Revisions Necessary to Set Forth the 2007 Public Goods
Target Funding Levels and the 2007 Procurement Energy
Efficiency Program Funding Levels

In compliance with Public Utilities Code §399.8, Resolution E-3792, Decision (D.) 05-09-043, D.05-11-011 and Advice 1936-E, 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 Public Utilities (P.U.) Code §399.8, and Resolution E-3792, SCE is revising Preliminary Statement, Part FF, Public Purpose Programs Adjustment Mechanism (PPPAM) to establish the Public Goods target funding amounts for 2007. SCE's Public Goods target funding is composed of three components: 1) Public Goods Charge (PGC)-related Energy Efficiency; 2) California Energy Commission (CEC) administered Research, Development and Demonstration (RD&D); and 3) CEC administered Renewables. In addition, as set forth in Preliminary Statement, Part FF, PPPAM, SCE is revising the PPPAM to establish the 2007 annual authorized funding for procurement energy efficiency. This funding is residually determined by subtracting the PGC-related Energy Efficiency funding (determined pursuant to P.U. Code §399.8 and Resolution E-3792) from the total annual energy efficiency funding levels adopted in D.05-09-043 and D.05-11-011.

INFORMATION

A. 2007 Public Goods Target Funding Adjustments

On December 17, 2002, the California Public Utilities Commission (Commission) issued Resolution E-3792 implementing P.U. Code §399.8. Resolution E-3792 established

Public Goods target amounts for SCE in 2002. In addition, Resolution E-3792 set forth a methodology for adjusting these target amounts each subsequent year. The Commission requires SCE to file its annual Public Goods target amounts on or by March 31st of each year through 2011. By applying the Commission-adopted adjustment methodology, the following are the Public Goods target funding amounts for 2007, and the changes from the currently effective 2006 target funding amounts:

Public Goods Target Funding Amounts¹
(\$000)

	Currently <u>Effective</u>	<u>2007</u>	<u>Change</u>
Energy Efficiency	96,446	99,204	2,758
Renewables	59,260	60,955	1,695
RD&D	<u>27,434</u>	<u>28,219</u>	<u>785</u>
Total	183,140	188,378	5,238

Appendix A, attached hereto, supports SCE's determination of the 2007 Public Goods target funding amounts.

B. 2006-2008 Energy Efficiency Funding Levels and Residual Determination of 2007 Procurement Energy Efficiency Balancing Account (PEEBA)-Authorized Revenue

SCE filed its application for approval of its 2006-2008 Energy Efficiency program plans and PGC and Procurement funding on June 1, 2005. In this application, SCE requested the approval of its 2006-2008 Energy Efficiency program plans and funding requests, specifically requesting funding of (1) its existing Energy Efficiency-related PGC; and (2) an increase in its Procurement Energy Efficiency funding.²

D.05-09-043 established SCE's 2006-2008 Energy Efficiency funding levels excluding evaluation, measurement, and verification (EM&V) funding. The EM&V funding levels were determined in D.05-11-011. On December 5, 2005, the utilities filed a joint compliance Advice (SCE Advice 1936-E³), detailing the methodology and allocation of EM&V funding levels between the utilities.

¹ These Public Goods target funding amounts do not include an allowance for Franchise Fees and Uncollectibles.

² Both the PGC-related Energy Efficiency costs and the Procurement Energy Efficiency costs are recovered in SCE's Public Purpose Program Charge (PPPC).

³ Ordering Paragraph 3 of D.05-11-011 required the utilities to file a compliance advice letter explaining the methodology they used to allocate the total authorized EM&V funding levels between the utilities.

The following table represents SCE's 2006-2008 Energy Efficiency funding levels including EM&V.

SCE's Authorized 2006-2008 Energy Efficiency (EE) Funding Levels⁴

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Authorized EE ⁵	\$216,574,075	\$225,111,946	\$233,145,977
Authorized EM&V ⁶	<u>\$ 14,082,529</u>	<u>\$ 17,412,344</u>	<u>\$ 22,305,368</u>
Total Authorized EE	\$230,656,604	\$242,524,289	\$255,451,345

Since the 2006-2008 Energy Efficiency authorized revenues include both the Energy Efficiency-related PGC and the PEEBA-related funding, Ordering Paragraph 4 of D.05-09-043 addresses how the total authorized revenue for energy efficiency programs will be allocated between the Energy Efficiency-related PGC and the procurement-related energy efficiency funding. As established by Resolution E-3792, SCE will continue to file advice letters by March 31st of each year to establish and recover the authorized electric public goods charge, including the annual adjustment to the PGC-related energy efficiency funding. The remaining portion of the total authorized Energy Efficiency funding amount shall be procurement-related funding and shall be collected as part of the PPPC.

Using the methodology described above and the 2007 Energy Efficiency Public Goods target funding amount of \$99,204,000 contained in Section A above, the 2007 PEEBA funding levels are residually determined as follows:

	<u>2007</u>
Authorized Energy Efficiency (EE) Revenue	\$242,524,289
Less: Energy Efficiency (EE) Public Goods Funding	<u>\$ 99,204,000</u>
Procurement Energy Efficiency Program (PEEBA)	<u>\$143,320,289</u>

On February 14, 2006, in Advice 2101-E, SCE implemented revised rates that already reflect the 2007 Authorized Energy Efficiency funding level of \$242,524,289. The increase in the Renewables and RD&D PGC target funding amounts will be included in SCE's next consolidated rate change.

EFFECTIVE DATE

This advice filing will become effective on April 27, 2007, the 30th calendar day after the date filed.

⁴ These authorized 2006-2008 Energy Efficiency funding levels do not include an allowance for Franchise Fees and Uncollectibles.

⁵ D.05-09-043, p. 3.

⁶ Ordering Paragraph 3, D. 05-11-011; Advice 1936-E.

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: 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
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 A.05-06-015. Address change requests to the GO 96-A service list should be directed by electronic mail to 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.

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/AboutSCE/Regulatory/adviceletters/>.

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

Southern California Edison Company

Akbar Jazayeri

AJ:jh: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: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: James Yee Phone #: (626) 302-2509 E-mail: James.Yee@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) #: <u>2113-E</u>	
Subject of AL: <u>Tariff Revisions Necessary to Set Forth the 2007 Public Goods Target Funding Levels and the 2007 Procurement Energy Efficiency Program Funding Levels</u>	
Keywords (choose from CPUC listing): <u>Compliance, Procurement, Energy Efficiency</u>	
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input checked="" type="checkbox"/> Annual <input type="checkbox"/> One-Time <input type="checkbox"/> Other _____	
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: <div style="text-align: center;">E-3792, D.05-09-043, and D.05-11-011</div>	
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 ¹ : 	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <u>4/27/07</u> No. of tariff sheets: <u>-4-</u>	
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: <u>Preliminary Statement Part FF and Table of Contents</u>	
Service affected and changes proposed ¹ : _____	
Pending advice letters that revise the same tariff sheets: _____	

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
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E-mail: AdviceTariffManager@sce.com

Bruce Foster
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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.
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Revised 42330-E Revised 42331-E	Table of Contents Table of Contents	Revised 42316-E Revised 42317-E

PRELIMINARY STATEMENT

Sheet 1

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

1. Purpose

The purpose of the Public Purpose Programs Adjustment Mechanism (PPAM) is to record (1) Public Goods Charge (PGC) Revenue; (2) PGC expenses authorized in P.U. Code §399.8; (3) other CPUC Public Purpose Program Revenue; and (4) other CPUC-authorized Public Purpose Program expenses.

2. Definitions

a. Authorized PGC-Related Expenses:

Pursuant to Resolution E-3792, the CPUC has allocated the total statewide annual Public Goods Charge (PGC) funding of \$425.5 million mandated in P.U. Code §399.8 between the three Investor-Owned Utilities. The CPUC allocated the following amounts to SCE effective as follows:

	01/01/2002 (\$millions)
Energy Efficiency (SCE Administered)	90.0
RD&D (CEC Administered)	25.6
Renewables (CEC Administered)	55.3
Total	170.9

Subsequent Authorized Amounts:

	01/01/2003 (\$millions)	01/01/2004 (\$millions)
Energy Efficiency (SCE Administered)	91.0	92.519
RD&D (CEC Administered)	25.9	26.317
Renewables (CEC Administered)	55.9	56.847
Total	172.8	175.683

	01/01/2005 (\$millions)	01/01/2006 (\$millions)
Energy Efficiency (SCE Administered)	94.462	96.446
RD&D (CEC Administered)	26.870	27.434
Renewables (CEC Administered)	58.041	59.260
Total	179.373	183.140

	01/01/2007
	(\$millions)
Energy Efficiency (SCE Administered)	99,204
RD&D (CEC Administered)	60,955
Renewables (CEC Administered)	28,219
Total	188,378

(N)

$$I(N)$$

b. Authorized Procurement Energy Efficiency Annual Funding Levels:

Pursuant to D.05-09-043, for the years 2006 through 2008, SCE shall update its annual procurement energy efficiency authorized funding levels to reflect the most current Commission-adopted revenue requirements adopted in its Energy Efficiency Program Plans and Public Goods Charge and Procurement Funding Request proceeding. Pursuant to D.05-09-043, SCE shall subtract the annual Energy Efficiency PGC authorized funding amount as determined by the PGC Annual Adjustments in Section 4. and identified above, from the total annual authorized Energy Efficiency-related funding adopted by the Commission in D.05-09-043, D.05-11-011 and Advice 1936-E.

(Continued)

(To be inserted by utility)

Advice 2113-E

Decision 05-09-043

1D6

05-11-011

Issued by

Akbar Jazayeri

Vice President

(To be inserted by Cal. PUC)

Date Filed Mar 28, 2007

Effective

Resolution E-3792

PRELIMINARY STATEMENT

Sheet 2

(Continued)

FF. PUBLIC PURPOSE PROGRAMS ADJUSTMENT MECHANISM

2. Definitions (Continued)

D.05-09-043	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>TOTAL</u>
Authorized EE Budget	\$ 216,574,075	\$ 225,111,946	\$ 233,145,977	\$ 674,831,998
Authorized EM&V Budget	<u>\$ 14,082,529</u>	<u>\$ 17,412,344</u>	<u>\$ 22,305,368</u>	<u>\$ 53,800,240</u>
Total Authorized EE Budget	\$ 230,656,604	\$ 242,524,289	\$ 255,451,345	\$ 728,632,238

LESS:

PGC Non-procurement

EE as determined

By Section 4.

	TBD	TBD
\$ 96,446,000	\$ 99,204,000	<u>March 2008</u>

(T)

Total Authorized

Procurement EE

	TBD	TBD
\$ 134,210,604	\$ 143,320,289	March 2008

c. Franchise Fees and Uncollectibles Accounts Expense:

Franchise Fees and Uncollectibles Accounts Expense (FF&U) shall be the CPUC-authorized rate derived from SCE's most recent General Rate Case (GRC) decision to provide for Franchise Fees and Uncollectible accounts expense.

(Continued)

(To be inserted by utility)

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(To be inserted by utility)

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Appendix A

APPENDIX A

Southern California Edison Company Public Goods Charge Adjustment

2007

Determination of Adjustment Percentage

Lessor of the following:

I Actual percentage change in electric sales (GWhs):

2005	86,265
2006	88,729
% Change	2.86% ✓

II GDP Deflator change for 2006 (as published by the U.S. Department of Commerce):

% Change	3.49%
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Adjusted PGC Target Funding Amounts (amounts are in thousands)

	Adopted in Advice 1986-E 2006	Adjustment	2007
Energy Efficiency	96,446	1.0286	99,204
Renewables	59,260	1.0286	60,955
RD&D	<u>27,434</u>	1.0286	<u>28,219</u>
Total	183,140		188,378

Gross Domestic Product:
Implicit Price Deflator
2000=100, Seasonally Adjusted
Source: U.S. Department of Commerce, Bureau of Economic Analysis

	<u>DATE</u>	<u>GDPDEF</u>	<u>Change</u>
Release date: 2/28/2006	2005	112.134	1.0349
Release date: 2/28/2007	2006	116.042	