

PRELIMINARY STATEMENT

Sheet 2

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)
2. Definitions. (Continued)

a. Authorized Annual DRP Funding Levels (Continued)

(3) 2012 – 2014 Authorized Funding
Authorized in D.11-11-002

<u>Year</u>	<u>Summer Discount Plan (2012 Only) Authorized Funding Levels (\$000)</u>		<u>Total</u>
	<u>Distribution</u>	<u>Generation</u>	
2012	26,599	0	26,599 ^{1/}

^{1/} This annualized amount, when included in rate levels in 2012, will include associated FF&U.

Authorized in D.12-04-045

<u>Year</u>	<u>Authorized Funding Levels (\$000)</u>		
	<u>Distribution</u>	<u>Generation^{2/}</u>	<u>Total</u>
2012	27,268 ^{4/}	7,991 ^{4/}	35,259 ^{3/ 4/}
2013	56,795	8,651	65,446 ^{3/}
2014	56,795	8,651	65,446 ^{3/}
Subtotal	140,858	25,953	166,151

^{2/} Total Generation-related authorized revenue requirement are associated with the Critical Peak Pricing, Real Time Pricing, and the Peak Time Rebate Programs.

^{3/} These annualized amounts when included in rate levels each year through 2014 will include associated FF&U.

^{4/} These annualized amounts reflect the application of unspent DR funds from previous program cycles. As of December 31, 2011, unspent DR funds totaled \$30.187 million (reducing the Distribution and Generation subaccounts by \$29.527 and \$0.660 million, respectively).

(4) 2006 – 2008 Authorized Funding
Authorized in SCE's GRC Proceeding

SCE's GRC Revenue Requirement adopted by the Commission includes the following DRP-related distribution revenue requirements associated with the Air Conditioning Cycling Program (ACCP), Agriculture & Pumping - Interruptible Program (AP-I), and Demand Bidding Programs (DBP):

<u>Year</u>	<u>Authorized Distribution Funding Levels (\$000)</u>			
	<u>1/1/06</u>	<u>1/12/06</u>	<u>2007</u>	<u>2008</u>
ACCP	3,274	5,308	5,842	6,032
AP-I		229	237	245
DBP		424	455	470
Total	3,274	5,961	6,534	6,747

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(To be inserted by utility)
Advice 2739-E-A
Decision 12-04-045

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed Jun 7, 2012
Effective May 25, 2012
Resolution _____



PRELIMINARY STATEMENT

Sheet 3 (N)

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued) (L)

2. Definitions. (Continued)

a. Authorized Annual DRP Funding Levels (Continued)

(5) 2009 Authorized Bridge Funding (D.08-12-038)

Annual Amount (\$)		
<u>Distribution</u>	<u>Generation^{2/}</u>	<u>Total</u>
33,408,596	149,736	33,558,332

^{2/} Generation-related authorized revenues are associated with the Critical Peak Pricing Program.

b. Effective Date

The Effective Date of the DRPBA is January 1, 2006.

c. Interest Rate

The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages

The Monthly Distribution Percentages (MDPS) applicable to the DRP authorized funding levels shall be the applicable distribution MDPS or generation MDPS included in the Preliminary Statement YY – Base Revenue Requirement Balancing Account.

(L)

(Continued)

(To be inserted by utility)
 Advice 2739-E
 Decision 12-04-045

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed May 25, 2012
 Effective May 25, 2012
 Resolution _____

PRELIMINARY STATEMENT

Sheet 4 (T)

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

3. Program and Funding Flexibility (T)

a. Budget Categories (N)

D.12-04-045 authorizes ten budget categories. The 10 budget categories include: (1) reliability-based programs; (2) price responsive programs; (3) demand response provider/aggregator-managed programs; (4) enabling and emerging technologies; (5) pilots; (6) evaluation, measurement & verification activities; (7) marketing, education and outreach activities; (8) demand response systems support; (9) integrated programs and activities; and (10) special projects. In addition, SCE was authorized dynamic pricing funding which it will track in a separate budget category within the DRPBA. (N)

b. Fund Shifting Guidelines (T)

SCE shall have flexibility to reallocate up to 50% of a program's funds to another program within the same budget category, provided a program is not terminated through multiple fund shifting events or for any reason without prior authorization from the Commission. SCE may also shift funds for pilots in the enabling or emerging technology category. (C)

SCE shall file Tier 2 advice letters to shift program spending above adopted fund shifting guidelines, shift funds from Enabling & Emerging Technologies into Permanent Load Shifting, and/or shift funds within the "Pilots" or "Special Projects" categories but within the authorized budgets adopted in D.12-04-045. (C)

c. Carry-Over Amounts (T)

Any unspent DRP funds in each budget category (as defined in Section 3.a.) as of December 31 of each year shall be carried over in the account, within each respective budget category, into the subsequent calendar year through 2014. (T)

d. Carry-Forward Amounts (T)

Any DRP funds in each budget category (as defined in Section 3.a.) SPENT AS OF December 31 of each year, which are in excess of authorized amounts for that year, shall be carried forward in the account, within each respective budget category, to the subsequent calendar year through 2014. SCE shall not seek rate recovery of any over expenditure of the Authorized funding level remaining in the DRPBA at the end of 2014. (T)

(Continued)

(To be inserted by utility)
Advice 2739-E
Decision 12-04-045

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
Date Filed May 25, 2012
Effective May 25, 2012
Resolution _____

PRELIMINARY STATEMENT

Sheet 5 (T)

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

3. Program and Funding Flexibility (Continued) (T)

e. Incremental Funding (D)

SCE may file proposals by petition for modification to request additional funding beyond the total amount approved in D.12-04-045. (T)

f. Program Modifications or Elimination (T)

SCE may file a petition for modification of this decision to request to modify existing demand response programs or program options. SCE shall request new demand response programs only through a new application. SCE shall file a Tier 2 advice letter to eliminate any existing program(s) approved in D.12-04-045. (T)

4. Operation of the DRPBA (T)

Monthly entries to the DRPBA shall be determined as follows: (T)

a. Distribution sub-account

(1) A debit entry to reflect the actual distribution-related program costs associated with the DRP; (T)

(2) A credit entry to record the result of multiplying the annual Distribution-related DRP Authorized funding level by the applicable Distribution MDP. (D)

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(To be inserted by utility)

Advice 2739-E
Decision 12-04-045

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed May 25, 2012
Effective May 25, 2012
Resolution _____

PRELIMINARY STATEMENT

Sheet 5

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

5. Operation of the DRPBA (Continued)

a. Distribution sub-account (Continued)

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the DRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the DRPBA.

Any under-collection or over-collection recorded in a month may be carried over from month-to month over the duration of the DRP.

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the DRPBA. Since the DRPBA is a "one-way" balancing account, Interest Expense shall only be calculated when the average balance in the DRPBA is a negative (under-expended) amount. Annual Interest amounts shall be immediately returned to customers by transferring such amounts to the Distribution sub-account of the BRRBA.

b. Generation Sub-account

(1) A debit entry to reflect the actual Generation-related program costs associated with the DRP;

(2) A debit entry equal to recorded 2012 10 For 10 Program Costs including: (N)

(i) 10 For 10 Program rebate amounts included on customers' bills increased for FF&U;

(ii) Incremental O&M costs incurred to implement the 2012 10 For 10 Program. (N)

(3) A credit entry to record the result of multiplying the annual Generation-related DRP Authorized Funding Level by the applicable Generation MDP. (T)

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the DRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the DRPBA

Any under-collection or over-collection recorded in a month may be carried over from month-to month over the duration of the DRP.

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the DRPBA. Since the DRPBA is a "one-way" balancing account, Interest Expense shall only be calculated when the average balance in the DRPBA is a negative (under-expended) amount. Annual Interest amounts shall be immediately returned to customers by transferring such amounts to the Generation sub-account of the BRRBA.

(Continued)

(To be inserted by utility)

Advice 2721-E

Decision _____

Issued by

Akbar Jazayeri

Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 27, 2012

Effective May 24, 2012

Resolution E-4502

PRELIMINARY STATEMENT

Sheet 6 (T)

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

4. Operation of the DRPBA (Continued) (T)

a. Distribution sub-account (Continued)

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the DRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the DRPBA.

Any under-collection or over-collection recorded in a month may be carried over from month-to month over the duration of the DRP.

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the DRPBA. Since the DRPBA is a "one-way" balancing account, Interest Expense shall only be calculated when the average balance in the DRPBA is a negative (under-expended) amount. Annual Interest amounts shall be immediately returned to customers by transferring such amounts to the Distribution sub-account of the BRRBA.

b. Generation Sub-account

(1) A debit entry to reflect the actual Generation-related program costs associated with the DRP;

(2) A debit entry equal to recorded 2012 10 For 10 Program Costs including:

(i) 10 For 10 Program rebate amounts included on customers' bills increased for FF&U;

(ii) Incremental O&M costs incurred to implement the 2012 10 For 10 Program.

(3) A credit entry to record the result of multiplying the annual Generation-related DRP Authorized Funding Level by the applicable Generation MDP.

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the DRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the DRPBA

Any under-collection or over-collection recorded in a month may be carried over from month-to month over the duration of the DRP.

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the DRPBA. Since the DRPBA is a "one-way" balancing account, Interest Expense shall only be calculated when the average balance in the DRPBA is a negative (under-expended) amount. Annual Interest amounts shall be immediately returned to customers by transferring such amounts to the Generation sub-account of the BRRBA.

(Continued)

(To be inserted by utility)

Advice 2739-E
Decision 12-04-045

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed May 25, 2012
Effective May 25, 2012
Resolution _____



PRELIMINARY STATEMENT

Sheet 7 (T)

(Continued)

Y. Demand Response Program Balancing Account (DRPBA) (Continued)

5. Disposition of the DRPBA Balances (T)

SCE will include the three year operation of the DRPBA in SCE's April 2015 ERRA Reasonableness application for Commission approval of the recorded amounts, subject to audit, to confirm that recorded expenses were spent on approved programs. In that application, SCE will propose disposition of any over-collection remaining in the account at the end of 2014. (T)

(To be inserted by utility)
 Advice 2739-E
 Decision 12-04-045

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed May 25, 2012
 Effective May 25, 2012
 Resolution _____