

April 13, 2016

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Regulations under the Federal Power Act (18 C.F.R. § 35.13), Southern California Edison Company ("SCE") submits proposed changes to SCE's formula transmission rate ("Formula Rate") set forth in Appendix IX<sup>1</sup> of SCE's Transmission Owner Tariff, FERC Electric Tariff, Third Revised Volume No. 6 ("TO Tariff") in order to conform the Formula Rate calculation of retail transmission rates with California Public Utilities Commission ("CPUC") Decision 16-03-030, issued on March 18, 2016 ("CPUC Phase 2 Order").<sup>2</sup>

SCE is required pursuant to the Section 8d of the Protocols of the Formula Rate to make a single-issue Section 205 filing to revise its retail transmission rates whenever the CPUC issues a final order that changes "Rate Groups, Rate Schedules, or the design of retail rates applicable to each Rate Schedule"

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<sup>1</sup> Attachment 1 to Appendix IX are the Formula Protocols, and Attachment 2 is the Formula Spreadsheet that calculates SCE's Transmission Revenue Requirement ("TRR") and associated rates, including the determination of retail transmission rates in Schedule 33.

<sup>2</sup> The CPUC Phase 2 Order is included as Attachment 1 to Exhibit 1.

following any final CPUC order that affects these aspects of retail transmission rates:

“SCE will make a single-issue Section 205 filing to revise Schedule 33 of the Formula Rate determination of retail transmission rates to reflect any change in Rate Groups, Rate Schedules, or the design of retail rates applicable to each Rate Schedule subsequent to any final CPUC order that affects these aspects of retail transmission rates. SCE will make such a filing only if and when the change in Rate Groups, Rate Schedules, or the design of retail rates cannot otherwise be reflected through the normal operation of the Formula Rate. In the single-issue Section 205 filing to the Commission, SCE will propose revisions to Schedule 33 of the Formula Rate that conform to the CPUC order. SCE will make a filing under this Section 8(d) by the later of either the filing date for the next Annual Update following the CPUC ruling or sixty days after the CPUC ruling.” Section 8d of the Formula Rate Protocols.

As stated in Protocol Section 8d, SCE must submit the single-issue Section 205 filing “by the later of either the filing date for the next Annual Update following the CPUC ruling or sixty days after the CPUC ruling”. This filing meets that criteria, since the next Annual Update is to be filed by December 1, 2016.

The changes that SCE is proposing to make to SCE’s Formula Rate Tariff are being submitted here as a “single-issue” filing pursuant to the Protocols of the Formula Rate since the revisions required by the CPUC Phase 2 Order affect the “design of retail rates”. In proceedings initiated by single-issue filings, the only issue that can or shall be addressed is whether the changes proposed by SCE correctly implement the applicable CPUC Order.<sup>3</sup>

SCE is not proposing to revise retail transmission rate levels reflecting the proposed changes at this time. If the Commission approves SCE’s proposed tariff revisions, SCE will utilize the revised retail rate calculation specified in Schedule

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<sup>3</sup> Formula Rate Protocol Section 8: “In a proceeding commenced by a single-issue filing under Section 8, parts (d) and (e), the sole issue that can or shall be addressed is whether the changes proposed by SCE correctly implement the applicable CPUC order.”

33 of the Formula Spreadsheet in SCE's Next Annual Update, the "TO11" Annual Update, to be filed by December 1, 2016, setting SCE's Transmission Revenue Requirement ("TRR") and associated rates effective January 1, 2017.<sup>4</sup>

The documents submitted with this filing consist of this letter of transmittal, the Affidavit of Robert A. Thomas (Exhibit 1) including all attachments, and the revisions to the TO Tariff in both clean and redline format.

## **I. BACKGROUND**

On June 3, 2011, in Docket No. ER11-3697-001, SCE submitted its original Formula Rate to the Commission. Several entities intervened or protested the filing. The Commission accepted the filing on August 2, 2011, subject to refund and hearing and settlement judge procedures, with an effective date of January 1, 2012. After extensive settlement discussions, SCE filed an Offer of Settlement on August 26, 2013, which was approved by the Commission on November 5, 2013.

Pursuant to the procedures set forth in the Formula Rate Protocols, SCE is required to submit an annual update by December 1 of each year revising the Formula Rate inputs based on the latest calendar year costs and forecast information for the current year and the subsequent year to calculate the Retail and Wholesale Base TRRs and associated retail and wholesale transmission rates. The Formula Rate Protocols state that the revised Retail and Wholesale Base TRRs and associated retail and wholesale transmission rates become effective each January 1. Most recently, SCE filed its TO10 Annual Update on December 1, 2015, which determined the Base TRR and associated retail and wholesale transmission rates for the 2016 Rate Year, beginning on January 1, 2016.

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<sup>4</sup> A January 1, 2017 implementation date for the changed retail rate design is consistent with the CPUC Phase 2 Order, as explained in Section II below.

On March 30, 2016, in Docket No. ER16-1292, SCE submitted a filing to revise Schedule 33 of the Formula Rate Tariff to appropriately reflect the impact of net energy metering on retail transmission billing determinants, effective May 30, 2016. The Commission has yet to act on that filing. SCE's proposed tariff revisions incorporate the tariff revisions proposed in Docket No. ER16-1292.

## **II. THE CPUC PHASE 2 ORDER**

The CPUC Phase 2 Order, issued on March 18, 2016, adopts several settlement agreements that revise the design of SCE's retail rates. One of the settlement agreements, the "Medium and Large Power Rate Group Rate Design Settlement" (the "Settlement")<sup>5</sup> affects the design of the transmission component of retail rates. Specifically, the Settlement affects the allocation of costs and determination of rates for three Standby Rate Groups and three associated Large Power Rate Groups.<sup>6</sup> Mr. Robert A. Thomas describes the changes to the determination of retail transmission rates in detail in his Affidavit, Exhibit 1 to this filing.

Pursuant to the Section 5 of the Settlement, the changes to retail transmission rates are to be implemented "as soon as practicable following the issuance of a final Commission decision approving this Settlement Agreement." With respect to the transmission component of retail rates, the first practicable opportunity to revise rates is on January 1, 2017, corresponding to the next Formula Rate Annual Update (the "TO11" Annual Update), to be filed by December 1, 2016.

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<sup>5</sup> Attachment 2 to Exhibit 1.

<sup>6</sup> The three Large Power Standby Rate Groups affected by the Settlement Standby rate design are: TOU-8-Standby-Sec, TOU-8-Standby-Pri, and TOU-8-Standby-Sub. Additionally, the rate design recalculation affects rates for the three associated Large Power Rate Groups: TOU-8-Sec, TOU-8-Pri, and TOU-8-Sub.

### **III. PROPOSED REVISIONS TO THE FORMULA RATE TARIFF**

As described in Section II above, the changes to retail transmission rate design adopted in the CPUC Phase 2 Order relate to the allocation of costs and determination of rates for three Standby Rate Groups and three associated Large Power Rate Groups. The revisions SCE proposes to make to Schedule 33 of the Formula Rate Tariff to conform the calculation of SCE's retail Standby transmission rates to the CPUC Phase 2 Order involve the addition of a new Column with "Backup GWh" on Line 1 of Schedule 33, to allow the separation of Backup Load from other Supplemental Load. Revisions to Lines 9 and 16 are made to incorporate the newly separated types of Load in the cost allocation and rate design for the six Rate Groups that are affected by the revisions. Mr. Robert A. Thomas describes the changes in detail in his Affidavit, Exhibit 1 to this filing.

### **IV. PROPOSED EFFECTIVE DATE**

SCE requests an effective date of June 13, 2016, which is 61 days after the date of this filing. If the Commission accepts SCE's revisions proposed in this filing, SCE will utilize the revised Schedule 33 in the upcoming TO11 Annual Update to calculate TRRs and associated retail rates effective January 1, 2017.

## **V. COMMUNICATIONS**

SCE requests that all correspondence, pleadings and other communications concerning this filing be served upon:

Anna Valdborg  
Director and Managing Attorney  
Southern California Edison Company  
P.O. Box 800  
Rosemead, CA 91770  
Tel. (626) 302-1058

James A. Cuillier  
Director, FERC Rates & Regulation  
Southern California Edison Company  
P.O. Box 800  
Rosemead, CA 91770  
Tel. (626) 302-3627

## **VI. SERVICE**

Copies of this filing have been served on all parties to Docket No. ER11-3697.

## **VII. OTHER FILING REQUIREMENTS**

There are no forecast changes in revenues resulting from the revisions to the Formula Rate proposed in this filing, since SCE is not proposing to revise current retail transmission rates as determined in SCE's TO10 Annual Update for the 2016 Rate Year.

No expenses or costs included in the rates tendered herein have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

SCE believes that the information contained in this filing provides a sufficient basis upon which to accept this filing; however, to the extent necessary, SCE further requests that the Commission waive its filing requirements contained in Section 35 of its regulations to the extent necessary in order to permit this filing to be made effective as requested.

SCE believes that this filing conforms to any rule of general applicability and to any Commission order specifically applicable to SCE, and has made copies of this filing available for public inspection in SCE's principal office located in Rosemead, California. SCE has provided copies of this filing to those persons whose names appear on the enclosed mailing list.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. A. Cuillier", with a long horizontal flourish extending to the right.

James A. Cuillier