

November 20, 2018

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

Dear Ms. Bose:

Pursuant to Section 205(d) of the Federal Power Act¹ and Section 35.13 of the Federal Energy Regulatory Commission (“Commission” or “FERC”)’s regulations,² Southern California Edison Company (“SCE”) submits proposed changes to SCE’s formula transmission rate (“Formula Rate”) set forth in Appendix IX³ 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 a recent California Public Utilities Commission (“CPUC”) Decision approving several new electric vehicle rate schedules. The documents submitted with this filing consist of this letter of transmittal, the Declaration of Robert A. Thomas (Exhibit 1) including all

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. § 35.13 (2018) and, in particular, Section (a) (2)(iii) “for rate schedule, tariff, or service agreement changes other than rate increases.”

³ Attachment 1 to Appendix IX of the TO Tariff includes 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.

attachments, Validation of Revenue And Rate Calculations Included in Schedule 33 (Exhibit 2) and the revisions to the TO Tariff in both clean and redline format.

I. BACKGROUND

On January 20, 2017, SCE submitted an application for approval of its 2017 transportation electrification (“TE”) rates to the CPUC.⁴ The application contained a proposal for three new separately-metered retail electric rates. These are voluntary and optional rates for commercial electric vehicle (“EV”) load. On May 31, 2018, the CPUC issued Decision 18-05-040 approving SCE’s commercial EV⁵ retail rate designs (“TE Order”).⁶ That decision adopted SCE’s proposal as modified by a Stipulation in ways not relevant to this filing.⁷ Approval was conditioned upon SCE making this filing.⁸

On October 27, 2017, SCE filed its Transmission Owner Tariff Transmission Rate Filing (“TO2018”), which superseded its prior Formula Rate.⁹ The Commission accepted the TO2018, subject to refund. SCE’s Formula Rate provides a mechanism to recover SCE’s Commission-jurisdictional Base Transmission Revenue Requirement (“Base TRR”) in customer rates. SCE will update its Base TRR and ensuing rates effective January 1, 2019 pursuant to an Annual Update (“TO2019 Annual Update”) filing due by December 1, 2018. Upon FERC approval of the changes in this filing, SCE will make an

⁴ Application 17-01-021, Application of Southern California Edison Company (U 338-E) for Approval of its 2017 Transportation Electrification Proposals (January 20, 2017).

⁵ Light, medium- and heavy-duty vehicles are eligible as well as non-road EVs.

⁶ The TE Order is included as Attachment 1 to Exhibit 1.

⁷ A.17-01-021, Exhibit Joint-12, Southern California Edison Company, Office of Ratepayer Advocates, Natural Resources Defense Council, Environmental Defense Fund, Siemens, Sierra Club, and the Coalition of California Utility Employees Stipulation (“Stipulation”) (November 2, 2017). The Stipulation is included as Attachment 2 to Exhibit 1. The Stipulation makes modifications that impact rate design in years 6-10 and other changes that only impact state-jurisdictional rates.

⁸ D.18-05-040, p. 114.

⁹ Docket No. ER18-169-000, Southern California Edison Company Transmission Owner Tariff Transmission Rate Filing (TO2018) (October 27, 2017).

informational filing to establish rate levels based on the new Base TRR from the TO2019 Annual Update. Schedule 33 of the Formula Rate is the FERC schedule that determines SCE's retail customer transmission rates based on the Base TRR calculated elsewhere in the Formula Rate.

SCE is required, pursuant to Section 8d of the Formula Protocols, to make this single-issue Section 205 filing to revise its 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."¹⁰ This filing is only required "if and when the change . . . cannot otherwise be reflected through the normal operating of the Formula Rate."¹¹ But as Mr. Thomas explains, the proposed changes that SCE must make to Schedule 33 to comply with the TE Order require creation of three new volumetric rates, which would not be reflected through the normal operating of the Formula Rate. (Thomas Declaration, ¶ 13). Accordingly, SCE is submitting this single-issue 205 filing pursuant to the Formula Protocols.

Also pursuant to the Formula Protocols, SCE must make this 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."¹² The TE Order was issued on May 31, 2018, and the TO2019 Annual Update is to be filed by December 1, 2018.

¹⁰ Formula Protocols, Section 8(d) ("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.").

¹¹ *Id.*

¹² *Id.*

Accordingly, this filing, which is being made before December 1, 2018, complies with this aspect of the Formula Protocol.

No other retail rates, or any other aspect of the Formula Rate will be affected by the addition of these new EV rates. Moreover, the only issue to be addressed is whether the changes proposed by SCE correctly implement the applicable CPUC Order.¹³ As described in Section II and III and Mr. Thomas's Declaration, SCE correctly implemented the TE Order.

II. THE TE ORDER

As discussed in Mr. Thomas's Declaration, attached as Exhibit 1, the TE Order approves SCE's commercial vehicle charging program¹⁴ and provides for the establishment of three new, commercial EV Rate Schedules associated with six CPUC Rate Groups.¹⁵ These rates are voluntary and optional and are separately metered. The TE Order provides that the rates – recovered via volumetric (\$/kWh) energy charges – will be in effect for five years.¹⁶

III. SCE'S PROPOSED CHANGES

This filing reflects new volumetric rates for commercial EV Rate Schedules specified in the TE Order. Specifically, SCE proposes to add three new voluntary and optional EV Rate Schedules to Schedule 33, namely TOU-EV-7, TOU-EV-8,

¹³ Formula Protocols, 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."

¹⁴ TE Order at p. 157, Ordering Paragraph 29.

¹⁵ TE Order at p. 110 and p. 162 (Ordering Paragraph 45).

¹⁶ TE Order at p. 111 ("For a defined five-year implementation period, the proposed rates would not include a demand charge, and SCE would recover costs primarily through energy charges."). *See* Stipulation at p. 4. The TE Order also provides for transition to greater utilization of demand charges for transmission and distribution retail revenue recovery beginning in year 6. These charges would increase until 70% of the transmission related costs are recovered through demand charges, with the balance recovered through volumetric charges in year 10. These changes, which are part of the TE Order, are not the subject of this instant 205 filing. SCE intends to file a subsequent single-issue 205 filing in the future to reflect rate changes in years 6-10. (Thomas Declaration, ¶ 9).

and TOU-EV-9, to reflect the CPUC Rate Groups of GS-1, GS-2, TOU-GS-3, and TOU-8-SEC, TOU-GS-PRI, TOU-GS-SUB (“TOU Non-Standby”) established pursuant to the TE Order. Mr. Thomas describes the changes to Schedule 33 to reflect new retail transmission rates in his Declaration, which is attached as Exhibit 1 to this filing. (Thomas Declaration, ¶ 13).

IV. PROPOSED EFFECTIVE DATE

SCE requests an effective date of January 21, 2019. SCE intends to make this voluntary and optional rate available to eligible customers beginning on March 1, 2019. (Thomas Declaration, ¶ 15). A January 21, 2019 effective date will also ensure that these new, voluntary, separately-metered retail rates are available, concurrent with the implementation of SCE’s 2018 GRC Phase 2, expected by March 1, 2019. As noted, the new EV retail transmission rates are voluntary and will not affect any other retail rates of Rate Group cost allocation on Schedule 33 of the TO2019 Annual Update. If these new retail EV transmission rates become effective prior to the date retail customers begin to choose the new EV rates, there will be no impact on remaining customers.

V. COMMUNICATIONS

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

Claire Torchia
Senior Attorney
Southern California Edison Company
P.O. Box 800
Rosemead, CA 91770
Tel. (626) 302-6945

Jeffrey L. Nelson
Director, FERC Rates & Market Integration
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. ER18-169 including the California Public Utilities Commission, as well as the California Independent System Operator Corporation (“CAISO”), and all Participating Transmission Owners in the CAISO.

VII. OTHER FILING REQUIREMENTS

Section 35.13(c)(1) requires, in pertinent part, a comparison of current sales and revenues to those under the proposed rate change.¹⁷ There are no forecast changes in revenues resulting from the revisions to the Formula Rate proposed in this filing. In other words, the rate changes proposed in this filing are revenue neutral.

Currently, EV sales are accommodated under existing rates. The proposed EV rates are a voluntary alternative for certain eligible EV customers. Revenue neutrality – the principle that the utility would collect the same amount of revenue if all customers on the otherwise applicable tariff rate switched to the proposed voluntary rates – is incorporated in the design of the proposed voluntary EV retail rates. Exhibit 2 validates the revenue neutrality of this EV rate design by showing that revenue using the new EV rate factors equals the amount of revenue allocated

¹⁷ See 18 C.F.R. § 35.13, Section (c)(1). “A table or statement comparing sales and services and revenues from sales and services under the rate schedule, tariff, or service agreement to be superseded and under the rate change, by applying the components of each such rate schedule or tariff to the billing determinants for each class of service, for each customer, and for each delivery point or set of delivery points that constitutes a billing unit.”). Per 18 C.F.R. § 35.13(c)(1)(i), this may be shown for the 24 months surrounding the effective date.

for recovery from each Rate Group using the otherwise applicable default rate – volumetric energy rate for EV 7 (GS-1) and a monthly peak demand rate (\$/kW-month) for EV 8 (GS-2 and TOU-GS-3) and EV 9 (TOU-8-SEC, TOU-8-PRI, and TOU-8-SUB).

For commercial and industrial customers, transmission retail rates are designed as monthly peak demand charges (measured by the highest \$/kW usage in a month), with the exception of GS-1 and TC-1 rate groups where the design is an energy charge (total monthly \$/kWh or “volumetric” usage). Given that the new EV rate schedules proposed in this filing are volumetric, Exhibit 2 illustrates the formulaic mechanics used in the design of these rates. For ease of reference, Exhibit 2 shows the section, line, and column references in Schedule 33 pertinent to the new EV Rate Schedules being implemented.

Of note, SCE will never recover more than its True Up TRR, which is calculated pursuant to Schedule 4 of the Formula Rate. SCE’s Formula Rate credits all retail revenue collected in a particular year against the True Up TRR for that year.¹⁸

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.¹⁹

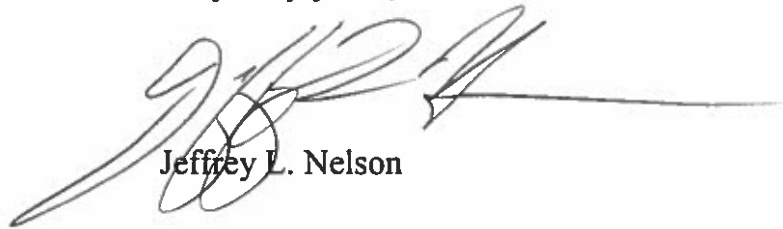
SCE believes that the information contained in this filing provides a sufficient basis upon which to accept this filing; however, to the extent necessary, SCE further requests that the Commission waive its filing requirements contained in Section 35 of its regulations to the extent necessary in order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

¹⁸ Schedule 3 of the existing Formula Rate ensures that the formula only recovers SCE’s True Up TRR over time.

¹⁹ See 18 C.F.R. § 35.13, Section (b)(7).

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. Nelson', with a long horizontal line extending to the right.

Jeffrey L. Nelson