

December 1, 2015

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

RE: Southern California Edison Company's Formula Transmission Rate Annual Update Filing in Docket No. ER11-3697-___ (TO10)

Dear Ms. Bose:

Under Southern California Edison Company's ("SCE") Transmission Owner Tariff ("TO Tariff"), SCE calculates its retail and wholesale Base Transmission Revenue Requirements ("Base TRR") using a formula transmission rate. SCE hereby submits for informational purposes its fourth annual formula transmission rate annual update filing ("TO10 Annual Update"), pursuant to Section 3 of Attachment 1 to Appendix IX of SCE's TO Tariff (the "Formula Rate Protocols"). The TO10 Annual Update revises SCE's retail and wholesale Base TRR and associated retail and wholesale transmission rates effective January 1, 2016. Pursuant to the formula rate set forth in Attachment 2 to Appendix IX of SCE's TO Tariff (the "Formula Rate"), this Annual Update revises the retail Base TRR from the currently-effective amount of \$910 million to \$1.098 billion, and the wholesale Base TRR from \$904 million to \$1.092 billion.

This submission is provided to the Commission for informational purposes only. This filing is not subject to the requirements of Section 205 of the Federal Power Act, and pursuant to Section 3 of the Formula Rate Protocols, does not subject SCE's Formula Rate to modification.

SCE requests that the Commission issue a notice of filing for the TO10 Annual Update and establish a comment date.

I. Background

On June 3, 2011, in Docket No. ER11-3697-001, SCE submitted its original formula transmission 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,¹ with an effective date of January 1, 2012. SCE engaged in settlement discussions with intervening parties, reaching an agreement in principle in July 2013. SCE filed the Offer of Settlement on August 26, 2013, and it was approved by the Commission on November 5, 2013.² The Offer of Settlement included revised Attachments 1 and 2 to SCE's TO Tariff Appendix IX, which constitute SCE's currently-effective Formula Rate Protocols and Formula Rate spreadsheet.

SCE filed its second formula transmission rate annual update filing ("the TO8 Annual Update") on November 26, 2013, pursuant to the process outlined in the Formula Rate Protocols. FERC issued an order on February 18, 2014, acknowledging receipt of the filing for informational purposes.

SCE filed its third formula transmission rate annual update filing ("the TO9 Annual Update") on November 25, 2014, pursuant to the process outlined in the Formula Rate Protocols. The TO9 rates went into effect on January 1, 2015.

SCE filed a modification to Schedule 34 of the Formula Spreadsheet on April 3, 2015. SCE proposed to modify the determination of the Unfunded Reserves rate base adjustment, in order to eliminate a duplication of an income tax impact associated with Unfunded Reserves. SCE also proposed some additional

¹ 136 FERC ¶ 61,074 P 1.

² 145 FERC ¶ 61,103.

tariff changes. FERC issued an order on May 19, 2015, accepting SCE's proposed changes.

SCE is now submitting its fourth Annual Update to the Commission in accordance with Section 3 of the Formula Rate Protocols, which specifies that each year SCE will file an Annual Update on or before December 1, revising the Base TRR and associated rates to be effective on January 1.

II. SCE's Formula Transmission Rate

In SCE's formula transmission rate the Base TRR is calculated as the sum of the Prior Year TRR, the Incremental Forecast Period TRR ("IFPTRR"), and a True Up Adjustment.³ The Prior Year TRR represents the transmission costs that SCE incurred in the previous calendar year, in this instance, 2014. The IFPTRR represents the incremental transmission costs that SCE expects to incur during the Rate Year as compared to the costs incurred in the Prior Year.⁴ The True Up Adjustment trues up actual transmission revenues to actual transmission costs during the Prior Year.

III. Reasons for the Increase in SCE's Base TRR

As indicated above, in this Annual Update, SCE's retail Base TRR increases from the currently-effective amount of \$910 million to \$1.098 billion, an increase of \$188 million. The wholesale Base TRR also increases by \$188 million, from \$904 million to \$1.092 billion.

The primary reasons for this increase in the Base TRR are the elimination of the TO9 True Up Adjustment over-collection and the growth in transmission plant in-service due to the completion by SCE of several major transmission projects in 2014. In TO9, the True Up Adjustment was an over-recovery of \$66.9

³ This is similar to many formula rates in effect. *See, e.g.* SDG&E's approved formula rate in Docket No. ER13-941

⁴ The Rate Year for this Annual Update is January 1, 2016 through December 31, 2016.

million, which reduced the Base TRR by that amount. In TO10, the True Up Adjustment is an under-recovery of \$17.8 million, resulting in a net increase in the Base TRR of \$84.7 million from TO9 to TO10. Additionally, the TO10 Base TRR reflects the addition of \$1 billion in transmission plant in-service due to the completion by SCE of several major transmission projects in 2014, including segments of the Tehachapi Renewable Transmission Project and the San Joaquin Cross Valley Transmission Project.

SCE is also proposing minor corrections to its authorized True Up TRRs for 2012 and 2013. These corrections are reflected in Schedule 3 of the Formula Rate spreadsheet as a One-Time Adjustment of \$96,732 to the TO10 Base TRR.

IV. TO10 Draft Annual Update and Documents Submitted With This Filing

SCE's Formula Rate Protocols require SCE to post a Draft Annual Update on SCE's website on or before June 15 of each year. SCE posted the TO10 Draft Annual Update on June 15, 2015.

This filing consists of the following documents:

- 1) This filing letter;
- 2) An attestation by an SCE officer;
- 3) Attachment 1: The populated formula transmission rate, in both pdf and Excel formats, showing the calculation of the TO10 Base TRR and associated rates;
- 4) Attachment 2: Retail and Wholesale Transmission rates to be effective on January 1, 2016;
- 5) Attachment 3: Revisions to formula rate inputs from the TO10 Draft Annual Update; and
- 6) Attachment 4: Workpapers supporting the inputs to Attachment 1, including information required pursuant to the Settlement in Docket No.

ER11-1952, the Settlement in Docket No. ER11-3697, and the Formula Rate Protocols.

V. Service

Copies of this filing have been served on all parties to Docket No. ER11-3697, including the California Public Utilities Commission, as well as the CAISO, and all Participating Transmission Owners in the CAISO.

VI. Communications

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

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Very truly yours,

ATTESTATION

Constance J. Erickson attests that she is Vice President and Controllers of Southern California Edison Company, and that the cost of service statements and supporting data submitted as a part of this filing which purport to reflect the books of Southern California Edison Company are true, accurate, and current representations of the utility's books and other corporate documents to the best of her knowledge and belief.

Constance J. Erickson
Vice President
and Controller

Dated: December 1, 2015