

April 8, 2013

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 non-transmission depreciation rates to reflect the California Public Utilities Commission's ("CPUC") 2012 General Rate Case Phase 1 Order ("CPUC Decision")¹. In this filing, SCE is proposing revisions to SCE's formula transmission rate ("Formula Rate") set forth in Attachment 1 to Appendix IX of SCE's Transmission Owner Tariff, FERC Electric Tariff, Volume No. 6 ("TO Tariff") in order to conform the Formula Rate non-transmission depreciation rates with the CPUC Decision. These proposed changes to SCE's non-transmission depreciation rates in SCE's Formula Rate are being submitted as a "single-issue" filing pursuant to the protocols of the Formula Rate.

SCE is required pursuant to the protocols of the Formula Rate to make a single-issue Section 205 filing to revise the General, Intangible, and Distribution depreciation rates stated in the Formula Rate whenever the CPUC issues a final

¹ SCE generally follows a three-year rate GRC cycle at the CPUC. On November 29, 2012 the CPUC issued the CPUC Decision, (Decision. 12-11-051) representing the final GRC decision in Phase 1 of the 2012 test year GRC, and setting SCE's total CPUC-jurisdictional revenue requirements.

order that changes “depreciation rates for General, Intangible or Distribution plant”:²

“With respect to depreciation rates for General, Intangible, or Distribution plant, SCE shall make a single-issue Section 205 filing to revise depreciation rates for these plant categories upon approval by the CPUC of revised depreciation rates, seeking Commission approval to place these depreciation rates in effect for this formula rate for the amounts of General, Intangible, and Distribution plant whose costs are recovered through this formula. The revised depreciation rates for General, Intangible, or Distribution plant become effective under the formula rate on the date upon which the revised depreciation rates go into effect for CPUC ratemaking purposes. “(Section 8 of Appendix IX of SCE’s TO Tariff)

The CPUC Decision makes revisions affecting SCE’s depreciation rates for eight General, Intangible or Distribution plant accounts, with an effective date of January 1, 2012. Mr. Richard J. Fisher explains the aspects of the CPUC Decision that affect SCE’s non-transmission depreciation rates in his attached Affidavit (Exhibit A). SCE is submitting this filing to revise its non-transmission depreciation rates to conform to the CPUC Decision and its filed Formula Rate Protocols.

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto; two sets of the revision to the TO Tariff in both clean and redline format, which include tariff sheets effective January 1, 2012 and April 1, 2013³; the affidavit of Richard J. Fisher (Exhibit A); and a copy of the CPUC Decision and SCE’s original 2012 GRC Phase 1 application regarding non-transmission depreciation (Exhibit B).

² Section of 8 of Appendix IX of SCE’s TO Tariff.

³ On March 29, 2013, SCE filed a single-issue rate filing to the Formula Rate to revise retail rate schedules to be consistent with the 2012 CPUC Phase 2 Decision with an effective date of April 1, 2013, which necessitates two sets of tariff sheets here.

I. BACKGROUND

SCE submitted the Formula Rate to the Commission on June 3, 2011 in Docket No. ER11-3697. On August 2, 2011, the Commission accepted for filing and suspended the Formula Rate, to be effective on January 1, 2012, subject to refund, among other matters, hearing and settlement procedures. While settlement procedures continue, SCE's Formula Rate remains in effect.

Pursuant to the Formula Rate update procedures set forth in the Formula Rate Protocols, SCE is required to submit an annual update by each September 15 updating the formula inputs based on updated cost and forecast information, and calculating the Formula Rate outputs including SCE's Retail and Wholesale Base Transmission Revenue Requirements ("TRR") and associated transmission rates. The protocols state that the revised Base TRRs and transmission rates become effective each October 1. SCE submitted its first annual update on September 14, 2012, revising the Retail Base TRR to \$900 million effective October 1, 2012, as well as revising the retail and wholesale transmission rates.

SCE's Formula Rate is set forth in Appendix IX of SCE's TO Tariff, and includes an Attachment 1 consisting of many individual schedules that calculate different aspects of SCE's Base TRR and associated rates. Schedule 18 lists SCE's depreciation rates, both non-transmission and transmission. Schedule 17 determines SCE's depreciation expense based on the depreciation rates stated in Schedule 18.

On November 29, 2012, the CPUC issued the CPUC Decision, which adopts SCE's non-transmission depreciation rates. The CPUC Decision revises several non-transmission depreciation rates effective on January 1, 2012. As a result, SCE's non-transmission depreciation rates stated in Schedule 18 of the Formula Rate are now inconsistent with the CPUC Decision depreciation rates. Pursuant to the Formula Rate Protocols, SCE is making this single-issue Section 205 filing to request the Commission approval to make necessary revisions to the

Formula Rate tariff to conform to the non-transmission depreciation rates adopted in the CPUC Decision. The changes to Schedules 17 and 18 of the Formula Rate are explained in Exhibit A.⁴ In this filing, SCE is proposing to revise only those aspects of the Formula Rate that are necessary to correctly reflect the CPUC Decision.

II. PROPOSED REVISIONS TO SCE'S DEPRECIATION RATES

As discussed above, in this single-issue filing SCE is only seeking to revise its non-transmission depreciation rates set forth in the Formula Rate to maintain consistency with the CPUC Decision. SCE is not proposing to revise the currently-effective Base TRR or any aspect of the Formula Rate tariff other than the non-transmission depreciation rates (Schedules 17 and 18 of Attachment 1 to Appendix IX). However, SCE is filing two sets of TO tariffs: one effective January 1, 2012 and the other effective April 1, 2013, because on March 29, 2013, SCE filed with the Commission another single-issue rate filing, to become effective on April 1, 2013, to update retail transmission rates to reflect Decision 13-03-031 (the "Phase 2 Order") of the CPUC, issued on March 21, 2013.

SCE is submitting with this filing a clean and redline Formula Rate tariff with revised Schedules 17 and 18 with the proposed revised depreciation rates consistent with the CPUC Decision. Attachment 1 also compares the proposed depreciation rates with the currently-effective depreciation rates. The revised depreciation rates will not affect SCE's Base TRRs until SCE submits its next Annual Update Filing on September 13 of this year. The September 13 filing will utilize the revised Formula Rate tariff, including the proposed revised non-transmission depreciation

⁴ A Formula Rate tariff revision to Schedule 17 is required because the Distribution depreciation rates for accounts 361 and 362 are stated in Schedule 17 in addition to Schedule 18.

rates. The Base TRRs effective October 1, 2013 will reflect these revised non-transmission depreciation rates.

For illustrative purposes, in Attachment 1 of Exhibit A, Mr. Fisher also provides a rough estimate of the future impact of these depreciation rate changes on SCE's Base TRR by applying the proposed revised depreciation rates to SCE's last Annual Update Filing in FERC Docket No. ER11-3697-003, dated September 2012, as a proxy. The resulting illustrative change in revenue is an increase to the Base TRR of \$406,750 or 0.045%.

III. EFFECTIVE DATE

Pursuant to Section 8 of Appendix IX of SCE's TO Tariff, SCE requests that the Commission authorize the proposed changes to SCE's non-transmission depreciation rates set forth in SCE's Formula Rate Schedules 17 and 18 included in Attachment 1 to Appendix IX of SCE's TO Tariff, to become effective on January 1, 2012, the date that the depreciation rates adopted in the CPUC Decision became effective. This effective date ensures consistency in the application of the CPUC-adopted depreciation rates for FERC-jurisdictional and CPUC-jurisdictional rates.

SCE respectfully requests, pursuant to Section 35.11 (18 C.F.R. §35.11) of the Commission's Regulations, waiver of the 60-day prior notice requirement specified in Section 35.3. Good cause exists for such waiver to be granted for the reasons stated above. Waiver would also be consistent with the Commission's policy set forth in *Central Hudson Gas & Electric Corp., et al.*, 60 FERC 61,106 reh'g denied, 61 FERC 61,089 (1992), in that the proposed tariff and depreciation rate revisions, pursuant to Section 8 of the Formula Rate Protocols, are to become effective on the date that the revised depreciation rates go into effect for CPUC ratemaking purposes.

IV. SERVICE

Copies of this filing have been served on all parties to Docket No. ER11-3697, including the CPUC, as well as the California Independent System Operator (“CAISO”), and all Participating Transmission Owners in the CAISO.

V. COMMUNICATIONS

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

Anna Valdborg
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

VI. OTHER FILING REQUIREMENTS

The illustrative annualized change in revenues resulting from the revised depreciation rates for General, Intangible and Distribution plant proposed in this filing are set forth in Attachment 1 to Exhibit A. This change in revenues will not be realized until SCE submits its 2014 Annual Update Filing on September 13, 2013, for rates effective October 1, 2013. SCE’s currently-effective Retail Base TRR of \$900 million established in SCE’s first annual informational filing submitted September 14, 2012, and effective October 1, 2012, is not being revised in this filing.

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. Cuillier', with a stylized flourish at the end.

JAMES A. CUILIER

EXHIBIT A

Affidavit of Richard J. Fisher

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company) Docket No. ER13-____-000

**AFFIDAVIT OF RICHARD J. FISHER
FOR SOUTHERN CALIFORNIA EDISON COMPANY**

I, Richard J. Fisher, being duly sworn, depose and state as follows:

I. INTRODUCTION

1. My name is Richard J. Fisher. I am the Principal Manager of Capital Asset Accounting in the Controllers Department at Southern California Edison Company (“SCE”). My business address is 2244 Walnut Grove Avenue, Rosemead, California 91770.

2. I am submitting this affidavit on behalf of SCE. The statements made herein are true and correct to the best of my knowledge and belief, and I adopt them as my sworn testimony in this proceeding.

3. I have worked for SCE for 13 years. In my current position as Principal Manager of Capital Asset Accounting, I am responsible for the accounting, reporting, forecasting and budgeting related to plant-in-service (including AFUDC accrual), book and tax depreciation, and regulatory cost recovery and internal, forecasting, budgeting and reporting related to those accounting functions.

4. I joined Southern California Edison in the Capital Recovery Department in 1999 and, from 1999-2006, I performed the role of a financial analyst. I was promoted to Manager of Capital Recovery in 2006. My responsibilities included functions involving depreciation and nuclear decommissioning accounting, depreciation studies, and development of forecasting

models for plant additions, rate base, and depreciation expense in direct support of SCE's regulatory filings. In 2008, I accepted a position in the investor relations group at Edison International, where my primary role was communicating the Company's financial and operational results with institutional equity and fixed income investors and analysts. In 2010, I rejoined Southern California Edison as Manager of Capital Reporting and Integration in the Controller's Organization where I managed a team responsible for special projects supporting systems and business integration across Controller's organization. In 2011, I was promoted to Principal Manager of Regulatory Analysis and Valuation Services where I managed two specialized teams responsible for book depreciation studies, decommissioning and cost of removal analyses, forecasting and budgeting for regulatory cost recovery, review and accounting of utility agreements for added facilities and cogeneration projects, and asset valuations related to military base closures, privatization, purchases and condemnation. As part of reorganization in 2013, I accepted a position in my current role as Principal Manager of Capital Asset Accounting.

5. I received a Bachelor of Science degree in Business Administration, with an emphasis in Finance, Real Estate, and Law from California State Polytechnic University, Pomona and a Masters of Business Administration from the University of Southern California. I am a member of the Society of Depreciation Professionals and have been qualified as a Certified Depreciation Professional.

6. I have not previously submitted testimony to this Commission. I have previously submitted testimony before the California Public Utilities Commission ("CPUC") as an expert witness on Plant-In-Service in SCE's 2006 General Rate Case (A.04-12-014); Plant-In-Service and Depreciation in SCE's 2009 General Rate Case (A. 07-11-011); Depreciation Study

(rebuttal only) in SCE's 2012 General Rate Case (A.10-11-015); Plant, Depreciation and Rate Base in SCE's SmartConnect Cost Recovery Filing (A.07-07-026); Depreciation (rebuttal only) in PG&E's 2007 General Rate Case (05-12-002); and Rate Base and Depreciation for SCE's Solar Photovoltaic (PV) Program (A.08-03-015).

7. The purpose of my affidavit is to describe SCE's proposed revisions to the depreciation module of SCE's formula transmission rate ("Formula Rate") necessary to implement the CPUC decision in Phase 1 of SCE's 2012 General Rate Case (Decision (D.) 12-11-051 , the "CPUC Decision") regarding non-transmission depreciation rates issued on November 29, 2012.

8. My affidavit is organized as follows:

- In Section II, I provide background on SCE's Formula Rate and the calculation of non-transmission depreciation expense under the Formula Rate;
- In Section III, I describe the CPUC Decision, the method of determination of non-transmission depreciation rates in the CPUC Decision, and the proposed revised non-transmission depreciation rates adopted in the CPUC Decision;
- In Section IV, I describe the revisions to the depreciation module of the Formula Rate necessary to conform to the CPUC Decision on non-transmission depreciation rates; and
- In Section V, I discuss the quantification of the changed depreciation rates.

II. BACKGROUND ON SCE'S FORMULA RATE

9. SCE filed the currently-effective Formula Rate in June of 2011 in Docket No. ER11-3697. In an order issued on August 2, 2011, the Commission accepted for filing and suspended the Formula Rate, to be effective on January 1, 2012, subject to refund, hearing and settlement procedures. Additionally, the Commission ordered SCE to make a compliance filing revising the Return on Equity component of the Formula Rate, which SCE submitted on September 1, 2011. The Commission accepted SCE's compliance filing in an Order issued on November 30, 2011, subject to the outcome of the pending hearing and settlement procedures. The Formula Rate is currently in settlement. While the settlement process continues, SCE's Formula Rate as filed in the compliance filing¹ submitted on September 1, 2011 remains in effect.

10. Included in the Formula Rate is a module that determines SCE's depreciation expense which flows through to the determination of its Base Transmission Revenue Requirement ("Base TRR"). This depreciation module is contained in Schedule 17 of the Formula Rate. Schedule 18 of the Formula Rate lists the currently-effective depreciation rates by FERC Plant Account. The testimony of Mr. Brent Fielder in SCE's Formula Rate filing in Docket No. ER11-3697 explains the filed and currently-effective Schedules 17 and 18.

11. Pursuant to Section 8 of Appendix IX ("Protocols") of the Formula Rate, when the CPUC issues an order affecting depreciation rates for General, Intangible or Distribution plant, SCE must then make a "single-issue" Section 205 filing to the Commission proposing to revise such non-transmission depreciation rates in conformance with the CPUC order:

"With respect to depreciation rates for General, Intangible, or Distribution plant, SCE shall make a single-issue Section 205 filing to revise depreciation rates for these plant

¹ The ROE issue is, however, currently subject to the outcome of an appeal pending at the D.C. Circuit.

categories upon approval by the CPUC of revised depreciation rates, seeking Commission approval to place these depreciation rates in effect for this formula rate for the amounts of General, Intangible, and Distribution plant whose costs are recovered through this formula. The revised depreciation rates for General, Intangible, or Distribution plant become effective under the formula rate on the date upon which the revised depreciation rates go into effect for CPUC ratemaking purposes.”

III. THE CPUC 2012 GRC PHASE 1 DECISION

12. The CPUC Decision was issued by the CPUC on November 29, 2012, representing the final decision in SCE’s 2012 GRC Phase 1 proceeding. The CPUC Decision adopted a revenue requirement for SCE’s CPUC-jurisdictional electric assets.

13. Among other things, the CPUC Decision adopted depreciation rates for various plant accounts including some accounts that are utilized in the Formula Rate. These adopted rates include changes to the depreciation rates for distribution substation structures and improvements and distribution station equipment (FERC Plant Accounts 361 and 362) for which there are small amount of ISO Controlled assets. In addition, the CPUC Decision adopted changes to the depreciation rates for general and intangible plant (FERC Plant Accounts 389 – 399 and 301 – 302) which are an allocated component of SCE’s Base TRR. Pursuant to the CPUC Decision, these revised depreciation rates became effective January 1, 2012.

14. The CPUC Decision adopted new depreciation rates of 3.20% for Account 361 and 3.13% for Account 362. The CPUC Decision adopted SCE’s proposed increase in depreciation rates for these plant accounts. SCE’s proposed changes were based on a review of industry practices, SPR analysis,² and reviews with engineering and technical personnel. SCE’s analysis resulted in the determination that retirements generally increase with age making a right modal

² SPR is a form of semi-actuarial analysis where simulated plant balances are matched to survivor curve types and analyzed for best fit. Curve-Lives provide an estimate of the average life of the property as well as the expected remaining life.

retirement curve appropriate for both FERC Plant Accounts 361 and 362. The increasing cost to retire property in these accounts has resulted in increasingly negative net salvage ratios for both accounts. SCE proposed depreciation rate increases in each account is supported by its analysis. The relevant pages from the CPUC decision are provided as Exhibit B.

15. The CPUC Decision also adopted new depreciation rates of 1.80% for Account 390, 6.06% for Account 397 – Communication Equipment: Fiber Optic Communication Cables, 3.75% for Account 397 – Communication Equipment: Telecom Infrastructure, 2.64% for Account 302, 21.41% for Account 303 – Capitalized Software 5 year life, and 14.71% for Account 303 -- Capitalized Software 7 year life. SCE used a similar statistical analysis for Account 390 as used for transmission and distribution assets. The analysis resulted in the adoption of a shorter remaining life for the account due to aging. This resulted in an increase to the depreciation rate for this account. SCE identifies remaining General and Intangible plant by sub-accounts with similar average service lives. Most of this plant consists of a large volume of items having a low value. Following FERC guidelines, the items in these accounts are not accounted for individually, but are amortized by vintage group over the specified service life and retired at the end of the life span. Accounting for property in such a way eliminates costly record keeping and continuous physical tracking of the assets. The changes in depreciation rates for Accounts 397, 302 and 303 are entirely attributable to accumulated depreciation adjustments inherent in the straight-line remaining life depreciation method. For Accounts 390, 397, 302 and

303, the CPUC Decision adopted SCE's proposal without discussion.³ The relevant pages from the testimony of Mr. Richard Bennett from the GRC proceeding are also provided in Exhibit B.

IV. REVISIONS TO THE FORMULA RATE TO CONFORM TO THE CPUC DECISION

16. The CPUC-authorized changes to the non-transmission depreciation rates require modification to two schedules in the Formula Rate: Schedule 17 and Schedule 18. The changes to Schedule 18 for Distribution Plant accounts 361 and 362 are on Lines 13 and 14 respectively. Additionally, these two same depreciation rates for accounts 361 and 362 appear on Line 48 of Schedule 17, and so are additionally revised in Schedule 17. The changes to Schedule 18 for General Plant accounts 390, Account 397 – Communication Equipment: Fiber Optic Communication Cables, and Account 397 – Communication Equipment: Telecom Infrastructure are on Lines 16, 34, and 35 respectively of Schedule 18. The changes to Schedule 18 for Intangible Account 302, Account 303 – Capitalized Software 5 year life, and Account 303 -- Capitalized Software 7 year life are on Lines 40, 43, and 44 respectively of Schedule 18. SCE is submitting with this filing a clean and red-lined Formula Rate tariff reflecting these changes to Schedules 17 and 18.

17. Under SCE's Formula Rate Protocols, this single-issue change to the non-transmission depreciation rates in the Formula Rate does not result in a redetermination of the Base TRR and transmission rates. Any rate impact of the changes in the non-transmission depreciation rates will be reflected in the next Annual Update Filing.

³ CPUC Decision D.12-11-051, page 9 states: "*As a general matter, with respect to individual uncontested issues in this proceeding, we find that SCE has made a prima facie just reasonable showing, unless otherwise stated in this opinion.*"

V. QUANTIFICATION OF CHANGED DEPRECIATION RATES

18. While this filing does not result in a change in the Base TRR and transmission rates at this time, to provide a rough estimate of the future impact of these depreciation rate changes on SCE's Base TRR, I used SCE's last Annual Update Filing in FERC Docket No. ER11-3697-003, dated September 2012 to develop an illustrative proxy.

19. The result of these illustrative changes was to increase the Base TRR by only \$406,267, or approximately 0.045%. Attachment 1 to my affidavit supports this calculation.

VI. CONCLUSION

20. My affidavit demonstrates that the revisions SCE is proposing to Schedules 17 and 18 of the Formula Rate are necessary to properly implement the Formula Rate Protocols in order to reflect the CPUC Decision. Such revisions should be made effective on January 1, 2012 in accordance with SCE's Formula Rate Protocols.

I declare under penalty of perjury that the foregoing statements are true to the best of my knowledge, information, and belief. Executed this 5 day of April, 2013, at Rosemead, California.

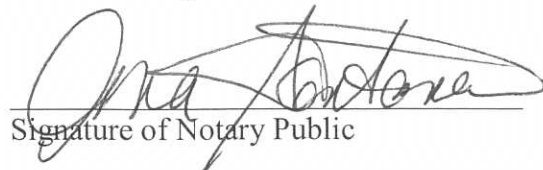

Richard J. Fisher

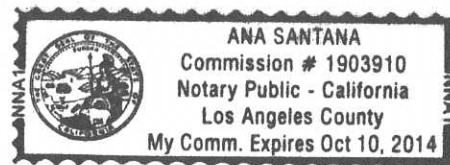
State of California)
County of Los Angeles)

On APRIL 5, 2013, before me, ANA SANTANA, Notary Public personally appeared Richard J. Fisher, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature of Notary Public



Dated: April 5, 2013