

June 30, 2020

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

Re: Southern California Edison Company  
Docket No. ER19-1553-000

Dear Ms. Bose:

In accordance with the provisions of Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. §385.602 (2019), Southern California Edison Company ("SCE") submits for electronic filing in the above-referenced docket the documents described below. Please transmit a copy of the documents to the Presiding Administrative Law Judge, Steven L. Sterner. The Offer of Settlement ("Settlement") is intended to resolve all issues in Docket No. ER19-1553-000. The Commission Trial Staff and all Intervenors have indicated that they either support or do not oppose resolution of this proceeding according to the terms and conditions described in the Settlement. The following documents are attached:

1. An Explanatory Statement;
2. The Offer of Settlement, including several Exhibits attached thereto;
  - a. The exhibits include clean and redline versions of Appendix IX of SCE's Transmission Owner Tariff for each applicable period,

reflecting the modifications in accordance with the terms of the  
Settlement; and

3. A certificate of service.

Comments on the Offer of Settlement are due on July 21, 2020, which is 20 days after the date of this filing, and reply comments are due on July 31, 2020, which is 30 days after the date of this filing.<sup>1</sup>

Respectfully submitted,

/s/ Matthew Dwyer

Matthew Dwyer  
Senior Attorney  
Southern California Edison Co.  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

Attorney for Southern California Edison Co.

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<sup>1</sup> Because this filing was submitted after 5:00 PM EDT on June 30, 2020, SCE is assuming the date of this filing is July 1, 2020.

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

**Southern California Edison Company    )**

**Docket No. ER19-1553-000**

**SOUTHERN CALIFORNIA EDISON COMPANY'S  
EXPLANATORY STATEMENT AND  
OFFER OF SETTLEMENT**

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

**Southern California Edison Company     )**

**Docket No. ER19-1553-000**

**EXPLANATORY STATEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.602 (2020), Southern California Edison Company (“SCE”) hereby submits this Explanatory Statement describing the contents of its Offer of Settlement (“Settlement”) that is attached hereto. The Settlement is the result of formal and informal settlement discussions among the participants in this case, as described below, and is intended to resolve all issues in Docket Nos. ER19-1553-000.

**I.     PROCEDURAL HISTORY**

SCE filed its original Transmission Owner (“TO”) Tariff on March 31, 1997 in Docket No. ER97-2355-000. The TO Tariff specifies, among other things, the rates and charges for transmission access over the California Independent System Operator Corporation (“CAISO”) Controlled Grid. The revenue requirement and rates implemented by the Commission in that docket reflected the shift in jurisdiction over

retail transmission service and rates from the California Public Utilities Commission (“CPUC”) to the Commission, which occurred on April 1, 1998, when SCE transferred operational control of its transmission facilities to the CAISO.

On June 3, 2011, SCE filed revisions to its TO Tariff, FERC Electric Tariff, Second Revised Volume No. 6 in Docket No. ER11-3697, to reflect the proposed move to a formula rate to replace SCE’s then existing stated rates, in order to provide timely recovery of SCE’s changing costs. That proceeding was ultimately settled, with such settlement accepted pursuant to Commission Order on November 5, 2013.<sup>1</sup> That settlement and the associated rates and terms are referred to as SCE’s “Original Formula Rate.” The Original Formula Rate terminated pursuant to the terms of that settlement on December 31, 2017.

On October 27, 2017, SCE filed in Docket No. ER18-169 a successor Formula Rate to replace the Original Formula Rate effective January 1, 2018. On December 29, 2017, the Commission issued an order conditionally accepting and suspending the filing and proposed rates until January 1, 2018, subject to refund, and establishing settlement judge procedures. In that order, the Commission also instituted in Docket No. EL18-44 an investigation pursuant to Section 206 of the Federal Power Act to determine whether a decrease in SCE’s proposed TRR was warranted.<sup>2</sup> These dockets were ultimately settled,

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<sup>1</sup> *Southern California Edison Co.*, 145 FERC ¶ 61,103 (2013).

<sup>2</sup> *Southern California Edison Co.*, 161 FERC ¶ 61,309 (2017).

with such settlement accepted pursuant to a Commission Order on December 3, 2019.<sup>3</sup> That settlement and the associated rates and terms are referred to as SCE’s “Second Formula Rate.”

On April 11, 2019, SCE filed its current Formula Rate. On June 11, 2019, the Commission issued an order conditionally accepting and suspending the filing and proposed rates until November 12, 2019, subject to refund, and establishing settlement judge procedures.<sup>4</sup> On June 18, 2019, the Honorable Steven L. Sterner was assigned as the settlement judge in this proceeding.

On September 27, 2019 SCE filed an Offer of Partial Settlement to reduce the Return on Equity (“ROE”) in SCE’s Formula Rate on an interim basis, subject to refund and further procedures and pending a final determination of all issues, including the ROE, through final resolution of the proceeding. The partial settlement was accepted pursuant to a Commission Order on December 3, 2019.<sup>5</sup>

The Settlement is the result of formal and informal settlement discussions and resolves all issues in Docket No. ER19-1553-000. All Parties<sup>6</sup> either support or do not

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<sup>3</sup> *Southern California Edison Co.*, 169 FERC ¶ 61,177 (2019).

<sup>4</sup> *Southern California Edison Co.*, 167 FERC ¶ 61,214 (2019).

<sup>5</sup> *Southern California Edison Co.*, 169 FERC ¶ 61,176 (2019).

<sup>6</sup> The parties to this proceeding are SCE, California Public Utilities Commission (the “CPUC”); the Los Angeles Department of Water and Power; the California Department of Water Resources State Water Project; the Modesto Irrigation District; the City of Santa Clara, California, and the M-S-R Public Power Agency; State Water Contractors; the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Pacific Gas and Electric Co.; Golden State Water Co.; Transmission Agency of Northern California ; San Diego Gas and Electric Co.; Imperial Irrigation District; the Northern California Power Agency; The Utility Reform Network; Public

oppose the Settlement. To properly reflect several filings that were made subsequent to the initial submission of SCE's TO Tariff filing in this proceeding on April 11, 2019, but before the submission of this Offer of Settlement,<sup>7</sup> the Settlement includes three sets of Formula Rate Spreadsheets, which are reflected in the terms of and exhibits to the Settlement. SCE and the Parties have worked diligently to develop mechanisms for minimizing the burdens associated with determining and implementing refunds for the various rate periods at issue. Prompt implementation of the Settlement is necessary to avoid the economic burden of higher rates being implemented under the terms of the as-filed formula rate and the economic and administrative burden of increased overcollections and the resulting refund obligations.

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Citizen Inc.; Ruth Hendricks; City and County of San Francisco; Energy Producers & Users Coalition; and GridLiance West LLC. SCE and the intervenors in this proceeding are each referred to as a "Party" and are referred to collectively as the "Parties."

<sup>7</sup> In addition to the Formula Rate Spreadsheet originally submitted in this proceeding, SCE submitted the following filings that modify elements of the formula rate: the partial settlement approved on December 3, 2019 in this Docket No. ER19-1553; SCE's filing in Docket No. ER20-1057 to revise non-transmission depreciation rates (accepted in a letter order issued by the Commission on April 14, 2020); SCE's filing in Docket No. ER20-1382 to revise Formula Rate Tariff Authorized PBOPs Expense Amount (accepted in a letter order issued by the Commission on May 8, 2020); and SCE's filing in Docket No. ER20-1720 to revise the Formula Rate to comply with Order No. 864 (still pending before the Commission).

## **II. DESCRIPTION OF THE SETTLEMENT**

The following is a summary of the terms of the Settlement. This description is provided for the convenience of the Commission in reviewing the Settlement and is not intended to alter the terms of the Settlement in any way.

### **A. Article I - Settlement Rate Terms**

Article I describes the components of SCE's Formula Rate<sup>8</sup> that are used to develop the wholesale and retail Base Transmission Revenue Requirement ("Base TRR") and associated transmission rates specified in the Settlement. SCE's Base TRR and transmission rates shall be determined by the Formula Rate, as revised in accordance with the terms of this Settlement. SCE's Base TRR under the Formula Rate is comprised of three principal components, including the Prior Year TRR, the Incremental Forecast Period TRR, and the True Up Adjustment.

SCE's Base TRR and associated transmission rates will be recalculated annually based on historical and projected data, and its Base TRR trued-up under the procedures provided by the Formula Rate Protocols. SCE shall post a draft Annual Update to its website by June 15 each year and shall file its Annual Update by December 1 of each year.

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<sup>8</sup> As specified in Section 1.1 of the Settlement, the Formula Rate Protocols and Formula Rate Spreadsheet collectively comprise Appendix IX to SCE's TO Tariff and are designated as Attachments 1 and 2, respectively, to Appendix IX to the TO Tariff. Further, the Formula Rate Spreadsheet and Formula Rate Protocols together comprise the "Formula Rate." In SCE's original filing to implement a formula rate in this proceeding, the Formula Rate Protocols were not named as such, but Appendix IX to SCE's TO Tariff included provisions outlining the proposed rules for the formula rate.

Article I provides that SCE's rate of ROE shall consist of a total ROE of 10.30%.

Applicable transmission depreciation rates are specified as follows:

<b>Account</b>	<b>Description</b>	<b>Plant less Salvage</b>	<b>Removal Cost</b>	<b>Rate</b>
350.1	Fee Land	0.00%	0.00%	0.00%
350.2	Easements	1.66%	0.00%	1.66%
352	Structures and Improvements	1.80%	0.77%	2.57%
353	Station Equipment	2.20%	0.27%	2.47%
354	Towers and Fixtures	1.35%	1.09%	2.44%
355	Poles and Fixtures	2.00%	1.67%	3.67%
356	Overhead Conductors and Devices	2.00%	1.05%	3.05%
357	Underground Conduit	1.65%	0.00%	1.65%
358	Underground Conductors and Devices	3.26%	0.61%	3.87%
359	Roads and Trails	1.56%	0.00%	1.56%

Sections 1.6 through 1.11 of the Offer of Settlement discuss various other rate terms. Section 1.6 establishes the use of the gross method calculation to determine long-term debt. Section 1.7 provides that if SCE's capital structure as determined by the Formula Rate produces a common equity ratio lower than 47.50%, then SCE shall utilize a common equity ratio of 47.50%. Section 1.8 establishes that historic Accumulated Deferred Income Tax is measured based upon the averaging of beginning of year and end of year balances. Section 1.9 addresses the treatment of Excess Deferred Income Tax.

Section 1.10 addresses the treatment of cash working capital in the Formula Rate, including cash working capital impacts relating to the charge/reserve associated the 2017/18 Wildfire/Mudslide Events<sup>9</sup> and to wildfires occurring thereafter. Section 1.11 provides a limitation on the inclusion of certain incentive compensation in the Formula Rate.

## **B. Article II - Implementation**

Article II contains language regarding the Settlement Effective Date (Section 2.1). The Settlement at Section 2.1 also provides that if the Commission conditions its approval of the Settlement or requires its modification, any Party may notify the other Parties within ten (10) business days of the issuance of such conditioned approval or modification that it objects to the Settlement as so conditioned or modified. In such event, the Settlement shall be of no force and effect, and the Parties shall have all rights to continue to pursue their legal remedies before the Commission in the pending docket. The failure of a Party to provide written notice to the other Parties in accordance with the foregoing sentence shall constitute acceptance by such Party of the Settlement as approved by the Commission.

Article II also specifies that the revised Formula Rate Protocols and Formula Rate Spreadsheets attached to the Settlement replace the Formula Rate Spreadsheet and terms

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<sup>9</sup> The 2017/18 Wildfire/Mudslide Events refers to the Thomas Fire, the Koenigstein Fire, the Montecito Mudslides and the Woolsey Fire events that occurred in SCE's service territory in 2017 and 2018.

contained in Appendix IX to SCE’s TO Tariff as originally filed in this proceeding. The Formula Rate Protocols are attached to the Settlement as Exhibit A to the Settlement and are effective November 12, 2019.

The three versions of the Formula Rate Spreadsheet are included as Exhibits B1, B2, and B3 to the Settlement, and each is described in the table below.

<b>Exhibit No.</b>	<b>Dates of Effectiveness</b>	<b>Reason for New Effectiveness</b>
B1	November 12, 2019 to December 31, 2019	Exh. B1 consists of the Formula Rate Spreadsheet originally included in Attachment 2 to Appendix IX of SCE’s TO Tariff as filed by SCE in this proceeding on April 11, 2019, as modified by (1) the partial settlement approved on December 3, 2019 in ER19-1553-001; and (2) SCE’s filing accepted in Docket No. ER20-1057 to revise non-transmission depreciation rates.
B2	January 1, 2020 to January 26, 2020	Exh. B2 reflects SCE’s filing accepted in Docket No. ER20-1382, to revise the Formula Rate Tariff Authorized Post-Retirement Benefits Other than Pensions Expense Amount.
B3	January 27, 2020	Exh. B3 reflects SCE’s filing pending in Docket No. ER20-1720, to revise the Formula Rate Tariff to comply with Order No. 864. <sup>10</sup>

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<sup>10</sup> This Settlement does not resolve the issues raised in the protest filed on behalf of the Six Cities in Docket No. ER20-1720-000, which will remain pending. *See* Protest on behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California, S. Cal. Edison Co., Docket No. ER20-1720-000 (filed May 21, 2020).

The Formula Rate shall remain in effect without termination, unless the Commission modifies or replaces the Formula Rate, subject to the following:

1. Beginning in calendar year 2023, each Party to Docket No. ER19-1553 and each party to any subsequent Annual Update proceeding shall have a right to terminate the TO2019A Formula Rate, to be exercised on an annual basis by providing notice to SCE and to each Party no later than April 30 of a calendar year (“Notice of Termination”). Following the Notice of Termination, SCE shall file a successor rate pursuant to Section 205 of the Federal Power Act, which shall include a request for an effective date of January 1 of the upcoming year. All Parties retain their right to oppose the filing.
2. Under the Settlement, SCE reserves the right to file a successor rate at any time following conclusion of the Moratorium (defined below) and each Party to Docket ER19-1553 reserves its rights to file a complaint with FERC under Section 206 of the Federal Power Act seeking implementation of a successor rate by SCE at any time following conclusion of the Moratorium.
3. For the period starting with the date the Formula Rate Protocols become effective in accordance with the Settlement until December 31, 2021 (the “Moratorium”), SCE shall not make any unilateral filings under Section 205 of the Federal Power Act to revise the

Formula Rate that seek an effective date prior to January 1, 2022, nor shall any of the Parties to Docket No. ER19-1553 make any unilateral filings under Section 206 of the Federal Power Act seeking revisions to the Formula Rate to become effective prior to January 1, 2022.

4. During the Moratorium, SCE may make filings pursuant to Section 205 of the Federal Power Act (i) to comply with a FERC Order; (ii) to modify the Formula Rate if supported or not opposed by the Parties to Docket No. ER19-1553, provided that SCE has given such Parties at least thirty days advance notice of the filing; and (iii) to comply with the requirement in Section 8 of the Formula Rate Protocols related to certain single-issue filings. SCE will not make other single-issue filings during the Moratorium, and each Party retains its rights to oppose these filings.

### **C. Article III – Non-Rate Terms**

Article III contains provisions applicable to SCE's administration of the Formula Rate. These provisions address depreciation (Sections 3.1 and 3.2), the scope of permissible single-issue filings (Section 3.3), correction of errors (Section 3.4), notification of requested waivers of accounting standards (Section 3.5), Formula Rate Updates (Sections 3.6 and 3.7), petitions regarding transmission incentives (Section 3.8), additional references to the Formula Rate (Section 3.9 and Exhibit C), a new Master

Index Workpaper (Section 3.10), the 2017/18 Wildfire/Mudslide events (Sections 3.11 and 3.12 and Exhibit G), charges or reserves associated with wildfires occurring after the 2017/18 Wildfire/Mudslide events (Section 3.13 and Exhibit D), a new single-issue filing to permit SCE to request revisions to retail transmission rates pursuant to CPUC Decision D.18-05-040 (Section 3.14), and a new Stakeholder Review Process tariff (Section 3.15 and Exhibit E).

**D. Article IV - Procedures for Implementation of Rates**

Article IV provides that if the Settlement is uncontested, then within 25 days after the filing of the Settlement with the Commission, SCE shall file with the Commission's Chief Administrative Law Judge a motion for permission to implement interim tariff sheets that incorporate the terms of the Settlement ("Motion"). In the event that the Chief Administrative Law Judge does not grant SCE's Motion in full by November 15, 2020, the Motion shall be deemed withdrawn.

**E. Article V – TRR Adjustments**

Article V sets forth the procedures by which SCE will provide refunds based on the Settlement. SCE will provide refunds through the operation of the True Up TRR of the Formula Rate for the period of November 12, 2019, through the earlier of either the date that interim rates are implemented pursuant to the Motion described above or the Settlement Effective Date. Any refunds that are owed by SCE pursuant to the Settlement in this proceeding shall be provided with interest at the Commission-approved rate in accordance with 18 C.F.R. § 35.19a. SCE provides Exhibit F to the Settlement to

identify adjustments to the Formula Rate as a result of the Settlement and a corresponding estimate of the reduction in SCE's Transmission Revenue Requirement.

**G. Article VI - General Provisions**

Article VI sets forth additional terms and conditions of the Settlement, as follows:

- a. No Precedential Effect:** The Settlement at Section 6.1 contains language regarding the non-precedential nature of the Settlement.
- b. Approval of Settlement and Privileged Nature of Settlement:** The Settlement at Section 6.2 contains language regarding the approval of the Settlement and its privileged nature.
- c. Integration:** The Settlement at Section 6.3 provides that the Settlement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between the Parties or their representatives with respect to matters at issue in this proceeding and constitutes the entire offer of settlement.
- d. Standard of Review:** Section 6.4 provides that the standard of review applicable to the Commission's review and approval of the Settlement shall be the just and reasonable standard. The standard of review applicable to any requests, pursuant to Sections 205 or 206 of the FPA, to modify the rates or the ratemaking treatment of any costs, as set forth in this Settlement, whether by a Party, a non-party, or the Commission acting *sua sponte*, shall be the ordinary just and

reasonable standard and not the heightened “public interest” application of the just and reasonable standard of review.

- e. **Cooperation Among Parties:** Section 6.5 provides that during the period that the Settlement is pending before the Commission for approval pursuant to Rule 602, each Party shall cooperate with the other Parties in order to obtain Commission approval of the Settlement without change or condition, and no Party shall take any action that is inconsistent with the provisions of this Settlement.
- f. **Waivers:** Section 6.6 provides that no provision of the Settlement may be waived except in writing by an authorized representative of the waiving Party. Waiver of any provision of the Settlement by a Party shall not be deemed to waive any other provisions.

### III. LIST OF EXHIBITS TO SETTLEMENT

As set forth in Section II, the Settlement includes the following exhibits:

<b>Exhibit</b>	<b>Description</b>	<b>Settlement Section</b>
A	New Formula Rate Protocols	2.2
B1	Formula Rate Spreadsheet effective November 12, 2019	2.3
B2	Formula Rate Spreadsheet effective January 1, 2020	2.3
B3	Formula Rate Spreadsheet effective January 27, 2020	2.3
C	Workpaper required under Section 3.9	3.9
D	Workpaper required under Section 3.13	3.13
E	Workpaper required under Section 3.15.1	3.15.1
F	Workpaper required under Section 5.1	5.1
G	Workpaper required under Section 3.11.1	3.11.1

### IV. INFORMATION REQUIRED BY CHIEF ADMINISTRATIVE LAW JUDGE' S DECEMBER 15, 2016 NOTICE REGARDING SETTLEMENTS

The Commission has stated that certain additional information should be provided in support of settlements.<sup>11</sup> In order to assist the Commission in its review of the proposed Settlement, SCE addresses the following four questions.

#### **B. Does the settlement affect other pending cases?**

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<sup>11</sup> Chief Administrative Law Judge's December 15, 2016 Notice to the Public: Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges.

The factual and procedural background of this proceeding setting forth the issues underlying the Settlement is summarized above. The Settlement resolves all issues in Docket Nos. ER19-1553-000. The Settlement does not affect other pending cases because it is a negotiated settlement that resolves all of the issues in this proceeding and will have no precedential value.

**B. Does the settlement involve issues of first impression?**

No, the Settlement does not involve issues of first impression

**C. Does the settlement depart from Commission precedent? [if so, identify by case name(s) and docket numbers (s)];**

The Settlement does not depart from Commission precedent.

**D. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?**

No, the Partial Settlement does not seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the Settlement that might be sought by either a third party or the Commission acting *sua sponte*.

**V. CONCLUSION**

The Settlement fairly and fully resolves all issues in Docket Nos. ER19-1553-000. Commission approval of the Settlement will save not only the Parties, but also the Commission, the expense and effort of continued litigation. For all the foregoing reasons, SCE respectfully requests that the Commission find that Settlement is fair and reasonable and in the public interest and approve it without modification.

Respectfully submitted,

By: /s/ Matthew Dwyer

Matthew Dwyer  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6521  
Matthew.Dwyer@sce.com

Attorney for Southern California Edison  
Company

Dated: June 30, 2020



Formula Rate shall be subject to the Formula Rate Protocols, which have also been revised in accordance with the terms of this Settlement (hereinafter, the “Formula Rate Protocols”). The Formula Rate Protocols and the Formula Rate Spreadsheet<sup>2</sup> collectively shall comprise Appendix IX to SCE’s FERC Electric Tariff, Third Revised Volume No. 6 (the “Transmission Owner Tariff” or “TO Tariff”) and are designated as Attachments 1 and 2, respectively, to Appendix IX to the TO Tariff. The Formula Rate Spreadsheet and Formula Rate Protocols together comprise the “Formula Rate.” As set forth below, revised versions of Appendix IX to SCE’s TO Tariff are being filed with and are integral parts of this Settlement.

1.2 SCE’s Base TRR under the Formula Rate is comprised of three principal components: the Prior Year TRR; the Incremental Forecast Period TRR; and the True Up Adjustment. Together these components form SCE’s Base TRR for each year that the Formula Rate is in effect.

1.3 Pursuant to the Formula Rate, SCE’s Base TRR and associated transmission rates shall be recalculated annually under the procedures provided by Section 3 of the Formula Rate Protocols and by populating the Formula Rate Spreadsheet with specified historical and projected data. SCE’s Base TRR shall be trued up annually pursuant to Sections 3 and 4 of the Formula Rate Protocols and by populating appropriate Schedules of the Formula Rate Spreadsheet. SCE shall post a draft Annual Update to its website by June 15 each year and shall file its Annual Update by December 1 of each year.

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<sup>2</sup> The Formula Rate Spreadsheet designated as Attachment 2 to SCE’s TO Tariff consists of thirty-four individual Schedules. All references in this Settlement to a “Schedule” shall refer to Schedules in the Formula Rate Spreadsheet as revised in accordance with the terms of this Settlement.

1.4 For purposes of this Settlement, the return on equity (“ROE”) in Schedule 1, Line 50 of SCE's Formula Rate Spreadsheet shall be a fixed component consisting of a total ROE of 10.30%. SCE shall not separately reflect in the Formula Rate any ROE adders, including the CAISO Membership Adder and Project Specific Adders, and has, therefore, added Schedule 1, line 77A, and Schedule 4, line 39a to the Formula Rate Spreadsheet to reverse project specific ROE adders awarded by the Commission to SCE for certain of its transmission projects.

1.5 SCE has adopted the following transmission depreciation rates as fixed components in Schedule 18 (Depreciation Rates) of the Formula Rate Spreadsheet:

<b>Account</b>	<b>Description</b>	<b>Plant less Salvage</b>	<b>Removal Cost</b>	<b>Rate</b>
350.1	Fee Land	0.00%	0.00%	0.00%
350.2	Easements	1.66%	0.00%	1.66%
352	Structures and Improvements	1.80%	0.77%	2.57%
353	Station Equipment	2.20%	0.27%	2.47%
354	Towers and Fixtures	1.35%	1.09%	2.44%
355	Poles and Fixtures	2.00%	1.67%	3.67%
356	Overhead Conductors and Devices	2.00%	1.05%	3.05%
357	Underground Conduit	1.65%	0.00%	1.65%
358	Underground Conductors and Devices	3.26%	0.61%	3.87%
359	Roads and Trails	1.56%	0.00%	1.56%

1.6 SCE shall use the gross method calculation of long-term debt, rather than the net method calculation of long-term debt, to calculate its capital structure. In addition, SCE will include all debt issuances in its calculation of long-term debt. As a result, Schedule 1 of the Formula Rate (Base TRR) Lines 37-42 will be equivalent to Lines 36-41 in the Second Formula

Rate,<sup>3</sup> and Schedule 5 (ROR-1 and ROR-2) will be equivalent to the Second Formula Rate. Schedule 5-ROR-3 and 5-ROR-4 are deleted.

1.7 To the extent that SCE's capital structure as determined according to Section 1.6 produces a common equity ratio lower than 47.50%, then SCE shall utilize a common equity ratio of 47.50% in Schedule 1 Line 47 (Common Stock Capital Percentage) and all subsequent dependent calculations. Schedule 1 Line 45 will also be adjusted so that the sum of Lines 45, 46 and 47 of Schedule 1 total 100%.

1.8 SCE shall modify its Schedule 9 (ADIT) and Schedule 4 (True Up TRR) of the Formula Rate to measure historic Accumulated Deferred Income Tax based upon the averaging of beginning of year and end of year balances.

1.9 SCE shall continue to implement Section 1.11.2 of the TO2018 Settlement,<sup>4</sup> which provides that the Unprotected-Property Related net Excess Deferred Income Tax amount of \$60,466,608 shall be fully amortized over the four-year period of 2018 through 2021 and reflected in Line 60 of Schedule 1.

1.10 SCE shall ensure that its cash working capital allowance in each Annual Update is calculated as discussed below.

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<sup>3</sup> The "Second Formula Rate" refers to the formula rate that was in effect from January 1, 2018 through November 11, 2019 pursuant to Docket No. ER18-169.

<sup>4</sup> TO2018 Settlement refers to the settlement accepted by the Commission in Docket ER18-169.

1.10.1 SCE shall not record any cash payments that reduce the \$2.669 billion reserve that SCE established, and that transmission customers contributed to, in Docket No. ER18-169 for liabilities associated with the 2017/18 Wildfire/Mudslide Events<sup>5</sup> (“Wildfire Reserve”)<sup>6</sup> to any Operations and Maintenance expense (“O&M”) accounts or to any Administrative and General expense (“A&G”) accounts (including Account 925) that are captured within SCE’s cash working capital calculations. To the extent that these costs are required by FERC or its Uniform System of Accounts to be booked to such O&M or A&G accounts, SCE will record the costs in those accounts but credit to customers, through the One-Time True-Up Adjustment mechanism, the total increase in the Base TRR attributed to inclusion of these costs in the cash working capital calculations.

1.10.2 If it is determined that net claims (i.e., claims less insurance recovery) from the 2017/18 Wildfire/Mudslide Events are expected to or will exceed the \$2.669 billion Wildfire Reserve such that SCE upwardly adjusts the Wildfire Reserve or make cash payments in excess of the Wildfire Reserve, SCE shall record the incremental amount needed to Account 925. Any increase in the Wildfire Reserve will both (1) effect an increase in the appropriate unfunded

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<sup>5</sup> The 2017/18 Wildfire/Mudslide Events refers to the Thomas Fire, the Koenigstein Fire, the Montecito Mudslides and the Woolsey Fire events that occurred in SCE’s service territory in 2017 and 2018.

<sup>6</sup> On February 28, 2019, SCE filed its 2018 10-K financial report reflecting a fourth quarter non-cash gross charge of \$4,669 billion due to potential damage claims and other costs associated with the 2017/18 Wildfire Midslide Events (“Wildfire Reserve”). \$2,669 billion (net of \$2.0 billion of expected insurance recovery) was recorded to Account 925.

reserve identified in Schedule 34 used as a credit against rate base and (2) increase the cash working capital allowance available to SCE in the single year in which the increase is booked. Any cash payments that reduce the Wildfire Reserve, as increased, shall be handled as described in Section 1.10.1 above to ensure that such cash payments do not effect an increase in the Base TRR. Any cash payments made that exceed the Wildfire Reserve will increase the cash working capital allowance available to SCE in the single year in which the increase is booked.

1.10.3 If upon dissolution of the \$2.669 billion Wildfire Reserve, the Wildfire Reserve has not been depleted, SCE shall book the remaining funds as a negative Account 925 entry. Such accounting treatment will both (1) effect a decrease in the appropriate unfunded reserve identified in Schedule 34 used as a credit against rate base and (2) decrease the cash working capital allowance available to SCE in the single year in which the amount is booked.

1.10.4 For any charge/reserve associated with wildfires occurring after the 2017/18 Wildfire/Mudslide Events, SCE will apply a cash accounting treatment for the Formula Rate consistent with Section 3.13 of the Settlement and will not reflect any associated cash working capital allowance until cash payments are made for expenses associated with such wildfires.

1.11 SCE agrees to limit its recovery of Incentive Compensation to the lesser of actual payouts or the limits as described in this Section 1.11.

1.11.1 SCE shall not seek recovery of expenses for its Long-Term Incentive plan.

1.11.2 The cap on recovery of Short Term Incentive Plan (“NOIC”), Executive Incentive Compensation (“OEIC”) and Supplemental Executive Retirement Plan (“SERP”) costs will be determined by applying an annual 3% escalation factor to 2018 amounts identified in the table below.

Incentives	2018 Amounts
NOIC	\$76,500,000
OEIC	\$14,549,000
SERP	\$10,135,000

1.11.3 SCE shall provide a workpaper to Schedule 20 as part of its Annual Update that shows the calculations of the total incentive compensation by type (i.e., NOIC, OEIC, SERP), including the 2018 cap amounts, the escalation factor, the number of years of escalation, the escalated cap for the Prior Year and the actual amount paid for the Prior Year.

## **ARTICLE II**

### **IMPLEMENTATION**

2.1 This Settlement shall become effective (the “Settlement Effective Date”) either (i) on the date that the Commission issues an order on the Settlement, if the order approves the Settlement without modification or condition; or (ii) eleven (11) business days after the date the Commission issues an order, if the order approves the Settlement in part or subject to modification or condition and no Party provides notice of its objection to such partial approval, condition, and/or modification in accordance with this Section 2.1. If the Commission approves this Settlement in part or approves this Settlement subject to a modification or condition, and a Party files notice with the Commission and serves all Parties to Docket No. ER19-1553 within

ten (10) business days of the Commission's order that it objects to such partial approval or modification or condition, this Settlement shall be of no force and effect, and the Parties shall have all rights to continue to pursue their legal remedies before the Commission in the pending docket. The failure of a Party to provide written notice to the other Parties in accordance with the foregoing sentence shall constitute acceptance by such Party of the Settlement as approved by the Commission.

2.2 Effective November 12, 2019, the Formula Rate Protocols that were originally included in Attachment 1 to Appendix IX to SCE's TO Tariff as of November 12, 2019 shall be replaced and superseded by the version of the Formula Rate Protocols included as Exhibit A to this Settlement. Consistent with Section 1.1 hereof, the Formula Rate Protocols shall comprise Attachment 1 to Appendix IX to SCE's TO Tariff.

2.3 Due to several filings that were made subsequent to the initial submission of SCE's TO Tariff filing in this proceeding on April 11, 2019, but before the submission of this Settlement, the Formula Rate Spreadsheet originally included in Attachment 2 to Appendix IX to SCE's April 11, 2019 TO Tariff filing has been superseded by three different versions of the Formula Rate Spreadsheet. These versions of the Formula Rate Spreadsheet are included as Exhibits B1 through B3 to this Settlement, and each is described in the table below.

<b>Exhibit No.</b>	<b>Dates of Effectiveness</b>	<b>Reason for New Effectiveness</b>
B1	November 12, 2019 to December 31, 2019	Exh. B1 consists of the Formula Rate Spreadsheet originally included in Attachment 2 to Appendix IX of SCE's TO Tariff as filed by SCE in this proceeding on April 11, 2019 and modified by (1) the partial settlement approved on December 3, 2019 in ER19-1553-001; and (2) SCE's filing accepted in Docket No. ER20-1057, to revise non-transmission depreciation rates.
B2	January 1, 2020 to January 26, 2020	Exh. B2 reflects SCE's filing accepted in Docket No. ER20-1382, to revise the Formula Rate Tariff Authorized Post-Retirement Benefits Other than Pensions Expense Amount.
B3	January 27, 2020	Exh. B3 reflects SCE's filing pending in Docket No. ER20-1720, to revise the Formula Rate Tariff to comply with Order No. 864. <sup>7</sup>

2.4 The Formula Rate shall remain in effect without termination, unless the Commission modifies or replaces the Formula Rate, subject to the following:

2.4.1 Beginning in calendar year 2023, each Party to this proceeding and each party to any subsequent Annual Update proceeding shall have a right to terminate the TO2019A Formula Rate, to be exercised on an annual basis by providing notice to SCE and to each Party no later than April 30 of a calendar year ("Notice of Termination"). Following the Notice of Termination, SCE shall file a successor rate pursuant to Section 205 of the Federal Power Act ("FPA"), which shall include a request for an effective date that is January 1 of the upcoming year. All Parties retain their rights to oppose the filing.

2.4.2 Notwithstanding Section 2.4.1, (a) SCE reserves the right to file a successor rate at any time following conclusion of the moratorium identified in Section 2.5; and (b)

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<sup>7</sup> This Settlement does not resolve the issues raised in the protest filed on behalf of the Six Cities in Docket No. ER20-1720-000, which will remain pending. See Protest on behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California, *S. Cal. Edison Co.*, Docket No. ER20-1720-000 (filed May 21, 2020).

each Party reserves its rights to file a complaint with FERC under Section 206 of the FPA seeking implementation of a successor rate by SCE at any time following conclusion of the moratorium identified in Section 2.5.

2.5 For the period from the Settlement Effective Date until December 31, 2021 (the “Moratorium”), SCE shall not make any unilateral filings under Section 205 of the FPA to revise the Formula Rate that seek an effective date prior to January 1, 2022, nor shall any of the Parties make any unilateral filings under Section 206 of the FPA seeking revisions to the Formula Rate to become effective prior to January 1, 2022.

2.5.1 During the Moratorium, SCE may make filings pursuant to Section 205 of the FPA (i) to comply with a FERC Order; (ii) to modify the Formula Rate if supported or not opposed by the Parties, provided that SCE has given Parties at least thirty days advance notice of the filing; and (iii) to comply with the requirements in Section 8 of the Formula Rate Protocols related to certain single-issue filings specified in Section 8(a) through (f) of the Formula Rate Protocols. SCE will not make other single issue filings during the Moratorium. Each Party retains its rights to oppose the filings discussed in this Section. The Commission is not limited in its ability to review the entirety of any filing made by SCE in compliance with this provision or Section 8 of the Formula Rate Protocols.

### **ARTICLE III**

#### **NON-RATE TERMS**

3.1 SCE shall continue to maintain a subsidiary record for Account 108 (Accumulated Depreciation) that separately accounts for the depreciation accrual for plant less

gross salvage and the depreciation accrual for removal cost, by FERC plant account, based on the depreciation rate segregation shown on Schedule 18 of the Formula Rate Spreadsheet. Until the Formula Rate terminates, SCE will recognize the timing differences between electric network transmission facility removal cost depreciation for external financial reporting and ratemaking purposes as a regulatory liability, and SCE will record the accumulated depreciation amounts associated with removal costs in such subsidiary records as a regulatory liability, consistent with FERC Order No. 631. The accumulated depreciation amounts may only be reduced by the incurred costs associated with the removal and disposal of electric network transmission facilities. Any regulatory liability amounts for such depreciation accruals for removal costs associated with electric network transmission facilities remaining when the Formula Rate terminates shall be carried forward.

3.2 The depreciation rates for Accounts 361, 362, 391.4 and 302 (in Schedule 18, lines 13-14, 27 and 42) are revised to reflect the rates in SCE's General Rate Case Decision, D.19-05-020, and in SCE's filing accepted in Docket No. ER20-1057.

3.3 Section 8 of the Formula Rate Protocols will be revised to delete the following two sentences: "In addition to the single-issue filings provided for in this Section 8 and subject to the limitations set forth in Section 11, SCE may make Section 205 filings that present only a single issue or limited discrete issues for consideration by the Commission, i.e., proposing to change any one or more elements of its Formula Rate. Such filings shall not be governed by the provisions of this Section 8, and the parties and SCE reserve their rights with respect to any such filing." Section 8 of the Formula Rate Protocols will be revised to add the following sentence: "The Commission is not limited in its ability to review the entirety of any filing made by SCE in compliance with this Section 8 of the Formula Rate Protocols."

3.4 The two-year limitation on correction of errors included in Section 3(d)(8) of the Formula Rate Protocols as originally filed by SCE in this proceeding is eliminated.

3.5 SCE will notify all individuals on the Service List, as that term is defined in the Formula Rate Protocols, when any docketed filing that requests waiver of the Commission's accounting standards, procedures, or policies is submitted by SCE at FERC.

3.6 Section 3(d)(3) of the Formula Rate Protocols is revised to reflect that the Formula Rate updates may be challenged on the grounds that SCE's implementation of the Formula Rate Spreadsheet and the Protocols is inconsistent with this Settlement as approved by the Commission. Section 3(d)(6) of the Formula Rate Protocols is revised to reflect that SCE has the burden of proof with respect to such challenges.

3.7 Section 3(b) of the Formula Rate Protocols (Draft Annual Update Conference) is revised to state as follows: "SCE will host a Draft Annual Update Conference between July 8 and July 15 each year and will email notice of the meeting to parties on the Service List by July 1. By mutual agreement of SCE and the parties on the Service List, such a meeting may take place in-person, via telephone, or video-conference, but regardless, SCE will provide remote access to the meeting. SCE shall make appropriate personnel available for such meeting. Additional meetings to discuss the Draft Annual Update shall be scheduled as SCE and the parties on the Service List may mutually agree."

3.8 SCE shall not file any new petitions requesting transmission incentives, pursuant to either Commission Order No. 679 or the Commission's general discretionary authority to grant policy-based incentive rate treatment, for the period the Formula Rate is in place, except as follows:

3.8.1 There shall be no limitation on SCE's ability to request the inclusion of 100% of construction work in progress ("CWIP") in rate base for additional transmission projects, provided that, as to any such project for which the Commission grants the CWIP incentive, SCE agrees to reflect an allowance for funds used during construction ("AFUDC"), rather than 100% of CWIP, on project costs incurred prior to the date SCE obtains CAISO approval for the project through the applicable CAISO transmission planning or interconnection process.

3.8.2 As to new requests at FERC for pre-approval to recover 100% of prudently-incurred abandoned plant costs on a transmission project, SCE may seek such treatment only on transmission projects that are included in the CAISO transmission plan or that are constructed pursuant to a FERC-approved interconnection process.

3.8.3 Parties reserve all rights with respect to the CWIP and abandoned plant filings referenced in Sections 3.8.1 and 3.8.2 above.

3.9 SCE will provide additional references to its Formula Rate consistent with Exhibit C to this Settlement.

3.10 SCE's Formula Rate Protocols shall be revised to require SCE to include as part of each Annual Update a "Master Index Workpaper" that identifies all workpapers and identifies any structural changes to those workpapers, as well as any additions or deletions of workpapers.

3.11 No Party shall be deemed to waive any right to challenge SCE's recovery of costs from the 2017/18 Wildfire/Mudslide Events as a result of not objecting to or opposing SCE's creation of the Wildfire Reserve due to SCE having taken a \$2.669 billion charge, net of insurance recoveries. As part of SCE's Annual Update process, any Party may challenge the prudence of expenses that SCE has paid that reduce the Unfunded Reserve associated with the

Wildfire Reserve. At such time as the claims resulting from the 2017/18 Wildfire/Mudslide Events are substantially resolved, SCE will return the portion of the Unfunded Reserve that is not needed to resolve the 2017/18 Wildfire/Mudslide Events to ratepayers. In addition, at any time, any Party may file a complaint with the Commission pursuant to Section 206 of the FPA alleging that the Wildfire Reserve is no longer necessary due to changed circumstances and thus is no longer part of a just and reasonable rate. However, the Party must meet and confer with SCE 30 days prior to filing such a complaint in order to determine if there is a mutually agreeable resolution to the issue.

3.11.1 SCE will provide a workpaper as part of the Formula Rate Annual Update to separately state amounts included in the Wildfire Reserve taken for the 2017/18 Wildfire/Mudslide Events from other Unfunded Reserves associated with injuries and damages. The workpaper shall be in the format of Exhibit G attached hereto.

3.12 SCE will not recover costs associated with the 2017/18 Wildfire/Mudslide Events to the extent that the Commission issues an order, which is not subject to rehearing or appeal, disallowing or limiting the recovery of such costs in FERC-jurisdictional rates, and SCE will implement the disallowance or limitation on recovery of such costs as directed by FERC.

3.13 For any charge/reserve associated with wildfires occurring after the 2017/18 Wildfire/Mudslide Events, SCE will apply a cash accounting treatment for the Formula Rate and will not reflect (a) any associated unfunded reserves in Schedule 34; (b) any associated ADIT impacts in Schedule 9; or (c) any associated costs in Schedule 20 – Account 925, such that the charge/reserve and the corresponding expenses for the allocated share of the charge/reserve recoverable through the TRR will not be included in the TRR until cash payments are made. Once cash payments are made, they will be reflected in the Formula Rate. Further, any Party

may challenge the prudence of expenses that SCE has paid, irrespective of the year when the expenses are recovered in the TRR. Any such charge/reserve will be tracked by a workpaper consistent with Exhibit D to this Settlement.

3.13.1 In the event that SCE adjusts the reserve associated with 2017/18 Wildfire/Mudslide Events, SCE will not apply a cash accounting methodology and will continue to apply the ratemaking methodology established in SCE's Second Formula Rate<sup>8</sup> to such adjusted accounts.

3.13.2 For any charge/reserve recorded in 2019 associated with wildfire events occurring after the 2017/18 Wildfire/Mudslide Events, SCE shall implement a One Time Adjustment in the TO2021 Annual Update to effectuate cash accounting treatment for all of calendar year 2019.

3.13.2.1 The Second Formula Rate does not provide for cash accounting treatment, whereas the Formula Rate established by this Settlement explicitly will. SCE will calculate the impact of accrual accounting for the period of January 1, 2019 through November 11, 2019 for any charge/reserve associated with 2019 wildfire events, including the impact to Account 925 expense, ADIT and unfunded reserves. As explained in Section 3.13.2, SCE shall reflect this impact in the Formula Rate as a One Time Adjustment in the 2021 TRR and rates.

3.13.3 If SCE anticipates that in any calendar year cash payments associated with wildfire liabilities will result in a TRR increase of 20% or more, then SCE will provide notice to individuals on the Service List, as that term is defined in the Formula

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<sup>8</sup> Second Formula Rate refers to the settled Formula Rate established in ER18-169.

Rate Protocols, of such increase at least thirty days in advance of filing the Annual Update that reflects such cash payments.

3.14 Section 8(f) of the Formula Rate Protocols shall specify that SCE may make a single-issue filing pursuant to Section 205 of the FPA to revise the Formula Rate determination of retail transmission rates to reflect changes to retail rate design pursuant to CPUC Order D.18-05-040 at any time, requesting an effective date of not less than sixty (60) days from the date of filing. In a proceeding commenced by this section, the sole issue which Parties may contest is whether the changes proposed by SCE are just and reasonable.

3.14.1 Thirty (30) days prior to making this single-issue filing pursuant to Section 205 of the FPA, SCE will notify the CPUC and meet and confer with the CPUC regarding the contents of the filing. This provision shall not limit the Commission's ability to review of any filing filed pursuant to sections 205 or 206 of the FPA.

3.15 The following sections relate to the establishment of a Stakeholder Review Process ("SRP").

3.15.1 SCE is submitting, as part of the Settlement, tariff sheets that describe the SRP to be included as Appendix XII in its TO Tariff. The tariff sheets are included as Exhibit E to the Settlement.

3.15.2 The CPUC shall, within ten (10) days of the filing of the Settlement at FERC that includes the finalized SRP, (a) file a withdrawal pursuant to Rule 216 of the Commission's Rules of Practice and Procedure of its December 19, 2019 Motion to File Late Protest, Protest, Request for Hearing, Request for Consolidation, and Reservation of Rights of the California Public Utilities Commission to November 22, 2019 Annual Formula Update by Southern California Edison Company under ER19-1553; and (b)

waive its right to challenge the prudence of costs associated with SCE's Tehachapi project on the grounds that the project's costs exceeded the maximum cost identified as part of the CPUC's approval of the project. However, the CPUC does not waive its right to challenge these costs on other grounds, including whether project-specific incentive adders should apply to all costs associated with the Tehachapi project. No other Joint Intervenor shall protest such withdrawal. Nothing in this provision shall limit the rights of the CPUC or any other party from protesting any future formula rate updates pursuant to the Protocols.

3.15.3 SCE will file a motion requesting that FERC suspend its TMCR tariff for the period that the SRP remains in effect, including any period that SCE voluntarily commences with the SRP consistent with Section 3.15.7 of this Settlement. The Parties in this proceeding will not oppose this motion. Nothing in this provision shall limit the rights of any party to file a complaint with FERC under Section 206 of the FPA with regard to SCE's TMCR upon its reinstatement.

3.15.4 Within ten (10) business days of the filing of the Settlement, SCE and the parties to the appeal of FERC's Orders relating to SCE's TMCR (e.g., Order on Tariff Filing, 164 FERC ¶ 61,160 (2018) and Order Denying Rehearing, 168 FERC ¶ 61,170 (2019)) will jointly request a stay of the appeal. The parties to the appeal will withdraw their appeal of the above-described orders within thirty (30) days of the Settlement Effective Date.

3.15.5 Upon the filing of the Settlement, the CPUC shall withdraw its September 20, 2019 data request, which required quarterly responses from SCE. Withdrawal of this data request will remain in effect throughout the duration of the SRP.

3.15.6 Upon the filing of the Settlement, the Joint Intervenors will not oppose SCE's filing of a Petition for Modification of CPUC Decision 06-09-003, or any related decision issued in the CPUC's Investigation 00-11-001 proceeding, seeking suspension of SCE's reporting requirement for the duration of the SRP.

3.15.7 Upon the filing of the Settlement, SCE agrees to voluntarily commence the SRP on December 1, 2020 even if this date is before the Settlement Effective Date. The terms of the SRP will be implemented on December 1, 2020, except that expenses incurred for the retention of technical experts pursuant to Section 6 of the SRP will not be paid until the Settlement Effective Date.

## **ARTICLE IV**

### **PROVISIONS FOR IMPLEMENTATION OF RATES**

4.1 If this Settlement is uncontested, then within twenty-five (25) days after the filing of this Settlement with the Commission, SCE shall file with the Commission's Chief Administrative Law Judge a motion for permission to implement interim tariff sheets that incorporate the terms of this Settlement such that SCE may use such interim tariff sheets to implement the terms of this settlement ("Motion for Interim Implementation of Settlement Rates"). SCE shall be authorized to represent that all Parties support the granting of the Motion for Interim Implementation of Settlement Rates. In the event that the Chief Administrative Law Judge does not grant SCE's motion in full by November 15, 2020, such Motion shall be deemed

withdrawn. The date on which the Chief Administrative Law Judge grants SCE's motion in full will be referred to as "Interim Settlement Effective Date."

## **ARTICLE V**

### **TRR ADJUSTMENTS**

5.1 SCE shall provide refunds based on the settlement terms set forth herein for the period of November 12, 2019 through the earlier of either the Interim Settlement Effective Date or the Settlement Effective Date, through the operation of the True Up TRR of the Formula Rate. Any refunds that are owed by SCE pursuant to the Settlement in this proceeding shall be provided with interest at the Commission-approved rate in accordance with 18 C.F.R. § 35.19a. Attached as Exhibit F is a workpaper that identifies adjustments to the formula rate as a result of the Settlement and the corresponding estimated reduction in SCE's Transmission Revenue Requirement.

## **ARTICLE VI**

### **GENERAL PROVISIONS**

6.1 This Settlement represents a negotiated offer of settlement for the purpose of resolving all issues in Docket No. ER19-1553-000, and no Party, participant, or affiliate thereof shall be deemed to have approved, accepted, agreed to, or consented to any fact, concept, theory, rate methodology, principle, or method relating to jurisdiction, prudence, reasonable cost of service, rate of return, cost classification, cost allocation, rate design, tariff provisions, or other matters underlying or purported to underlie any of the resolutions of the issues provided herein. The Parties have not agreed to a base ROE that can be used as an input to risk premium studies in future proceedings. The Commission's approval of the Settlement shall not constitute

approval of or precedent regarding any principle or issue in these dockets and shall not relieve the Commission or any Party, participant, or affiliate thereof, of the burden, under Sections 205 or 206 of the FPA, to establish the justness and reasonableness of any aspect of any superseding rate. The Settlement shall not be deemed a “settled practice,” as that term was interpreted in *Public Service Comm’n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

6.2 This Settlement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure and is offered solely as a compromise in order to resolve the issues set for hearing in this proceeding. The discussions among the participants in this proceeding that have resulted in this Settlement have been conducted with the explicit understanding, pursuant to Rule 602(e) of the Commission’s Rules of Practice and Procedure, that all offers of settlement and discussions relating thereto shall be privileged and confidential. This Settlement is submitted on the condition that, in the event it does not become effective in accordance with its terms, it shall not constitute any part of the record in this proceeding or be used for any other purposes.

6.3 This Settlement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between the Parties or their representatives with respect to matters at issue in this proceeding, and it constitutes the entire offer of settlement with respect to such matters.

6.4 The standard of review applicable to the Commission’s review and approval of the Settlement shall be the just and reasonable standard. The standard of review applicable to any requests, pursuant to Sections 205 or 206 of the FPA, to modify the rates or the rate making treatment of any costs, as set forth in this Settlement, whether by a party, a non-party, or the Commission acting *sua sponte*, shall be the ordinary just and reasonable standard and not the

heightened “public interest” application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the *Mobile-Sierra* doctrine), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010).

6.5 During the period that this Settlement is pending before the Commission for approval pursuant to Rule 602, each Party shall cooperate with the other Parties in order to obtain Commission approval of the Settlement without change or condition, and no Party shall take any action that is inconsistent with the provisions of this Settlement.

6.6 No provision of this Settlement may be waived except in writing by an authorized representative of the waiving Party. Waiver of any provision of this Settlement by a Party shall not be deemed to waive any other provisions.

Respectfully submitted,

By: /s/ Matthew Dwyer

Matthew Dwyer  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6521  
Matthew.Dwyer@sce.com

Attorney for Southern California Edison  
Company

Dated: June 30, 2020

## CERTIFICATE OF SERVICE

I hereby certify that, I have this day served a true copy of “**Southern California Edison Company (SCE) Transmittal Letter, Explanatory Statement, Offer of Settlement and Supporting Documents (Exhibits A-G) for SCE's 2019A Transmission Owner Tariff Formula Rate Filing**” on all parties identified on the official service list(s) for FERC docket ER19-1553-000. Service was effected by transmitting the copies via email to all parties who have provided an e-mail address. First class mail will be used if electric service cannot be effectuated.

Dated at Rosemead, California this 30th day of June 2020.

/s/Vicki Carr-Donerson

Vicki Carr-Donerson, Senior Specialist for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Vicki.Carr.Donerson@sce.com