

September XX, 2013

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
Informational Filing in Docket No. ER11-3697-___

Dear Ms. Bose:

Southern California Edison Company ("SCE") hereby submits for informational purposes its second annual formula transmission rate Informational Filing ("Informational Filing"), pursuant to Section 3 of Appendix IX of SCE's Transmission Owner Tariff ("TO Tariff"). The Informational Filing revises SCE's retail and wholesale Base Transmission Revenue Requirements ("Base TRR") and associated retail and wholesale transmission rates effective October 1, 2013. Pursuant to the formula set forth in SCE's TO Tariff, this Informational Filing revises the retail Base TRR from the currently-effective amount of \$900 million to \$908 million, and the wholesale Base TRR from \$894 million to \$902 million. As explained in Section III, the primary reason for the \$8 million increase in SCE's Base TRR is that there is a -\$103 million True Up Adjustment, which is offsetting the increase in the Prior Year TRR.

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 Appendix IX to SCE's TO Tariff, does not subject SCE's formula transmission rate, as set forth in Appendix IX to SCE's TO Tariff, to modification.

SCE requests that the Commission issue a notice of filing for the Informational Filing and establish a comment date.

I. Background

On June 3, 2011, in Docket No. ER11-3697-001, SCE submitted its formula transmission rate to the Commission.¹ 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,² with an effective date of January 1, 2012, and directed SCE to submit a compliance filing modifying the filed formula to utilize a Return on Equity based on the Median methodology rather than the filed Midpoint methodology. SCE submitted the Compliance Filing on September 1, 2011, which the Commission accepted in its Order on Compliance Filing on November 30, 2011.³ Since then, SCE has been engaged in settlement discussions in that docket with intervening parties.

On September 14, 2012, SCE submitted its first annual Informational Filing under its formula transmission rate. SCE is submitting this second annual Informational Filing to the Commission in accordance with the currently-effective formula rate protocols which specify that each year SCE will make an Informational Filing on or before September 15, revising the Base TRR and associated rates to be effective on October 1. Prior to this filing, SCE had posted a draft of this filing for review by interested parties on June 14, 2013.

Since the Commission accepted SCE's formula transmission rate subject to refund, this Informational Filing will be subject to the ultimate outcome of Docket No. ER11-3697.

¹ Appendix IX to SCE's TO Tariff.

² 136 FERC ¶ 61,074 P 1.

³ 137 FERC ¶ 61,173.

II. SCE's Formula Transmission Rate

SCE's formula transmission rate is similar to many formula rates in effect subject to the Commission's jurisdiction.⁴ The Base TRR is calculated as the sum of the Prior Year TRR, the Incremental Forecast Period TRR ("IFPTRR"), and a True Up Adjustment. The Prior Year TRR represents the transmission costs that SCE incurred in the previous calendar year, in this instance, 2012. The IFPTRR represents the incremental transmission costs that SCE expects to incur during the Rate Effective Period as compared to the costs incurred in the Prior Year.⁵ And the True Up Adjustment trues up actual transmission revenues to actual transmission costs during the Prior Year. This Informational Filing is the first to include a comparison of actual revenues to actual costs, since the Prior Year of 2012 corresponds to the year that the formula became effective.

In this filing, SCE utilizes the formula accepted by the Commission in its Order on Compliance Filing, as reflected by Attachment 1 to Appendix IX of SCE's TO Tariff, in determining the Base TRR and associated rates.

III. Reasons for Increases in SCE's Base TRR

In this Informational Filing, SCE's retail Base TRR increases from the currently-effective amount of \$900 million to \$908 million, an increase of \$8 million. The Wholesale Base TRR increases from \$894 million to \$902 million. The primary reason for the increase in the Base TRR is that there is a True Up Adjustment of -\$103 million, compared to a True-Up Adjustment of \$2.4 million in 2011 (a change of -\$105 million), which is offsetting the increases in the Prior Year TRR and the IFPTRR. The Prior Year TRR increased from \$628 million in 2011 to \$737 million in 2012, an increase of \$108 million. This increase is primarily due to increases in ISO Transmission Plant (from \$3.3 billion to \$3.9

⁴ See for example, the SDG&E formula rate approved by the Commission in Docket No. ER07-284.

⁵ The Rate Effective Period for this Informational Filing is October 1, 2013 through September 30, 2014.

billion), as well as increases in Construction Work In Progress (“CWIP”) (from \$1.3 billion to \$1.7 billion). The IFPTRR is increasing by \$5 million (from \$269 million to \$274 million) from the first annual Informational Filing over the equivalent forecast period (through September 30, 2013). This increase is primarily due to increase in Forecast Plant Additions (\$1.1 billion to \$2.1 billion). As discussed above, there is a -\$103 million True Up Adjustment, which is offsetting the increases in the Prior Year TRR and the Incremental Forecast Period TRR.

IV. Draft Informational Filing and Documents Submitted With This Filing

SCE’s formula rate protocols require SCE to post a Draft Informational Filing on SCE’s website on or before June 15 of each year. SCE posted the Draft Informational Filing on June 14, 2013.

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, showing the calculation of the Base TRR and associated rates;
- 4) Attachment 2: Retail and Wholesale Transmission rates to be effective on October 1, 2013;
- 5) Attachment 3: Revisions to formula rate inputs from the June 15 Draft Informational Filing; and
- 6) Attachment 4: Workpapers supporting the inputs to Attachment 1, including information required pursuant to the Settlement in Docket No. ER11-1952

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,