

September 17, 2014

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

RE: Revision to Southern California Edison Company's Formula Transmission Rate Annual Update in Docket No. ER11-3697 (Amended TO8)

Dear Ms. Bose:

Under Southern California Edison's ("SCE") Transmission Owner Tariff ("TO Tariff"), SCE calculates its retail and wholesale Base Transmission Revenue Requirements ("Base TRR") using a formula transmission rate. On November 26, 2013, SCE submitted for informational purposes its second formula transmission rate Annual Update ("TO8 Annual Update"), pursuant to Section 3 of Attachment 1 to Appendix IX of SCE's TO Tariff ("Formula Protocols"). The TO8 Annual Update revised SCE's retail and wholesale Base TRR and associated retail and wholesale transmission rates effective January 1, 2014. The Commission issued an order on February 18, 2014, acknowledging receipt of the filing for informational purposes.

SCE has determined that the TO8 Annual Update must be amended to correct certain errors. Pursuant to Section 3(d)(8) of the Formula Protocols, SCE hereby submits for informational purposes an amended TO8 Annual Update. The amended TO8 Annual Update increases the True Up Transmission Revenue Requirement ("True Up TRR") for calendar year 2012 from \$620,191,084 to

\$626,424,153, or a difference of \$6,335,009, including interest through 2012 (see Attachment 4). SCE is not seeking to modify the TO8 Base TRR or the associated transmission rates in effect for 2014. The change in the 2012 True Up TRR, including interest, will be included in SCE's TO9 Annual Update as a One Time True Up Adjustment pursuant to the Formula Rate Protocols and will be recovered in transmission rates during 2015.

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

SCE requests that the Commission issue a notice of filing for the amended TO8 Annual Update and establish a comment date. In the event that any protest and/or comments are filed, SCE requests that the Commission issue an order taking action on this filing.

I. Background on SCE's Formula Rate

On June 3, 2011, in Docket No. ER11-3697-001, SCE submitted its original 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. SCE engaged in settlement discussions in that docket with intervening parties, reaching an agreement in principle in July 2013. SCE filed the Offer of Settlement on August 26, 2013, which was approved by the Commission on November 5, 2013.³ The Offer of Settlement included revised

¹ Appendix IX to SCE's TO Tariff.

² 136 FERC ¶ 61,074 P 1.

³ 145 FERC ¶ 61,103.

Attachments 1 and 2 to SCE's TO Tariff Appendix IX, which constitute SCE's currently-effective Formula Rate Protocols and Formula Rate spreadsheet.

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

Section 3(d)(8) of the Formula Rate Protocols provides:

8) If SCE determines or concedes that a previously-filed Annual Update contained errors that affected the True Up TRR calculated in that Annual Update, including but not limited to filed corrections to its FERC Form 1 that affect inputs to the Formula Rate, or errors in other input data used in determining True Up TRR, SCE shall promptly serve notice to the Commission in the docket of the affected Annual Update that SCE intends to file an Amended Annual Update, with a brief description of the errors to be corrected in such filing. SCE shall additionally notify the entities that have participated in SCE's Annual Update filings of the upcoming Amended Annual Update. The Amended Annual Update shall:

- i recalculate the True Up TRR for all affected Prior Years;
- ii compare, on a monthly basis, the difference between the initial incorrect True Up TRR and the revised correct True Up; and
- iii determine the cumulative amount of the difference in (ii), including interest calculated pursuant to the interest rate in 18 C.F.R. § 35.19a.

Absent an order requiring refunds outside of the True Up process, the difference in (iii) shall be included as an additional component to SCE's True Up Adjustment in the subsequent Annual Update as a One Time True Up Adjustment in accordance with the Formula Rate.

On June 9, 2014, SCE provided notice to the Commission and formula rate parties that SCE had determined that there were errors in the 2012 True Up TRR reflected in the TO8 Annual Update, and that SCE intended to file an amended TO8 Annual Update to modify the 2012 True Up TRR. SCE posted the amended 2012 True Up TRR and associated workpapers on its website on June 13, 2014.

The amended TO8 posting was discussed among parties at the TO9 Annual Update conference held on July 10, 2014, and during an amended TO8 Annual Update conference held on September 3, 2014.

II. Corrections to the 2012 True Up TRR

As part of the TO8 Annual Update, SCE calculated its actual transmission revenue requirement or True Up TRR for calendar year 2012 pursuant to the settlement Formula Rate. SCE has determined that certain items included in the 2012 True Up TRR reflected in the TO8 Annual Update were incorrect. A discussion of these items is provided below.

1. Treatment of Whirlwind Substation: As an element of the Tehachapi Renewable Transmission Project (“TRTP”), SCE constructed the new 500/220 kV Whirlwind Substation. This substation has been under the operational control of the California Independent System Operator (“CAISO”) since being placed into service in February, 2012. However, in the 2012 Plant Study, Whirlwind Substation was mistakenly treated as non-ISO as shown on page 8 of the workpapers for Schedule 7 of the Formula Rate. Whirlwind was properly treated as ISO incentive plant for all other purposes in the TO8 Annual Update. Thus, a correction is needed in the 2012 Plant Study to move Whirlwind plant costs from non-ISO to ISO.
2. Corrections to Plant Study Classifications: In the process of developing the 2013 Plant Study to be utilized in the upcoming TO9 Draft Annual Update, SCE discovered that certain mixed substation facilities (i.e., substations with both ISO and non-ISO equipment) had been improperly classified in the 2011 and 2012 Plant Studies. Correction of this problem transfers plant costs from ISO to non-ISO in both the 2011 Plant Study and the 2012 Plant Study. This correction will change the beginning-of-year ISO transmission

- plant balance and the end of year transmission plant balance for purposes of determining ISO transmission plant for 2012.
3. Accounting Reclassification of Storm Water Pollution Prevention Plan Costs: As part of the requirements for constructing TRTP, SCE was required to implement a Storm Water Pollution Prevention Plan (“SWPPP”). SCE originally recorded all associated costs for SWPPP as capital. SCE has now concluded that a portion of the SWPPP costs should have been expensed and not capitalized. This adjustment impacts five TRTP Segment 3 workorders and three TRTP Segment 9 workorders, reducing ISO plant in 2012, and increasing 2012 transmission O&M expenses. The SWPPP reclassification also involved the years 2010 and 2011. That 2010-2011 impact affected the end-of-year 2011 CWIP Balancing Account balance, which will be reflected in the TO9 Annual Update through a separate One Time Adjustment pursuant to Section 6 of the Formula Rate Protocols.
 4. Workorder Adjustment to Incentive Projects: As a part of its monitoring of workorders for incentive projects, SCE has identified several minor corrections that impact incentive project costs reflected in the 2012 True Up TRR.
 5. Corrections to Preferred Securities Issuance Costs: In populating Schedule 5 ROR-2 for the upcoming TO9 Draft Annual Update, SCE discovered an error in the preferred stock issuance costs included in the TO8 Annual Update, which when corrected, will result in a minor reduction to the cost of capital.

III. Impacts on the 2012 True Up TRR

These corrections impact the following schedules: Schedule 4 TUTRR, Schedule 5 ROR, Schedule 6 PlantInService, Schedule 7 PlantStudy, Schedule 8

AccDep, Schedule 9 ADIT, Schedule 10 CWIP, Schedule 13 WorkCap, Schedule 14 IncentivePlant, Schedule 15 IncentiveAdder, Schedule 17 Depreciation, Schedule 19 OandM, Schedule 20 AandG, Schedule 27 Allocators, Schedule 28 FFU, and Schedule 34 Unfunded Reserves. SCE has determined that the 2012 True Up TRR of \$620,191,084 million reflected in the TO8 Annual Update increases to \$626,424,153.

As discussed above, SCE intends to include as an additional component to SCE's True Up Adjustment in its TO9 Annual Update, a One Time True Up Adjustment of \$6,335,009, to reflect the corrected 2012 True Up TRR, including interest through 2012.⁴ SCE does not intend to modify the TO8 Base TRR or the associated transmission rates in effect during calendar year 2014.

IV. Documents Submitted With This Filing

This filing consists of the following documents:

- 1) This filing letter;
- 2) An attestation by an SCE officer;
- 3) Attachment 1: The populated formula transmission rate in both pdf and Excel format, showing the calculation of the amended 2012 True Up Transmission Revenue Requirement (note that SCE has annotated the populated formula to highlight those revised cells that impact the 2012 True Up TRR);
- 4) Attachment 2: Revised Workpapers supporting the revised inputs to Attachment 1;

⁴ SCE currently anticipates that there will be a True Up Adjustment in the TO9 Annual Update of \$7,952,618. This is composed of the revision addressed here of \$6,335,009; an adjustment of \$1,957,879 to reflect the impact, including interest, of the Commission's Order on Remand, which increased SCE's return on equity for the CWIP Balancing Account Mechanism during 2008 (147 FERC ¶ 61,240); and -\$340,270 reflecting pre-2012 SWPPP and incentive workorder adjustments.

- 5) Attachment 3: Amended 2012 True Up TRR Description of Schedule Impacts; and
- 6) Attachment 4: Monthly comparison of initial incorrect True Up TRR and revised correct True Up TRR and determination of the cumulative amount of the difference including interest through 2012.

V. Service

Copies of this notice 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 notice be served upon:

Tamar Braz
Attorney
Southern California Edison Company
P.O. Box 800
Rosemead, CA 91770
Tel. (626) 302-3906

James A. Cuillier
Director, FERC Rates & Regulation
Southern California Edison Company
P.O. Box 800
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Very truly yours,



ATTESTATION

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

A handwritten signature in cursive script, appearing to read "CJ Erickson", written in black ink.

Connie J. Erickson
Vice President and Controller

Dated: September 17, 2014