

April 12, 2024

Ms. Debbie-Anne Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Ms. Reese:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Section 35.13 of the regulations of the Federal Energy Regulatory Commission (“Commission” or “FERC”)² under the FPA,² SCE submits revisions to its Formula Rate³ to remove expense items that will be fully amortized during 2024, including the South Georgia Adjustment (“SGA”) and related legacy tax expenses, which will result in a rate decrease. Additionally, SCE proposes minor, non-substantive revisions to correct certain typographical errors.

The revisions to the Formula Rate proposed herein are submitted as a single-issue filing. Although removal of the SGA and related legacy tax expenses is not one of the specifically enumerated single-issue filings allowed under SCE’s Formula Rate Protocols,⁴ this filing nevertheless qualifies for single-issue rate

¹ 16 U.S.C. § 824d (2024).

² 18 C.F.R. § 35.13 (2024).

³ Attachment 1 to Appendix IX of SCE’s Transmission Owner Tariff, FERC Electric Tariff, Third Revised Volume No. 6 (“TO Tariff”), is the Formula Rate Protocols, and Attachment 2 to Appendix IX is the Formula Rate Spreadsheet.

⁴ See Formula Rate Protocols at Section 8.

treatment under longstanding Commission policy. The Commission has recognized that single-issue filings are appropriate where, as here, it is not necessary to consider unchanged components of the Formula Rate in order to evaluate the justness and reasonableness of the proposed rate change.⁵ Here, the sole purpose of SCE's proposed revisions is to (a) recognize that certain cost items currently included in the Formula Rate as stated values are now fully amortized and should be removed and (b) correct minor typographical errors.⁶ These changes are limited in scope and it is not necessary for the Commission to consider any other issues in order to evaluate them. Additionally, as explained below, the removal of these items will reduce SCE's Retail Base Transmission Revenue Requirements ("Retail Base TRR") by approximately \$3.6 million, and the Wholesale Base Transmission Revenue Requirements ("Wholesale Base TRR") by approximately \$1.6 million⁷ when the amortization of all items is fully reflected.

In this filing SCE is not proposing to revise the currently-effective Retail or Wholesale Base TRRs, or any associated transmission rates. The impact of the proposed tariff revisions, if accepted by the Commission, will first affect the TRRs and associated transmission rates on January 1, 2025, as filed in SCE's TO2025 Formula Rate Annual Update to be filed by December 1, 2024.

⁵ *PJM Interconnection, LLC*, 171 FERC ¶ 61,094 (2020) at P 28 ("The Commission has held that 'an unchanged component of a rate is subject to reevaluation in connection with a proposed rate increase only 'if the unchanged component is integral to the justness and reasonableness of the proposed increase.'"); *see also Duke Energy Ohio, Inc.*, 163 FERC ¶ 61,173 (2018) at P 25 (holding that, because a utility's proposed changes to its formula rate were "narrow and discrete," consideration of other issues was not "integral to [the] proposed changes and thus not properly before the Commission in this FPA section 205 proceeding").

⁶ *See* Exhibit No. SCE-1 for a description of the proposed tariff revisions.

⁷ Relative to SCE's most recent TO2024 Annual Update setting rates for 2024 for the Wholesale Base TRR.

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto, and the revisions to the TO Tariff in both clean and redline format.

I. BACKGROUND

On June 3, 2011, SCE filed its first Formula Transmission Rate in Docket No. ER11-3697 (the “Original Formula Rate”). The Original Formula Rate was accepted by the Commission in an Order issued August 2, 2011, subject to hearing and settlement judge procedures. A settlement was filed on August 26, 2013, which was approved by the Commission on November 5, 2013. Before the Original Formula Rate, SCE’s Commission-jurisdictional transmission rates had been determined in a series of five “stated rate” cases, beginning with SCE’s TO1 transmission rate case (Docket No. ER97-2355) that became effective upon the date of California Electricity Restructuring on April 1, 1998.⁸

As explained in Exhibit No. SCE-1, the Prepared Direct Testimony of Berton J. Hansen, the TO1 transmission rate case included a South Georgia Adjustment (“SGA”) amount as a component of SCE’s income tax expense. It also included four “Legacy Retail/Wholesale Differences” that affected the Retail Base TRR differently than the Wholesale Base TRR. In the TO1 transmission rate case, the SGA amount was determined to have a value of \$2,606,000 and a life of 27.5 years beginning on January 1, 1997,⁹ being fully amortized on July 1, 2024.

⁸ That date was also the date that SCE’s retail transmission rates became Commission jurisdictional rather than California Public Utilities Commission (“CPUC”) jurisdictional, a factor affecting the SGA amount.

⁹ This depreciation schedule was determined in accordance with the Commission’s policy that the amortization life should be based on the “remaining depreciable life of the plant that caused the difference.” *See Commonwealth Edison Co.*, 164 FERC ¶ 61,172 (2018) at n.18.

Similarly, in the TO1 transmission rate case, the Legacy Retail/Wholesale Differences were set to expire between January 1, 2024 and July 1, 2024.¹⁰

All four of the subsequent SCE stated rate cases¹¹ included stated values of the SGA amount and the Legacy Retail/Wholesale Differences equal to the amounts in SCE's TO1 rate case. SCE's Original Formula Rate also used the same amounts, explicitly including the SGA amount of \$2,606,000 as a stated value component of the Income Tax equation set forth on Schedule 1, Line 62. The Legacy Retail/Wholesale Differences were included in SCE's Original Formula Rate as stated values on Schedule 25, "Wholesale Difference" Lines 7-10, where they contributed to the "Wholesale Difference to the Base TRR" (Line 45) calculated on Schedule 25. Since SCE filed its Original Formula Rate, it has filed two further Formula Rates. The SGA amount and the Legacy Retail/Wholesale Differences have remained the same throughout each of these three versions of SCE's Formula Rates.¹²

The SGA amount affects the Income Tax cost component of the Prior Year TRR (a component of the Retail Base TRR) by a positive amount of \$3.6 million, as explained in Exhibit No. SCE-1. As such, eliminating it will reduce the Retail Base TRR by that amount when the amortization is complete.¹³

In this filing, SCE proposes revisions to its Formula Rate to remove both the SGA amount and the Legacy Retail/Wholesale Differences. The proposed revisions are set forth and explained in Exhibit No. SCE-1. Additionally, Exhibit

¹⁰ See Exhibit No. SCE-1 at Section III.

¹¹ See Docket Nos. ER02-925, ER06-186, ER08-1343, and ER09-1534.

¹² See Docket Nos. ER11-3697, ER18-169, and ER19-1553.

¹³ The Wholesale Base TRR will also be reduced by that amount. However, the Wholesale Base TRR includes impacts of the Legacy Retail/Wholesale Differences which have been steadily reducing each year of SCE's Formula Rates beginning in 2012 (meaning that the Wholesale Difference to the Base TRR is becoming less negative, appropriately increasing the Wholesale TRR relative to the Retail Base TRR. When fully amortized in 2025, there will no impact of these Legacy Retail/Wholesale Differences on the Wholesale Base TRR.

No. SCE-1 explains how the transition from a full amortization of the SGA amount and Legacy Retail/Wholesale Differences in 2023, to a half-year of amortization in 2024, and a completed amortization in 2025, will be reflected in the TO2025 and TO2026 Annual Updates to ensure correct cost recovery and setting of the Retail and Wholesale Base TRRs over the 2025-2026 period.

II. PROPOSED REVISIONS TO SCE'S FORMULA RATE

The proposed revisions to SCE's Formula Rate are described in Exhibit No. SCE-1, Section IV.

In addition to the revisions necessary to remove the SGA amount and the Legacy Retail/Wholesale Differences from the Formula Rate, SCE is also proposing several minor, non-substantive revisions in this filing to eliminate typos or correct inaccurate citations. These proposed tariff revisions are also fully explained in Exhibit No. SCE-1.

III. EFFECTIVE DATE

SCE requests that the Commission authorize the tariff revisions proposed in this filing to become effective June 12, 2024. Acceptance of the proposed revisions on the requested effective date will allow SCE to remove the South Georgia Adjustment and other Legacy Retail/Wholesale Differences items from the Formula Rate determination of the Base TRRs for the 2025 year as determined in SCE's TO2025 Annual Update process,¹⁴ reducing the 2025 Retail Base TRR by approximately \$3.6 million and the 2025 Wholesale Base TRR by approximately \$1.6 million.

¹⁴ SCE intends to utilize the tariff revisions proposed herein as the basis for the posting of the TO2025 Draft Annual Update by June 15, 2024, which will allow interested parties to preview the TO2025 Annual Update with the SGA and Legacy Retail/Wholesale Difference items removed. As described in Exhibit No. SCE-1 at Section V, the proposed revisions will not impact SCE's currently-effective TO2024 rates set in Dkt. No. ER24-439.

Attached to this filing are clean and redline tariff sheets reflecting the proposed revisions to the Formula Rate Spreadsheet as set forth in Attachment 2 to Appendix IX of SCE's Transmission Owner Tariff.

IV. COMMUNICATIONS

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

Alexa Mullarky
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V. SERVICE

Copies of this filing have been served on all parties to Docket Nos. ER19-1553 and ER24-439 including the CPUC, as well as the California Independent System Operator ("CAISO").

VI. OTHER FILING REQUIREMENTS

There are no forecast changes in revenues resulting from the revisions to the Formula Rate proposed in this filing. If the Commission approves the proposed tariff revisions to be effective on the date proposed by SCE, SCE's

TO2025 Base TRR for 2025 and future Annual Update Base TRRs will be reduced, as described in Exhibit No. SCE-1.

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,

/s/ Jeffrey L. Nelson

Jeffrey L. Nelson

CERTIFICATE OF SERVICE

I hereby certify that I have, this day, served a true copy of the foregoing document on all parties identified on the official service list(s) for FERC dockets **ER19-1553** and **ER24-439**, including the CPUC, as well as the California Independent System Operator (“CAISO”). 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 electronic service cannot be effectuated.

Dated at Rosemead, California this **12th**, day of **April 2024**.

/s/Sandra Sedano _____
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