

January 6, 2016

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

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Regulations under the Federal Power Act (18 C.F.R. § 35.13), Southern California Edison Company ("SCE") submits proposed changes to SCE's non-transmission depreciation rates to reflect the California Public Utilities Commission's ("CPUC") 2015 General Rate Case Phase 1 Order ("CPUC Decision")<sup>1</sup>. In this filing, SCE is proposing revisions to SCE's formula transmission rate ("Formula Rate") set forth in Schedule 18 of Attachment 2 to Appendix IX of SCE's Transmission Owner Tariff, FERC Electric Tariff, Volume No. 6 ("TO Tariff") in order to conform the Formula Rate non-transmission depreciation rates with the CPUC Decision. These proposed changes to SCE's non-transmission depreciation rates in SCE's Formula Rate are being submitted as a "single-issue" filing pursuant to the protocols of the Formula Rate.<sup>2</sup>

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<sup>1</sup> SCE generally follows a three-year rate GRC cycle at the CPUC. On November 12, 2015 the CPUC issued the CPUC Decision, (Decision. 15-11-021) representing the final GRC decision in Phase 1 of the 2015 test year GRC, and setting SCE's total CPUC-jurisdictional revenue requirements.

<sup>2</sup> Section 8e of Appendix IX, Attachment 1 of SCE's TO Tariff.

SCE is required pursuant to the protocols of the Formula Rate to make a single-issue Section 205 filing to revise the General, Intangible, and Distribution depreciation rates stated in the Formula Rate whenever the CPUC issues a final order that changes “depreciation rates for General, Intangible or Distribution plant”:

“SCE will make a single-issue Section 205 filing to change the depreciation rates for General, Intangible or Distribution plant in Schedule 18 upon approval by the CPUC of revised depreciation rates for these plant categories. SCE shall make a filing at the Commission, as set forth in this section, by the later of either the filing date for the next Annual Update following the CPUC ruling or sixty days after the CPUC ruling.” (Section 8e of Appendix IX, Attachment 1 of SCE’s TO Tariff)

The CPUC Decision makes revisions affecting SCE’s depreciation rates for ten General, Intangible or Distribution plant accounts, and adds two new General plant accounts, with an effective date of January 1, 2015.<sup>3</sup> Mr. Alan Varvis explains the aspects of the CPUC Decision that affect SCE’s non-transmission depreciation rates in his attached Affidavit (Exhibit A). SCE is submitting this filing to revise its non-transmission depreciation rates to conform to the CPUC Decision and its approved Formula Rate Protocols.

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto; two sets of the revision to the TO Tariff in both clean and redline format, which include tariff sheets effective January 1, 2015 and January 1, 2016<sup>4</sup>; the affidavit of Alan Varvis (Exhibit A); a copy of the relevant portions of the CPUC Decision (Exhibit B); SCE’s original 2015 GRC Phase 1 application regarding non-transmission depreciation (Exhibit C); and an annotated

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<sup>3</sup> Since SCE has no Distribution Plant under the California ISO’s Operational Control, the change in the distribution depreciation rates does not affect the formula transmission rate calculation of transmission revenue requirements.

<sup>4</sup>Two Tariff submissions are necessary since the January 1, 2015 and the January 1, 2016 TO Tariffs differ due to the revision of the stated value for the “Authorized PBOPs Expense Amount” effective January 1, 2016. See SCE’s September 5, 2014 filing in Docket No. ER14-2788 (“2014 PBOPs Filing”), approved in a Letter Order issued on October 22, 2014.

portion of SCE's original 2015 GRC Phase 1 application showing SCE's proposed non-transmission depreciation rates (Exhibit D).

## **I. BACKGROUND**

SCE submitted the Formula Rate to the Commission on June 3, 2011 in Docket No. ER11-3697. On August 2, 2011, the Commission accepted for filing and suspended the Formula Rate, to be effective on January 1, 2012, subject to refund, among other matters, hearing and settlement procedures. Settlement procedures were successful, resulting in SCE filing a settlement that was approved by the Commission on November 5, 2013.

SCE's Formula Rate is set forth in Appendix IX of SCE's TO Tariff, and includes an Attachment 1 consisting of the formula protocols, and an Attachment 2 consisting of many individual schedules that calculate different aspects of SCE's Base TRR and associated rates. Attachment 2, Schedule 18 lists SCE's depreciation rates, both non-transmission and transmission. Schedule 17 determines SCE's depreciation expense based on the depreciation rates stated in Schedule 18.

On November 12, 2015, the CPUC issued the CPUC Decision, which adopts SCE's non-transmission depreciation rates. The CPUC Decision revises several non-transmission depreciation rates, and adds two new accounts, effective on January 1, 2015. As a result, SCE's non-transmission depreciation rates stated in Schedule 18 of the Formula Rate are now inconsistent with the CPUC authorized depreciation rates. Pursuant to the Formula Rate Protocols, SCE is making this single-issue Section 205 filing to request the Commission approval to make necessary revisions to the Formula Rate tariff to conform to the non-transmission depreciation rates adopted in the CPUC Decision.<sup>5</sup> The changes to

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<sup>5</sup> SCE submitted a similar filing to revise the formula transmission rate non-transmission depreciation rates in Docket No. ER13-1253 on April 8, 2013, accepted by the Commission in a letter order issued May 22, 2013.

non-transmission depreciation rates stated in Schedule 18 of the Formula Rate are explained in Exhibit A. In this filing, SCE is proposing to revise only those aspects of the Formula Rate that are necessary to correctly reflect the CPUC Decision.

## **II. PROPOSED REVISIONS TO SCE'S DEPRECIATION RATES**

As discussed above, in this single-issue filing SCE is only seeking to revise its non-transmission depreciation rates set forth in the Formula Rate to maintain consistency with the CPUC Decision. SCE is not proposing to revise the currently-effective Base TRR or any aspect of the Formula Rate tariff other than the non-transmission depreciation rates (Schedule 18 of Attachment 2 to Appendix IX). However, SCE is filing two sets of clean and redline versions of SCE's TO tariffs: one effective January 1, 2015 and the other effective January 1, 2016, as a result of the 2014 PBOPs Filing described above.

Attachment 1 to Exhibit A of this filing, page 1 of 2, also compares the proposed depreciation rates with the currently-effective depreciation rates. The revised depreciation rates will not affect SCE's Base TRRs until SCE submits its next Annual Update filing by December 1 of this year. The December 1, 2016 Annual Update filing will utilize the revised Formula Rate tariff, including the proposed revised non-transmission depreciation rates, subject to any further formula rate tariff revisions with an effective date prior to December 1, 2016. The Base TRRs effective January 1, 2017 will reflect these revised non-transmission depreciation rates.

For illustrative purposes, on page 2 of 2 of Attachment 1 of Exhibit A, Mr. Varvis also provides a rough estimate of the future impact of these depreciation rate changes on SCE's Base TRR by applying the proposed

revised depreciation rates to SCE's last Annual Update filing in FERC Docket No. ER11-3697, dated December 1, 2015, as a proxy.<sup>6</sup> The resulting illustrative change in revenue is an increase to the Base TRR of about \$1.66 million or 0.15%.

### **III. EFFECTIVE DATE**

Pursuant to Section 8 of Attachment 1 of Appendix IX of SCE's TO Tariff, SCE requests that the Commission authorize the proposed changes to SCE's non-transmission depreciation rates set forth in SCE's Formula Rate Schedule 18 included in Attachment 2 to Appendix IX of SCE's TO Tariff, to become effective on January 1, 2015, the date that the depreciation rates adopted in the CPUC Decision became effective. This effective date is prescribed in SCE's Formula Rate Protocols so as to ensure consistency in the application of the CPUC-adopted depreciation rates for FERC-jurisdictional and CPUC-jurisdictional rates.

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

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<sup>6</sup> General and Intangible Depreciation Expenses are allocated to the formula revenue requirement based on the wages and salaries (labor) allocation factor, which was 5.4% in the TO10 Annual Update.

#### **IV. SERVICE**

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

#### **V. COMMUNICATIONS**

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

Anna Valdberg  
Southern California Edison Company  
P.O. Box 800  
Rosemead, CA 91770  
Tel. (626) 302-1058

James A. Cuillier  
Director, FERC Rates & Regulation  
Southern California Edison Company  
P.O. Box 800  
Rosemead, CA 91770

#### **VI. OTHER FILING REQUIREMENTS**

The illustrative annualized change in revenues resulting from the revised depreciation rates for General, Intangible and Distribution plant proposed in this filing are set forth in Attachment 1 to Exhibit A. This change in revenues will not occur until SCE submits its 2017 Annual Update Filing by December 1, 2016, for rates effective January 1, 2017. SCE’s currently-effective Retail Base TRR of \$1.092 billion, established in SCE’s TO10 Annual Update filing dated December 1, 2015, effective January 1, 2016, is not being revised in this filing.

No expenses or costs included in the rates tendered herein have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

SCE believes that the information contained in this filing provides a sufficient basis upon which to accept this filing; however, to the extent necessary, SCE further requests that the Commission waive its filing requirements contained in Section 35 of its regulations to the extent necessary in order to permit this filing to be made effective as requested.

SCE believes that this filing conforms to any rule of general applicability and to any Commission order specifically applicable to SCE, and has made copies of this filing available for public inspection in SCE's principal office located in Rosemead, California. SCE has provided copies of this filing to those persons whose names appear on the enclosed mailing list.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. A. Cuillier", written in a cursive style.

JAMES A. CULLIER