

DRAFT

November XX, 2022

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

RE: Southern California Edison Company's West of Devers Formula Rate
Annual Update Filing in Docket No. ER21-1280, et. Seq.

Dear Ms. Bose:

Under Southern California Edison Company's ("SCE") Transmission Owner Tariff ("TO Tariff"), SCE calculates its Morongo West of Devers ("WOD") Rate Year Cost using a formula rate spreadsheet ("WOD Formula Rate"). SCE hereby submits for informational purposes its annual formula transmission rate update filing ("Morongo WOD 2023 Annual Update"), pursuant to Section 3 of Attachment 1 to Appendix XIV of SCE's TO Tariff (the "WOD Formula Rate Protocols").

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(d)(3) of the WOD Formula Rate Protocols, does not subject the WOD Formula Rate to modification.

SCE requests that the Commission issue a public notice of filing for the Morongo WOD 2023 Annual Update and establish a comment date.

I. Background

On March 5, 2021, in Docket No. ER21-1280-000, SCE filed its Appendix XIV to its Transmission Owner Tariff and its populated WOD Formula Rate Spreadsheet with the Commission (“Morongo WOD 2021 Annual Update”) to set rates for calendar year 2021. No protests were filed to SCE’s filing. On April 30, 2021, the Commission issued a Deficiency Letter requesting additional information to determine if the protocols and proposed formula rate are just and reasonable. On May 14, 2021, SCE filed its Response to Deficiency Letter in Docket No. ER21-1280-001, in which SCE proposed changes to the scope and the challenge procedures in the formula rate protocols, and provided further explanations to several accounting questions. By Order on Formula Rate dated July 13, 2021, as amended by the Errata Notice on July 16, 2021, the Commission accepted SCE’s Appendix XIV and its 2021 WOD Rate Year Cost and its proposed revised West of Devers Formula Rate Protocols subject to submission of a Compliance Filing, to be effective May 5, 2021. On August 12, 2021, SCE filed its Compliance filing.¹ The Commission approved the Compliance Filing by Letter Order dated November 8, 2021.

SCE is now submitting its Morongo WOD 2023 Annual Update to the Commission in accordance with Section 3 of the WOD Formula Rate Protocols, which specify that each year SCE will file an Annual Update on or before December 1, to calculate the Morongo WOD Rate Year Cost for Morongo Transmission LLC’s cost for the operation and maintenance of the WOD transmission line facilities associated with its leased transmission capability to be effective on January 1 of the upcoming Rate Year. The Rate Year for the

¹ On October 6, 2021, SCE refiled the Compliance Filing due to format discrepancies with the tariff record in the August filing.

Morongo WOD 2023 Annual Update is January 1, 2023 through December 31, 2023 and the Prior Year is 2021.

II. SCE's WOD Formula Rate

Pursuant to SCE's WOD Formula Rate, the Morongo WOD Rate Year Cost is calculated as the sum of the Prior Year's expenses for Direct O&M, Allocated O&M, Administrative & General, General + Intangible Plant, Payroll Taxes, Property Taxes, Cash Working Capital and Franchise Fees, True-Up Adjustment, as well as the inclusion of a Cost Adjustment, when applicable. The True-Up Adjustment is meant to compare actual Prior Year Costs (as determined by the WOD Formula Rate) to revenues received during this same period. The Cost Adjustment allows SCE to make an adjustment to rates to reflect the estimated difference in Property Tax and Right of Way expenses expected during the Rate Year and those same costs included in the Prior Year Cost. The Cost Adjustment also allows SCE to include expense items which were not present in the Prior Year, but will be incurred during the Rate Year, or alternatively, to reduce those expenses which were present in the Prior Year, but will not be recurring during the Rate Year.

In the Morongo WOD 2023 Annual Update there will be a True-Up Adjustment, which will cover the portion of the calendar year that the lease was in effect during the 2021 calendar year.

III. Reasons for Changes in SCE's Rate Year Cost

The Morongo West of Devers Rate Year Cost in this annual update is \$11.407 million, compared to \$12.395 million in the Morongo WOD 2022 Annual Update, a decrease of \$0.988 million.

The main driver for the change in the Rate Year Cost is the Cost Adjustment. The Cost Adjustment in the Morongo WOD 2023 Annual Update is

\$6.369 million, compared to \$8.601 million in the Morongo WOD 2022 Annual Update, a difference of \$2.232 million. This year's Cost Adjustment reflects an additional Expense Component and Property Taxes. The additional Expense Component will reduce the Morongo WOD 2023 Rate Year Cost by \$0.693 million, as the underlying expenses incurred are not expected to recur in the 2023 Rate Year but were present in the 2021 Prior Year. The underlying expenses were the result of an additional A&G reserve against a prior wildfire liability taken in 2021. As this expense is not expected to recur in the 2023 Rate Year, SCE is making a Cost Adjustment to account for this additional Expense and thereby reduce the rate to Morongo Transmission LLC. The second component of the Cost Adjustment is for property taxes associated with the transmission capability rights of Morongo Transmission LLC, which were not included in the Prior Year Cost, but will be due and paid in the Rate Year in the estimated amount of \$7.062 million to the counties of Riverside and San Bernardino.

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 rate spreadsheet, in both pdf and Excel formats, showing the calculation of the 2023 Morongo West Of Devers Rate Year Cost and associated monthly rate;
- 4) Attachment 2: Revisions to formula rate inputs from the Draft Annual Update
- 5) Attachment 3: Workpapers supporting the inputs to Attachment 1, including information required pursuant to the WOD Formula Rate Protocols.

V. Service

Copies of this filing have been served on all parties to Docket Nos. ER19-1553, EC13-114, ER21-669, ER21-1280-000, ER21-1280-001, including the California Public Utilities Commission, the California Department of Justice's Attorney General's Office, consumer advocate agencies that have jurisdiction over SCE's rates, as well as the California Independent System Operator Corporation ("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:

Matthew Dwyer
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P.O. Box 800
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Very truly yours

Jeffrey L. Nelson

ATTESTATION

Kate Sturgess attests that she is Vice President and Corporate 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.

Kate Sturgess

Vice President

Dated: November XX, 2022