

March 8, 2019

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 a proposed change to SCE's Post Retirement Benefits Other than Pensions ("PBOPs") stated amount of the Authorized PBOPs Expense Amount, to be included for recovery in SCE's formula transmission rate ("Formula Rate"), as set forth in Appendix IX of SCE's Transmission Owner Tariff, FERC Electric Tariff, Third Revised Volume No. 6 ("TO Tariff").¹ SCE's proposed change to the Authorized PBOPs Expense Amount is submitted under the "single-issue" filing provisions of SCE's Formula Rate Protocols, which state that "the sole issues that can or shall be addressed are whether the changes proposed by SCE are consistent with these Protocols and are just and reasonable."² Accordingly, no other issues should be at issue in this limited single-issue filing.

¹ Attachment 1 to Appendix IX is the Formula Protocols, and Attachment 2 to Appendix IX is the Formula Spreadsheet.

² Section 8 of the Formula Rate Protocols.

In this filing, SCE is only seeking to revise its Formula Rate to reflect the revision to the Authorized PBOPs Expense Amount from the currently effective amount of \$40,171,333 to \$18,219,000 to become effective January 1, 2019. This filing is required pursuant to the Formula Protocols. SCE is not proposing to revise the currently-effective Retail or Wholesale Base Transmission Revenue Requirement (“TRR”), or any associated rates. However, if the Commission accepts SCE’s proposed revision to the Authorized PBOPs Expense Amount, SCE’s 2020 retail Base TRR is expected to be reduced by about \$1.32 million, as compared to if there were no revision, as explained below in Section II.

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

SCE’s Formula Rate was submitted to the Commission on October 27, 2017 in Docket No. ER18-169.³ On December 29, 2017, the Commission accepted for filing and suspended the Formula Rate, to be effective on January 1, 2018, subject to refund, and hearing and settlement procedures. As of the date of this filing, the Formula Rate is currently in settlement.

SCE’s Formula Rate Spreadsheet consists of 34 individual schedules that calculate different aspects of SCE’s Base TRR and associated rates. PBOPs expenses are included in FERC Account 926 “Employee Pensions and Benefits,” an Administrative and General “A&G” account, in accordance with the FERC Uniform System of Accounts. The Formula Rate provides for inclusion of a stated

³ SCE’s first formula rate was in effect from January 1, 2012 through December 31, 2017 (Docket No. ER11-3697).

amount of PBOPs expenses, called the “Authorized PBOPs Expense Amount” through the A&G Expense component of the Base TRR.⁴ Any difference between SCE’s actual PBOPs expenses and the stated value of the Authorized PBOPs Expense Amount is excluded from recovery, as calculated on Schedule 20 of the Formula Spreadsheet. The Authorized PBOPs Expense Amount is currently \$40,171,333, as filed in Docket No. ER18-169, and originally established effective January 1, 2018 in Docket No. ER16-2433. In accordance with Commission policy, the Authorized PBOPs Expense Amount can only be revised pursuant to Commission approval of a Section 205 filing requesting a new amount.⁵

SCE is required pursuant to the currently-effective Formula Protocols to make a single-issue Section 205 filing to revise its stated Authorized PBOPs Expense Amount every year, beginning in 2019.⁶ The condition is stated in Section 8b of the currently-effective Formula Protocols:

“With respect to Post-Retirement Benefits Other than Pensions (“PBOPs”), the Formula Rate identifies an Authorized PBOPs Expense Amount in Note 3 on Schedule 20 (Administrative and General Expenses), which is initially stated as \$40,171,333. Beginning in 2019, SCE shall make a single-issue Section 205 filing by April 1 of each year to revise the Authorized PBOPs Expense Amount, seeking an effective date of January 1 of the year of the filing.”

⁴ SCE’s Formula Rate allocates only a portion of total A&G expenses to the Commission-jurisdictional Base TRR, primarily based on the Labor Allocation Factor, currently about 6%. Most A&G expenses, including PBOPs expenses, are recovered through the California Public Utility Commission (“CPUC”) jurisdictional rates.

⁵ See Commission’s Statement of Policy on PBOPs issued December 17, 1992 in AI93-4. 61 FERC ¶ 61,330 (1992); *order on reh’g*, 65 FERC ¶ 61,035 (1993). The Commission reiterated the policy in *Vermont Yankee Nuclear Power Corp.*, 120 FERC ¶ 61,043 at P8, stating that “[t]he Commission requires companies to file changes in their PBOP expense prior to passing through jurisdictional wholesale rates.”

⁶ The requirement under SCE’s new Formula Rate to submit a filing seeking to revise the Authorized PBOPs Expense Amount each year beginning in 2019 is a revision from the mechanism in SCE’s Original Formula Rate, which required filings every other year, if certain conditions were met. See Section 8b of SCE’s Original Formula Rate Protocols.

The requirement to submit a PBOPs filing each year by April 1 will allow SCE to incorporate the proposed Authorized PBOPs Expense Amount as a cost of service element in SCE's Annual Update submitted by December 1 of the filing year. Specifically, assuming timely Commission acceptance of SCE's filed Authorized PBOPs Expense Amount, SCE will include the new value in the TO2020 Annual Update,⁷ to be filed by December 1, 2019.

II. PROPOSED REVISIONS TO SCE'S AUTHORIZED PBOPS EXPENSE AMOUNT

SCE requests that the Commission approve an Authorized PBOPs Expense Amount of \$18,219,000, with an effective date of January 1, 2019. SCE's proposed Authorized PBOPs Expense Amount is supported by SCE's PBOPs Funding Memo (Attachment 1 to this filing) and SCE's 2018 Postretirement Health and Life Benefits report (Attachment 2 to this filing). The proposed \$18,219,000 value for 2018 is shown in the PBOPs Funding Memo (Attachment 1), on Line 10 "Net 2018 Funding."⁸ This amount reconciles to the -\$6,484,000. Total "Net Periodic Post Retirement Benefit Cost" shown on Page 13 (Exhibit 3) of the Actuarial report.

Since SCE's proposed Authorized PBOPs Expense Amount is lower than the current amount of \$40,171,333, it will result in a reduction to SCE's Base TRR, if approved by the Commission. SCE's Formula Rate recovers a portion of the total Authorized PBOPs Expense Amount through the Formula Base Transmission Revenue Requirement, with the remainder being recovered through SCE's California Public Utilities Commission jurisdictional rates. The

⁷ The "TO2020 Annual Update" refers to SCE's Transmission Owner 2020 Annual Update that will set SCE's Base Transmission Revenue Requirement and associated rates for the 2020 year.

⁸ The "Net 2018 Funding" is the amount of that is either: (1) used to pay for retiree benefits directly, or (2) contributed to irrevocable benefit trusts relating to PBOPs.

Commission-jurisdictional portion is based on SCE's Formula Rate labor allocation factor, currently about 6%. Accordingly, SCE's Formula Rate Base Transmission Revenue Requirement would be reduced by about \$1.32 million (\$40,171,333 - \$18,219,000 times the labor allocation factor of about 6%).

IV. EFFECTIVE DATE

Pursuant to Section 8b of the Formula Protocols, SCE requests that the Commission authorize the revised Authorized PBOPs Expense Amount of \$18,219,000, to become effective January 1, 2019. Acceptance of the proposed amount on the requested effective date will allow SCE to incorporate the new lower value in the TO2020 Annual Update process setting the Base TRR and associated rates for the 2020 year, including the posting of the TO2020 Draft Annual Update by June 15, 2019, and the filing of the TO2020 Annual Update by December 1, 2019.

Attached to this filing are clean and redline tariff sheets reflecting the proposed Authorized PBOPs Expense Amount, as shown on Schedule 20, Note 3, Line a of the Formula Spreadsheet.⁹ Section 8b of the Formula Protocols states that in the event that SCE makes a Section 205 filing to revise the Authorized PBOPs Expense Amount, the revisions shall become effective for the year in which the filing is being made. The specific revision to the Formula Rate

⁹ SCE is submitting three sets of proposed clean and redline tariff revisions for the Formula Rate Spreadsheet (Attachment 2 to Appendix IX of SCE's TO Tariff). The first set relates to the time period from January 1, 2019 through January 20, 2019, commencing on SCE's requested effective date for these revisions. The second set relates to the currently-effective tariff that became effective on January 21, 2019 pursuant to SCE's filing in Docket No. ER19-374 to implement Transportation Electrification retail transmission rates (accepted in a letter order issued by the Commission on January 10, 2019). The third set relates to the tariff that is proposed to become effective on March 1, 2019 pursuant to SCE's filing in Docket No. ER19-1149 to implement changes to retail rates resulting for Phase 2 of SCE's 2018 General Rate Case.

Spreadsheet is to revise Schedule 20 “A&G Expenses,” Note 3, Line “a” from the current value of \$40,171,333 to the proposed value of \$18,219,000.

V. COMMUNICATIONS

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

Matthew Dwyer
Senior Attorney
Southern California Edison Company
P.O. Box 800
Rosemead, CA 91770
Tel. (626) 302-6521

Jeffrey L. Nelson
Director, FERC Rates and Market Integration
Southern California Edison Company
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VI. SERVICE

Copies of this filing have been served on all parties to Docket No. ER18-169, including the CPUC, as well as the California Independent System Operator (“CAISO”).

VII. OTHER FILING REQUIREMENTS

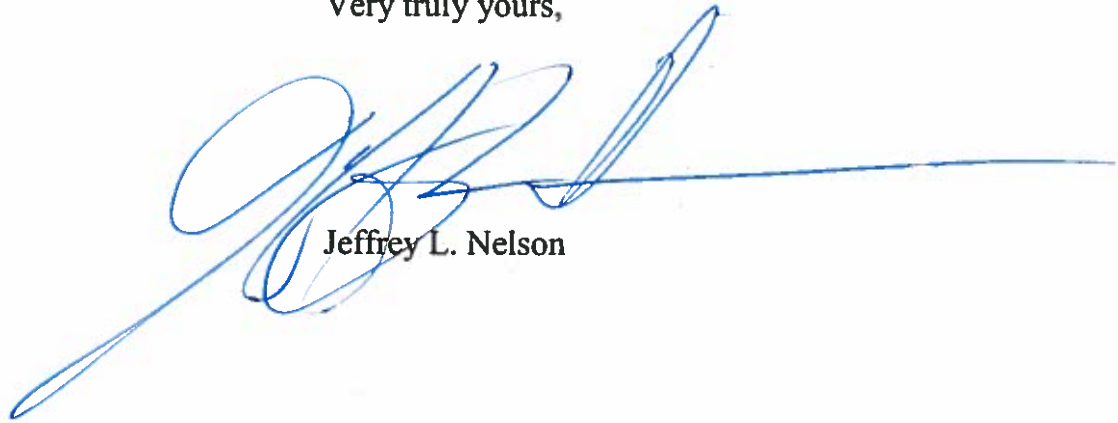
There are no forecast changes in revenues resulting from the revisions to the Formula Rate proposed in this filing. If the Commission approves the proposed revised Authorized PBOPs Expense Amount for 2019, however, SCE’s TO2020 Base TRR for 2020 will be approximately \$1.32 million lower than if the currently-effective amount were to be maintained.

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 blue ink, appearing to read 'Jeffrey L. Nelson', is written over a horizontal line. The signature is stylized and cursive.

Jeffrey L. Nelson