

November 15, 2022

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

RE: Revisions to Southern California Edison Company's Formula Transmission Rate Historic Annual Updates in Docket No. ER19-1553 (Amended TO2021 and TO2022 True Up TRRs)

Dear Ms. Bose:

Southern California Edison's ("SCE") provides this filing to the Commission for informational purposes only pursuant to Section 3 of Attachment 1 to Appendix IX to SCE's Transmission Owner Tariff (the "Formula Rate Protocols"). This filing is not subject to the requirements of Section 205 of the Federal Power Act and does not subject SCE's Formula Rate to modification. SCE requests no Commission action as part of this filing. SCE will separately file its TO2023 Annual Update at a later date, where the amended information presented herein will be addressed pursuant to SCE's Formula Rate Protocols. To the extent interested parties wish to address the amended information, it can be addressed as part of TO2023 Annual Update process.

Under SCE's Transmission Owner Tariff ("TO Tariff"), SCE calculates its retail and wholesale Base Transmission Revenue Requirements ("Base TRR") using a formula transmission rate. On November 20, 2020, SCE submitted for informational purposes its formula transmission rate Annual Update for rates effective January 1, 2021 ("TO2021 Annual Update"). On November 19, 2021, SCE submitted for informational purposes its formula transmission rate Annual

Update for rates effective 2022 (“TO2022 Annual Update”). Both Annual Updates were made pursuant to Section 3 of Attachment 1 to Appendix IX of SCE’s TO Tariff (“Formula Protocols”).

SCE has determined that the TO2021 Annual Update and the TO2022 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 the Amended TO2021 and TO2022 Annual Updates. The Amended TO2021 Annual Update increases the True Up Transmission Revenue Requirement (“True Up TRR”) for calendar year 2019 from \$1,037,944,606, to \$1,038,912,784, or a difference of \$1,036,513 including interest through 2020 (see Attachment 9). The TO2022 Amended Annual Update increases the True Up TRR for calendar year 2020 from \$1,233,563,218 to \$1,237,122,831, or a difference of \$3,626,460, including interest through 2020 (see Attachment 9). SCE is not seeking to modify the TO2021 or TO2022 Base TRR or the associated transmission rates in effect for 2021 and 2022. Consistent with Section 3.d.8 of the Formula Rate Protocols, the change in the 2019 and 2020 True Up TRRs, including interest, will be included in SCE’s TO2023 Annual Update as a One Time True Up Adjustment pursuant to the Formula Rate Protocols and will be recovered in transmission rates during 2023.

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

¹ Appendix IX to SCE’s TO Tariff.

² 136 FERC ¶ 61,074 P 1.

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 Attachments 1 and 2 to SCE's TO Tariff Appendix IX, which constitute SCE's Formula Rate Protocols and Formula Rate Spreadsheet effective through December 31, 2017.

On October 27, 2017, in Docket No. ER18-169-000, SCE filed its Second Transmission Formula Rate with the Commission ("TO2018 Formula Rate"). The TO2018 Formula Rate superseded SCE's above-described prior Formula Rate accepted in Docket No. ER11-3697, which terminated on December 31, 2017 ("Original Formula Rate"). Several entities intervened or protested the TO2018 Formula Rate filing. By Order dated December 29, 2017, the Commission accepted SCE's TO2018 Formula Rate and related 2018 TRR, suspended it for a nominal period, to be effective January 1, 2018, subject to refund, and established hearing and settlement judge procedures.⁴ On September 16, 2019, an Offer of Settlement was filed with the Commission. On December 3, 2019, the Commission accepted the Offer of Settlement.⁵

On April 11, 2019, in Docket No. ER19-1553-000, SCE filed to amend the TO2018 Formula Rate proposing tariff changes necessary to reflect dramatic regulatory and financial conditions that had changed since the submission of the TO2018 Formula Rate ("TO2019A Formula Rate") associated with unprecedented wildfire impacts that occurred within the state of California. On June 11, 2019, the Commission accepted SCE's TO2019A Formula Rate and related revised 2019

³ 145 FERC ¶ 61,103.

⁴ 161 FERC ¶ 61,309 (2017).

⁵ 169 FERC ¶ 61,177 (2019).

Base TRR, suspended it for a five-month period, to become effective November 12, 2019, subject to refund, and established hearing and settlement judge procedures.⁶ On July 1, 2020, SCE filed an Offer of Settlement under ER19-1553. The Offer of Settlement was approved on September 23, 2020.⁷

On October 21, 2021, SCE filed Docket No. ER22-166 proposing discrete revisions to the TO2019A Formula Rate intended to ensure that following the December 31, 2021 expiration of the accounting waiver authorized by the Commission in Docket No. ER21-1280, payments received from Morongo Transmission LLC pursuant to the WOD Formula Rate are credited to the originating expense accounts in a manner that provides SCE's transmission customers the full benefit of the credits while remaining consistent with the requirements of the USofA. SCE requested an effective date of January 1, 2022 for these revisions. On December 16, 2021, the Commission issued a Letter Order accepting SCE's proposed revisions.

On February 25, 2022, in Docket No. ER22-1117, SCE filed a modification to Schedule 18 of the TO2019A Formula Rate to conform non-transmission depreciation rates to the California Public Utilities Commission's ("CPUC") 2021 General Rate Case Phase 1 Order.¹⁰ On April 20, 2021, the Commission issued a letter order accepting SCE's proposed changes and therefore SCE has incorporated the proposed changes into this TO2023 Annual Update.

SCE filed its TO2021 Annual Update on November 20, 2020, and the TO2022 Annual Update on November 19, 2021, pursuant to the process outlined in the Formula Rate Protocols.

⁶ 167 FERC ¶ 61,214.

⁷ 172 FERC ¶ 61,270.

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

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.

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.

If the difference in (iii) would not result in an increase to the True-Up TRR of more than \$1 million, however, then SCE need not submit to the Commission an Amended Annual Update, as described above, but may include the difference in (iii) in its Draft Annual Update, or, if the error is discovered after the posting of a Draft Annual Update on June 15, in an amended Draft Annual Update posted on SCE's website no later than October 31.

On June 22, 2022, SCE provided notice to the Commission and formula rate parties that SCE had determined that there were errors in the 2019 True Up TRR reflected in the TO2021 Annual Update, as well as the 2020 True Up TRR reflected in the TO2022 Annual Update, and that SCE intended to file Amended Annual Updates in accordance with the Formula Rate Protocols.

II. Corrections to the 2019 and 2020 True Up TRR

As part of the TO2021 Annual Update, SCE calculated its actual transmission revenue requirement or True Up TRR for calendar year 2019

pursuant to both the TO2018 Formula Rate and the TO2019A Formula Rate.⁸ SCE has determined that certain items included in the 2019 True Up TRR reflected in the TO2021 Annual Update were incorrect. A discussion of these items is provided below.

1. SCE has identified an input errors relating to an A&G exclusion affecting the True Up TRR of calendar year 2019. This error relates to CPUC Balancing Accounts (BAs) and Memo Accounts (MAs) which were erroneously identified as having 100% recovery through CPUC rates, when in fact they are jurisdictionalized. This error caused A&G exclusions to be overstated. SCE is correcting A&G to include this additional expense of \$14,504,840. SCE has incorporated this correction that changes the TO2021 A&G expenses, and the impact of this change is an increase in the 2019 True Up TRR of \$975,390.
2. SCE has identified an input error relating to an A&G exclusion affecting the True Up TRR of calendar year 2019. The error relates to outside counsel expenses related to employment litigation or arbitration matters. The amount of total company A&G expenses were overstated by \$107,252, which should have been excluded in 2019. SCE is including an additional TO2021 A&G exclusion of \$107,252 to remove these additional expenses. SCE has incorporated this correction that changes the TO2021 A&G exclusions, and the impact of this change is a decrease in the 2019 True Up TRR of \$7,212.

⁸ In accordance with the Formula Rate Protocols, the True Up TRR for calendar year 2019 was determined using a weighted average of the True Up TRRs calculated pursuant to the formula rates in effect in 2019, which was SCE's TO2018 Formula Rate from January 1, 2019 through November 11, 2019, and the TO2019A Formula Rate from November 12, 2019 through December 31, 2019.

As part of the TO2022 Annual Update, SCE calculated its actual transmission revenue requirement or True Up TRR for calendar year 2020 pursuant to the TO2019A Formula Rate. SCE has determined that certain items included in the 2020 True Up TRR reflected in the TO2022 Annual Update were incorrect. A discussion of these items is provided below.

1. SCE has identified errors relating to an A&G exclusion affecting the True Up TRR of calendar year 2020. This error relates to CPUC Balancing Accounts (BAs) and Memo Accounts (MAs) which were erroneously identified as having 100% recovery through CPUC rates, when in fact they are jurisdictionalized. This error caused A&G exclusions to be overstated. SCE is correcting A&G to include this additional expense of \$50,012,110. SCE has incorporated this correction that changes the TO2022 A&G expenses, and the impact of this change is an increase in the 2020 True Up TRR of \$3,605,738.
2. SCE discovered that it had outside counsel expenses and court fees related to employment litigation or arbitration matters that were subsequently resolved by the Company which were not excluded. The amount of expenses was overstated by \$69,775, which should have been excluded in 2020. SCE is including an additional TO2022 A&G exclusion of \$69,775 to remove these additional expenses. SCE has incorporated this correction that changes the TO2022 A&G exclusions, and the impact of this change is a decrease in the 2020 True Up TRR of \$5,031.
3. SCE discovered that it had inadvertently removed on line 10cc of the Revenue Credits Schedule the Passive Income Indicator (P) from the Gross Revenue Sharing Mechanism (GRSM). The amount of expenses was overstated by \$8,578 which should have been credited in 2020. SCE has

- incorporated this correction that changes the TO2022 Revenue Credits and the impact of this change is a decrease in the 2020 True Up TRR of \$855.
4. In the TO2022 Annual Update, the FERC Uncollectible expense was \$13,789,000 for calendar year 2020. To hold this value constant, SCE has incorporated an additional decrease in the 2020 True Up TRR of \$40,240.

III. Impacts on the 2019 and 2020 True Up TRR

The 2019 corrections directly impacted the following schedules: Schedule 4 TUTRR, and Schedule 20 AandG. SCE has determined that the 2019 weighted average True Up TRR of \$1,037,944,606 reflected in the TO2022 Annual Update increases to \$1,038,912,784.⁹

The 2020 corrections directly impacted the following schedules: Schedule 4 TUTRR, Schedule 20 A&G, Schedule 21 Revenue Credits, and Schedule 28 FF&U. SCE has determined that the 2020 True Up TRR of \$1,233,563,218 reflected in the TO2022 Annual Update increases to \$1,237,122,831.

As discussed above, SCE intends to include as an additional component to SCE's True Up Adjustment in its TO2023 Annual Update, a One Time True Up Adjustment of \$4,662,972, to reflect the corrected 2019 and 2020 True Up TRRs, including interest through December 2020. SCE does not intend to modify the TO2021 or TO2022 Base TRR or the associated transmission rates in effect during calendar years 2021 or 2022.

IV. Documents Submitted With This Filing

While SCE requests no action from the Commission, this filing consists of the following documents for informational purposes in accordance with its Formula Rate Protocols:

⁹ As part of the TO2022 Annual Update, SCE corrected the 2018 and 2019 True Up TRRs by \$4,711,729 and \$5,114,745 including interest through 2019 and on November 15, 2021 submitted an informational Amended TO2020 and TO2021 Annual Update filing pursuant to the Formula Rate Protocols.

- 1) This filing letter;
- 2) Attachment 1: The populated formula transmission rate in both pdf and Excel format, showing the calculation of the amended 2019 True Up Transmission Revenue Requirements using the TO2019A Formula Rate (note that SCE has annotated the populated formulas to highlight those revised cells that impact the True Up TRR);
- 3) Attachment 2: Revised 2019 Workpapers supporting the revised inputs to Attachment 1;
- 4) Attachment 3: The populated formula transmission rate in both pdf and Excel format, showing the calculation of the amended 2019 True Up Transmission Revenue Requirements using the TO2018 Formula Rate (note that SCE has annotated the populated formulas to highlight those revised cells that impact the True Up TRR);
- 5) Attachment 4: Revised 2019 Workpapers supporting the revised inputs to Attachment 3;
- 6) Attachment 5: The populated formula transmission rate in both pdf and Excel format, showing the calculation of the amended 2020 True Up Transmission Revenue Requirements (note that SCE has annotated the populated formulas to highlight those revised cells that impact the True Up TRR);
- 7) Attachment 6: Revised 2020 Workpapers supporting the revised inputs to Attachment 5;
- 8) Attachment 7: Calculation of the weighted average variance in the 2019 True Up TRR based on the results in Attachment 1 and Attachment 3, and the 2020 True Up TRR variance;
- 9) Attachment 8: Amended True Up TRR Description of Schedule Impacts for 2019 and 2020; and

- 10) Attachment 9: 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 2020, for both 2019 and 2020.

V. Service

Copies of this notice have been served on all parties to Docket No. ER19-1553, 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:

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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 “**ANNUAL FORMULA TRANSMISSION RATE UPDATE FOR RATE YEAR 2023 (TO2023) OF SOUTHERN CALIFORNIA EDISON COMPANY**” on all parties identified on the official service list(s) for FERC docket ER19-1553-000, including the California Public Utilities Commission (“CPUC”), the California Independent System Operator (“CAISO”), and the Attorney General of California’s Office. 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 electric service cannot be effectuated.

Dated at Rosemead, California this **18th**, day of **November 2022**.

/s/Sandra Sedano

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