

January 18, 2022

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

RE: Southern California Edison Company, Docket No. ER21-1720-____
Compliance Filing in Response to Order on Compliance

Dear Ms. Bose:

Pursuant to 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") tenders for filing SCE's Formula Transmission Rate ("Formula Rate"), Appendix IX, Attachment 2 of SCE's Transmission Owner Tariff, FERC Electric Tariff, Volume No. 6 ("TO Tariff") to comply with the Order on Compliance issued in Docket Nos. ER20-1720-001 and ER20-1720-002.¹

The documents submitted with this filing consist of this letter of transmittal and all of the following attachments hereto: Clean and redline versions of the revised tariff.²

I. BACKGROUND

On April 30, 2020, as amended on October 9, 2020,³ and December 11, 2020, SCE submitted proposed revisions to its Formula Rate under its Tariff⁴ (Compliance Filing) to

¹ 177 FERC ¶ 61,119.

² As described below, there are three effective dates for the tariff revisions that are submitted in this filing.

³ SCE refiled its Order No. 864 Compliance Filing in Docket No. ER20-1720-001 to correct an administrative error associated with the Tariff record previously filed in Docket No. ER19-1553-003.

⁴ Appendix IX of SoCal Edison's TO Tariff includes an Attachment 1, the Formula Rate Protocols, and an Attachment 2, the Formula Rate Spreadsheet.

comply with the requirements of Order No. 864 - a final rule addressing excess and deficient accumulated deferred income taxes (“ADIT”) resulting from tax rate changes.⁵ On November 18, 2021, the Commission issued an Order on Compliance⁶ in which it found that SCE’s proposed revisions partially complied with the requirements of Order No. 864. Accordingly, the Commission accepted SCE’s proposed Tariff revisions, effective January 27, 2020, and directed SCE to submit a further compliance filing within 60 days of the date of this order. This filing is in response to the Order on Compliance and provides proposed changes to comply with the directives of the Order on Compliance.

II. SUMMARY OF PROPOSED REVISIONS TO SCE’S FORMULA RATE

1. Rate Base Adjustment Mechanism

a. Commission Determination

The Commission directed SCE to revise ADIT worksheet 9-ADIT-1, Line 4, to include a reference to ADIT worksheet 9-ADIT-2, column 11, line 500 as the source of the excess and deficient ADIT listed.⁷

i. SCE Compliance

SCE has revised ADIT worksheet 9-ADIT-1, Line 4, to include a reference to ADIT worksheet 9-ADIT-2, column 11, line 500 as the source of the excess and deficient ADIT listed. In addition, the prior reference on line 4 of 9-ADIT-1, “FF1 278x and 232.x, see reference to right and Note 1”, along with its related yellow highlighted reference, was: moved to ADIT worksheet

⁵ *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019), *order on reh’g and clarification*, Order No. 864-A, 171 FERC ¶ 61,033 (2020).

⁶ Accession Number 20211118-3048.

⁷ See Order on Compliance, paragraph 20.

9-ADIT-2; and revised as the following Note 6 - “Reference – Line 400, column 10, FERC Account 182.3, FF1 232.xx, Line __, Col __”. The prior reference on line 4 of 9-ADIT-1, “FF1 278x and 232.x, see reference to right Note 1”, along with its related yellow highlighted reference, was: moved to ADIT worksheet 9-ADIT-2; and revised as the following Note 7 - “Reference – Line 400, column 11, FERC Account 254, FF1 278.xx, Line __, Col __.”

2. Income Tax Allowance Adjustment Mechanism

a. Commission Determination

The Commission directed SCE to update Formula Rate worksheet 1-BaseTRR, line 60, to include a reference to ADIT worksheet 9-ADIT-2, column 7, line 500, as the source of the amortized excess or deficient ADIT listed.⁸

i. SCE Compliance

SCE believes the current tariff revisions meet the Commission’s request for an inclusion of a column reference. Specifically, the reference to Column 7 was included in SCE’s ER19-1553 settlement tariff revisions.⁹ Additionally, in the October 9, 2020 revisions submitted in this Docket, the reference was further revised to include “Negative of.” The currently effective tariff Schedule 1, Line 60 reference is “Negative of 9-ADIT-2, Line 500, Column 7.” Accordingly, SCE believes that no additional revisions are necessary to comply with the Commission direction in the Order on Compliance issued November 18, 2020.

3. ADIT Worksheet

⁸ See Order on Compliance, paragraph 26.

⁹ Accession Number 20200701-5008. See Exhibit B3 (Redline Formula Rate Spreadsheet Tariff January 27, 2020 Appendix IX Attachment 2 to SCE TO Tariff).

a. Commission Determination – Category 1

The Commission directed SCE to revise its ADIT worksheets to clearly describe or demonstrate through an explanatory note, additional columns, or both, how SCE allocates a portion of its total company accumulated book-to-tax adjustments to transmission as reflected in ADIT worksheet 9-ADIT-3 in order to determine excess and deficient ADIT following a tax rate change.¹⁰

i. SCE Compliance

SCE has revised its ADIT schedule 9-ADIT-3 to include the following Note 1 for columns 3 and 4:

“Amounts in Columns 3 and 4 reflect the allocated portion of the company’s total accumulated book-to-tax adjustments and related ADIT, (Excess) ADIT, and Deficient ADIT to property-related transmission costs based on a Plant Study performed consistent with Section 9 of Attachment 1 to Appendix IX, and to non-property related costs based on their respective Allocation Factors (“Transmission Wages and Salary Allocation Factor” and “Transmission Plant Allocation Factor”) from Schedule 27 (“Allocations and Methodology”) as reflected in 9-ADIT-1, Columns 5 and 6 and as described in Column 7 and Instructions 1&2.”

Additionally, the following headers in ADIT worksheet 9-ADIT-3 have been revised to provide additional clarity and consistency of terms:

- Column 4 – To “ADIT, (Excess) ADIT and Deficient ADIT at Prior Tax Rate” from “Accumulated DIT & EDIT Balances”

¹⁰ See Order on Compliance, paragraph 36.

- Column 5 – To “ADIT Balance at New Tax Rate” from “Accumulated DIT Balance at New Tax Rate”
- Column 6 – To “Net (Excess) Deficient ADIT at New Tax Rate” from “(Excess) Deficient Def. Taxes at New Tax Rate”
- Column 7 – To “Net (Excess) Deficient ADIT at Prior Tax Rate” from “NET (Excess) Deficient Def. Taxes at Prior Tax Rate”
- Column 8 – To “Adjustment for New Tax Rate to FERC Acct 254/182.3” from “Adjustments for New Tax Rate”

Finally, in the header for Columns 3 through 8, the reference to “Note 5” was deleted because of its inapplicability.

b. Commission Determination – Category 2

The Commission directed SCE to display in ADIT schedule 9-ADIT-2 the tax gross-up on excess ADIT included in Account 254 and deficient ADIT in Account 182.3. The Commission also directed SCE to indicate (e.g., in an explanatory note to its ADIT worksheets) that the tax gross-ups related to the excess and deficient ADIT are not included in its rate base.¹¹

i. SCE Compliance

SCE has revised schedule 9-ADIT-2: to reflect on Line 600, columns 10 and 11, the tax gross-up percentages used to calculate the tax gross-up amounts; to display on Line 601, column 11, the tax gross-up on excess ADIT included in Account 254; and to display on Line 601, column 10, the tax gross-up on deficient ADIT included in Account 182.3. In addition, SCE added Note 6 to

¹¹ See Order on Compliance, paragraph 44.

schedule 9-ADIT-2 to include the following reference to the FERC Form 1 – “Reference – Line 601, column 10, FERC Account 182.3, FF1 232.xx, Line __, Col. __” for the tax gross-up on deficient ADIT included in Account 182.3. SCE also added Note 7 to schedule 9-ADIT-2 to include the following reference to the FERC Form 1 – “Reference – Line 601, column 11, FERC Account 254, FF1 278.xx, Line __, Col. __” for the tax gross-up on excess ADIT included in Account 254. Finally, SCE added Note 8 to schedule 9-ADIT-2 to include the following – “The tax gross-up amounts on Line 601 are excluded from rate base.”

c. Commission Determination – Category 3

The Commission found that SCE’s ADIT worksheets complied with the Order No. 864 ADIT worksheet category 3 requirements because SCE identified whether its excess or deficient ADIT is protected or unprotected. Consequently, no further tariff changes are necessary.¹²

d. Commission Determination – Category 4

The Commission indicated that SCE must properly record the amortization of excess ADIT in FERC Account 254 to FERC Account 411.1 and record the amortization of deficient ADIT in FERC Account 182.3 to FERC Account 410.1.¹³

i. SCE Compliance

SCE has ensured that its amortization of deficient ADIT in FERC Account 182.3 is properly recorded to FERC Account 410.1 and its amortization of excess ADIT in FERC Account 254 is properly recorded to FERC Account 411.1 as reflected in ADIT worksheet 9-ADIT-2, columns 6

¹² See Order on Compliance, paragraph 48.

¹³ *Id.* at paragraph 52.

and 7, respectively. Additionally, the following headers in ADIT worksheet 9-ADIT-2 have been revised to provide additional clarity and consistency of terms:

- Column 2 – To “Beginning Deficient ADIT – FERC Acct 182.3” from “Beginning Deficient Def. Taxes – FERC 182.3”
- Column 3 – To “Beginning (Excess) ADIT - FERC Acct 254” from “Beginning (Excess) Def. Taxes – FERC Acct 254”
- Column 5 – To “Other (Excess) ADIT Adjustments to FERC Acct 254” from “Other Excess ADIT Adjustments to FERC Acct 254.”
- Column 6 – To “Amortization of Deficient ADIT to FERC Acct 410.1” from “EDIT Amortization to FERC Acct 410.1”
- Column 7 – To “Amortization of (Excess) ADIT to FERC Acct 411.1” from “EDIT Amortization to FERC Acct 411.1”
- Column 8 – To “Net (Excess) Deficient ADIT at Prior Tax Rate” from “Net (Excess) Deficient Def. Taxes at Current Tax Rate”
- Column 10 – To “Ending Deficient ADIT – FERC Acct 182.3” from “Ending Deficient Def. Taxes – FERC Acct 182.3”
- Column 11 – To “Ending (Excess) ADIT – FERC Acct 254” from “Ending (Excess) Def. Taxes – FERC Acct 254”

e. Commission Determination – Category 5

The Commission found that SCE’s proposed amortization periods of excess and deficient ADIT are consistent with the terms of the Commission-approved Settlement (*S. Cal. Edison Co.*, 169 FERC ¶ 61,177 (2019)) and, as such, accepted SCE’s proposal to amortize unprotected property-

based excess and deficient ADIT amounts over a four-year period that should remain as yellow highlighted cells, and that unprotected non-property related excess and deficient amounts have been fully amortized in one year that should remain as yellow highlighted cells. Consequently, no further tariff changes are necessary.¹⁴

f. Commission Determination – Future Tax Rate Changes

The Commission found that SCE’s ADIT worksheets comply with Order No. 864’s requirements to provide transparency for excess and deficient ADIT included in transmission rates following future tax rate changes and, as such, will not require Commission approval prior to including excess and deficient ADIT in its transmission rates. Consequently, no further tariff changes are necessary.

Because two additional tariff filings have been made and accepted by the Commission subsequent to the initial submission of SCE’s Compliance Filing in this Docket, but before the submission of this instant filing, SCE is submitting tariff revisions to Attachment 2 to Appendix IX of the TO Tariff (the Formula Spreadsheet tariff) for three effective periods in this filing:

Effective Date	Docket No.	Description of Filing
January 27, 2020 to December 31, 2020	ER20-1720	Initial Filing in this Docket
January 1, 2021 to December 31, 2021	ER21-1521	Filing to Revise PBOPs Expense
January 1, 2022	ER22-166	Filing to Incorporate Morongo Revenues in Formula Rate

¹⁴ See Order on Compliance, paragraph 65.

III. SERVICE

Copies of this filing have been served on all parties to Docket Nos. ER20-1720, including the California Public Utilities Commission (“CPUC”), as well as the California Independent System Operator (“CAISO”).

IV. 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
FERC Rates & Market Integration Southern California Edison
Company
P.O. Box 800
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V. OTHER FILING REQUIREMENTS

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 is not proposing to

revise the currently-effective Base Transmission Revenue Requirement or any aspect of its Formula Rate other than the above revisions.

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.

VI. CONCLUSION

SCE appreciates the opportunity to provide the proposed changes to comply with the directives of the Order on Compliance. SCE requests that the Commission accept the proposed changes effective as shown in section II above.

Respectfully submitted,

/s/ Jeffrey L. Nelson_____

Jeffrey L. Nelson

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Dated: January 18, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have, this day, courtesy served a true copy of **“FURTHER COMPLIANCE TO PROPOSED REVISIONS TO FORMULA TRANSMISSION RATE TO COMPLY WITH ORDER NO. 864 (“ORDER NO. 864 COMPLIANCE FILING”) OF SOUTHERN CALIFORNIA EDISON COMPANY”** on all parties identified on the official service list(s) for FERC dockets ER20-1720-000 and ER19-1553-000, 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 electric service cannot be effectuated.

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

/s/Sandra Sedano

Sandra Sedano
Specialist, Legal Support

Southern California Edison Company
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Rosemead, CA 91770