

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 23, 2006

In Reply Refer To:
Docket Nos. ER05-763-000 and
ER05-1154-000

Southern California Edison Company
Attn: Joanna Moore, Esq.
Attorney for Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

Reference: Docket Nos. ER05-763-000 and ER05-1154-000

Dear Ms. Moore:

1. On November 16, 2005, Southern California Edison Company (SCE) filed an offer of settlement (Settlement) intended to resolve all matters set for hearing in the above-captioned docket. The parties to the Settlement are SCE, the California Department of Water Resources State Water Project (SWP), the City of Colton (Colton), the Metropolitan Water District of Southern California (Metropolitan), Arizona Electric Power Cooperative, Inc. and Southwest Transmission Cooperative, Inc. (AEPCO/SWTC), and Golden State Water Company (GSWC).¹

2. Comments were filed by the Commission Trial Staff on December 6, 2005. No reply comments were filed. The Presiding Administrative Law Judge certified the Settlement to the Commission as an uncontested settlement on January 11, 2006. The settling parties and the Commission Trial Staff support the Settlement.

¹ On October 1, 2005, Southern California Water Company changed its corporate name to Golden State Water Company.

3. The Settlement reflects a comprehensive resolution of all issues in Docket No. ER05-763-000, which includes modifications to SCE's Transmission Owner Tariff (TO Tariff) for implementing the California Independent System Operator Corporation's Operating Procedure M-438.² The instant docket also impacts the costs attributable to Operating Procedure M-438 Contract Capacity Payments and Contract Energy Payments for 2005 in Docket No. ER05-1154-000.³
4. Within thirty (30) days from the date of this letter order, any amounts collected in excess of the settlement rates shall be refunded with interest computed under 18 C.F.R. § 35.19a of the Commissions' Regulations. Within fifteen (15) days after making such refunds, SCE shall file with the Commission a compliance report showing monthly billing determinants, revenue receipt dates, revenues under the prior, present and settlement rates, the monthly revenue refund, and the monthly interest computed, together with a summary of such information for the total refund period. SCE shall furnish copies of the report to the affected customers and each state commission within whose jurisdiction the wholesale customers distribute and sell electric energy at retail.
5. The subject settlement is fair and reasonable and in the public interest and is hereby approved. The rate schedule submitted as part of the settlement is properly designated in compliance with Order No. 614 and is accepted for filing and made effective as set forth in the settlement. *See Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221 (FERC Statutes & Regulations, Regulations Preambles July 1996 – December 2000, ¶ 31,096 (2000)). The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2004).

² See Article III of the Settlement (identifying the revisions the parties have agreed to make to SCE's TO Tariff), and Article IV (addressing the terms applicable to the M-438 Contract Capacity Payments).

³ See *Southern California Edison Co.*, 112 FERC ¶ 61,216, at P 21 (2005) (accepting and suspending SCE's filing in Docket No. ER05-1154-000 and making it effective August 28, 2005, subject to refund and subject to the outcome of the proceedings in Docket Nos. ER05-410, ER04-1209, EL0 5-29, and ER05-763).

6. This order terminates Docket No. ER05-763-000.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All parties of record