

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 8, 2006

In Reply Refer To:
Southern California Edison Company
Docket No. ER06-717-000

Southern California Edison Company
Attn: James A. Cuillier
Post Office Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770

Dear Mr. Cuillier:

1. On March 10, 2006, Southern California Edison Company (SoCal Edison) filed revised rate sheets for nine transmission service agreements (Agreements) with various customers¹ implementing a rate decrease as a result of two decisions by the California Public Utility Commission's (CPUC) authorizing revised, lower rates of return for SoCal Edison for calendar years 2005 and 2006. Effective March 1, 2006, for the period beginning January 1, 2005, SoCal Edison began billing revised lower rates implementing this revised authorized rate of return to customers taking service pursuant to the Agreements. Upon a Commission order accepting the revised rates, SoCal Edison states that it will refund, with interest, any amounts exceeding the revised rates for the period

¹ The transmission customers are the City of Vernon (Rate Schedule FERC Nos. 207, 272, and 360), Arizona Electric Power Cooperative (Rate Schedule FERC No. 131), Arizona Public Service Company (Rate Schedule FERC No. 348), California Department of Water Resources (Rate Schedule FERC Nos. 113 and 342), Imperial Irrigation District (Rate Schedule FERC No. 268), and M-S-R Public Power Agency (Rate Schedule FERC No. 339).

from January 1, 2005 through December 31, 2005 for rates effective January 1, 2005, and for the period January 1, 2006 through February 28, 2006 for the rates effective January 1, 2006.

2. More specifically, on December 20, 2004, the CPUC issued a decision which authorized a reduction to SoCal Edison's overall rate of return from 9.49 percent to 9.07 percent. Additionally, on December 16, 2005, the CPUC issued a decision which authorized another reduction to SoCal Edison's overall rate of return from 9.07 percent to 8.77 percent. The revised rate sheets submitted by SoCal Edison reflect the revised rate and applicable rate of return for each of the Agreements.

3. SoCal Edison requests waiver of the Commission 60-day prior notice requirement to allow the revised rates for service in 2005 and 2006 to become effective on January 1, 2005 and January 1, 2006, respectively.

4. Notice of the filing was published in the *Federal Register*, 71 Fed. Reg. 14879 (2006), with protests and interventions due on or before March 31, 2006. The California Electricity Oversight Board, the CPUC, and the California Department of Water Resources State Water Project filed timely motions to intervene. M-S-R Public Power Agency (M-S-R) filed a motion to intervene and conditional protest to the filing stating that the methodology used by SoCal Edison to determine refunds is flawed and that M-S-R will not receive the full refund to which it is entitled. SoCal Edison filed an answer to M-S-R's conditional protest.

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SoCal Edison's answer filed in this proceeding because it has provided information that has assisted us in our decision-making process.

6. M-S-R states that it appears that Attachment B-2 of SoCal Edison's filing proposes to employ an incorrect methodology to redetermine the transmission rates and, therefore, M-S-R will not receive the full refund to which it is entitled. In its answer, SoCal Edison states that Attachment B-2 does not compare 2005 and 2006 rates for the purposes of calculating refunds, but that Attachment B-2 simply shows the estimated annual differences in transmission revenues between the proposed rates based on the 2006 authorized rate of return and the proposed rates based upon the 2005 authorized rate of return. Further, SoCal Edison states that its basis for calculating refunds is the amount actually paid by M-S-R, as compared to the proposed revised rates.

7. We accept the proposed revised rates sheets which lower SoCal Edison's overall rate of return and its rates. Additionally, we find that SoCal Edison has provided good cause for waiver of our 60-day prior notice requirement.² Therefore, we will allow the revised rate sheets for 2005 and 2006 to become effective January 1, 2005 and January 1, 2006, respectively, as requested.

8. We find M-S-R's conditional protest to be premature. Consistent with SoCal Edison stating that, upon a Commission order accepting the revised rates, it will refund any amounts paid exceeding the revised rates, we direct SoCal Edison to file a compliance refund report with the Commission within 30 days of the date this order, showing monthly billing determinants, revenue receipt dates, revenues under the pre-existing and newly-accepted rates, the monthly revenue refund, and the monthly interest computed, together with a summary of such information for the total refund period. Should M-S-R still object to the amount of refunds to be made, it may reiterate its objection at that time.

By direction of the Commission.

Magalie R. Salas,
Secretary.

² See, e.g., *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106 at 61,338 (stating that the Commission would generally grant waiver for filings that reduce rates), *reh'g denied*, 61 FERC ¶ 61,089 (1992).