

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 29, 2005

In Reply Refer To:
Southern California Edison Company
Docket No. ER06-123-000

Southern California Edison Company
Attn: James A. Cuillier
Manager, FERC Rates & Regulation
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, CA 91770

Dear Mr. Cuillier:

1. On November 1, 2005, Southern California Edison Company (SoCal Edison) submitted for filing revisions to Appendices I, II and III of its Transmission Owner Tariff (TO Tariff) to reflect the 2005 update of its Transmission Revenue Balancing Account Adjustment (TRBAA).¹ Section 5.5 of SoCal Edison's TO Tariff requires the TRBAA, and the resultant TRBAA rates, to be revised annually and become effective prior to the commencement of the January billing cycle. In the instant filing, SoCal Edison projects that the revised TRBAA calculation will result in a \$30 million revenue reduction for its retail customers and a \$1.5 million revenue reduction for its Existing Transmission Contracts rate group. In addition, SoCal Edison's wholesale transmission service will be reduced by approximately \$30 million. According to SoCal Edison, the projected decrease is due to an overcollected balance in the transmission revenue balancing account as of September 30, 2005, and the 2006 forecast of wheeling, and congestion-related revenues.

¹ The TRBAA ensures that all Transmission Revenue Credits, *i.e.*, the revenues received by the Participating Transmission Owner (PTO) for Wheeling service, Usage Charges (excluding any Usage Charges received by the PTO as an Firm Transmission Rights (FTR) holder) and from the sale of an FTR, among other things, associated with transmission service from the California Independent System Operator (CAISO) are flowed through to or recovered from, as appropriate, customers taking service. *See* SoCal Edison TO Tariff, section 5.5.

2. SoCal Edison requested an effective date of January 1, 2006 for the proposed rate changes, in accordance with section 35.3 (18 C.F.R. § 35.3 (2005)) of the Commission's regulations.

3. Notice of SoCal Edison's filing was published in the *Federal Register*, 70 Fed. Reg. 69,334 (2005), with protests and interventions due on or before November 22, 2005. Timely motions to intervene were filed by the California Department of Water Resources State Water Project, M-S-R Public Power Agency, and the Northern California Power Agency. A joint motion to intervene and protest was filed by the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the Cities). SoCal Edison filed a motion to respond and response (i.e., an answer) to the Cities protest on November 30, 2005.

4. 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 as it has assisted us in our determination.

5. In its protest, the Cities state that there is no indication in SoCal Edison's 2005 TRBAA update filing that the CAISO has reviewed or verified the figures for Transmission Revenue Credits. The Cities goes on to state that, since the CAISO has both access to the necessary data and the familiarity with the tariff requirements to perform the verification, it is in the best position to review and verify these figures to assure that SoCal Edison's calculations are just and reasonable. The Cities also contend that the CAISO should conduct the same review for SoCal Edison as it conducts for New PTOs, such as themselves.

6. SoCal Edison responds that it has provided all relevant TRBAA data in this filing to allow any party, including the CAISO, the ability to review the filing and raise concerns. SoCal Edison also notes that, due to the Cities' choice not to publicly file with the Commission all underlying data supporting the calculation of the Net FTR Revenue component of their respective TRBAA, the CAISO must use a different review and verification process for them. Thus, SoCal Edison claims that it is not similarly situated because it has not requested confidential treatment of its calculation of the TRBAA.

7. Our review indicates that the revised TRBAA, and the resulting TRBAA rates, appear to be just and reasonable and have not been shown to be unjust, unreasonable, unduly discriminatory, preferential or otherwise unlawful. Accordingly, we accept the SoCal Edison's proposed rates for filing, including the revised tariff sheets.

8. We agree with SoCal Edison's response to Cities' protest. SoCal Edison submitted workpapers along with its filing detailing the derivation of rates resulting from its revised TRBAA calculation. Thus, no independent verification by the CAISO is necessary. SoCal Edison's public disclosure of the components by which the TRBAA is derived and the subsequent notice period provided interested parties an opportunity to raise concerns regarding the adjustment. No party, including the CAISO, raised any concerns. Thus, this verification process has been completed. The Cities request for the CAISO to independently verify the data related to Transmission Revenue Credits is hereby denied.

9. The Commission accepts SoCal Edison's revisions to Appendices I, II and III of its TO Tariff to reflect the 2005 update of its TRBAA, as shown on the relevant revised tariff sheets, effective January 1, 2006 as requested.

By direction of the Commission.

Magalie R. Salas,
Secretary.