

132 FERC ¶ 61,213  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

September 10, 2010

In Reply Refer To:  
Southern California Edison Company  
Docket Nos. ER10-2053-000,<sup>1</sup>  
ER10-160-000, ER10-160-001,  
ER08-375-000, ER08-375-002,  
and ER08-375-003

Southern California Edison Company  
Anna J. Valdborg, Esq.  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

Attention: Anna J. Valdborg, Esq.

Reference: Offer Settlement

Dear Ms. Valdborg:

1. On July 29, 2010, Southern California Edison Company (SCE) filed an offer of settlement in the above-referenced dockets (Offer of Settlement). The Offer of Settlement resolves all issues set for hearing in Docket Nos. ER10-160 and ER08-375, except for issues associated with the base Return on Equity (ROE). The Offer of Settlement reflects a comprehensive resolution of the issues set for hearing in the Commission's December 31, 2009 order issued in Docket Nos. ER10-160-000 and ER09-187-002.

2. Specifically, the Offer of Settlement resolves issues regarding SCE's Construction Work In Progress expenditures and associated cost recovery related to both the Arizona and California portions of the Devers-Palo Verde II Project (DPV2). The Offer of Settlement also establishes certain limitations on the parties related to abandonment of either portion of the DPV2 Project, as well as limitations on SCE's ability to reconfigure the Project. Additionally, the Offer of Settlement preserves the California Public Utilities

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<sup>1</sup> The Offer of Settlement was filed through the Commission's e-tariff system. As a result, Docket No. ER10-2053-000 was assigned to the Offer of Settlement. All further documents related to the Offer of Settlement will reference Docket No. ER10-2053-000 in the caption.

Commission's (CPUC) rights with respect to D.C. Circuit Court of Appeals Case No. 08-1261, which involves the CPUC's challenge of incentive ROE adders for SCE's Tehachapi, DPV2, or Rancho Vista transmission projects.

3. Commission Trial Staff (Staff) filed initial comments on August 9, 2010, stating that it does not oppose the Offer of Settlement. No party filed reply comments. The Settlement Judge certified the Offer of Settlement on August 18, 2010.

4. The Offer of Settlement appears to be fair, reasonable, and in the public interest and is hereby approved. The Commission's approval of the Offer of Settlement does not constitute approval of, or precedent regarding, any principle or issue involved in the above-captioned dockets.

5. Paragraph 21 of the Offer of Settlement provides that any proposal to modify the terms of the Settlement shall be subject to the public interest standard as set forth in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish Cty., Washington*, 554 U.S. 527 (2008).<sup>2</sup> The standard for review of any modification to the Offer of Settlement proposed by any non-party to these proceedings after it is approved by the Commission, including modifications resulting from the Commission acting *sua sponte*, will be the most stringent standard permitted by law.

6. The revised tariff record submitted in e-Tariff reflects the settlement language included in the Offer of Settlement. Therefore, SCE has complied with *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008) and the tariff record is accepted for filing.

7. This letter leaves open Docket Nos. ER08-375 and ER10-160 only for the resolution of the base ROE issues (including issues raised by pending requests for rehearing and/or clarification in Docket No. ER08-375-004). All other issues in the above-listed dockets, including those raised in the pending requests for rehearing in Docket No. ER10-160-001, have been resolved through the Offer of Settlement.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

cc: All parties of record

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<sup>2</sup> See also *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332; *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956).