

135 FERC ¶ 61,201
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Southern California Edison Company

Docket No. ER11-3248-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued May 31, 2011)

1. On March 31, 2011, Southern California Edison Company (SoCal Edison) filed revisions to its Transmission Owner Tariff (TO Tariff),¹ to update the Transmission Access Charge Balancing Account Adjustment (TACBAA). We grant the request for privileged treatment for Statement BD pursuant to sections 388.107 and 388.112 of the Commission's regulations,² and accept the revised tariff sheets with the annual updates to SoCal Edison's TO Tariff effective June 1, 2011, as requested.

Description of Filing

2. At the end of 2000, SoCal Edison filed modifications to its TO Tariff in order to implement the California Independent System Operator Corporation's (CAISO) revised Transmission Access Charge (TAC) methodology. Among other things, the accepted filing implemented a new ratemaking mechanism, the TACBAA. The TACBAA is a ratemaking mechanism designed to ensure that the cost-shift amounts billed by CAISO to SoCal Edison under CAISO's TAC rate design structure will be recovered from SoCal Edison's end-use customers. Section 5.6 of SoCal Edison's TO Tariff describes the items to be included in the Transmission Access Charge Balancing Account (TACBA) and sets forth the procedure for revising the TACBAA rate on an annual basis to be effective on April 1 each year. The TACBAA rate is based on the balance in the TACBA as of December 31 of the prior year and a forecast of the net annual Access Charges to be billed by CAISO.

3. SoCal Edison proposes to revise its TO Tariff, effective June 1, 2011, to reflect a revised TACBAA rate of negative \$0.00038 per kilowatt-hour. This revision represents

¹ SoCal Edison FERC Electric Tariff, Volume 6.

² 18 C.F.R. § 388.107 and § 388.112 (2011).

a significant reduction from the current TACBAA rate of a positive \$.00036 per kilowatt-hour. According to SoCal Edison, the reduction in the TACBAA rate is mainly due to the amortization in 2011 of the overcollection in the TACBA as of February 28, 2011. SoCal Edison states that the reduction in the TACBAA rate does not affect any wholesale customers under SoCal Edison's TO Tariff.

4. In addition to the requested rate revision, SoCal Edison proposes changing the effective date of the annual TACBAA update from April 1 to June 1. According to SoCal Edison, changing to the June 1 date will allow the annual TACBAA rate change to occur concurrently with other regularly scheduled rate changes which take effect each year on June 1, thus minimizing the number of retail rate changes occurring during the year.

5. SoCal Edison requests privileged treatment for Statement BD pursuant to sections 388.107 and 388.112 of the Commission's regulations.³ SoCal Edison states that the information contained in Statement BD is monthly information that would provide an unfair competitive advantage to others and therefore should not be publicly available. Finally, SoCal Edison requests waiver of the Commission's filing requirements contained in Part 35 of the Commission regulations to the extent necessary to permit this filing to be made effective as requested.

Notice of Filing and Responsive Pleadings

6. Notice of the SoCal Edison Filing was published in the *Federal Register*,⁴ with interventions and protests due on or before April 21, 2011. The California Department of Water Resources State Water Project (SWP) filed a timely motion to intervene. The M-S-R Public Power Agency (M-S-R) filed a timely motion to intervene, protest and request for deficiency finding (M-S-R Protest) requiring SoCal Edison to support, among other things, the retail rate billings that are included as entries to the TACBA. On May 6, 2011, SoCal Edison filed a motion for leave to answer and answer to the protest (SoCal Edison Answer). On May 12, 2011, the Cities of Anaheim, Azusa, Banning Colton, Pasadena and Riverside California (collectively, Six Cities) filed a motion to intervene out of time. On May 23, 2011, M-S-R filed an opposition to SoCal Edison's motion for leave to file an answer.

7. M-S-R notes that SoCal Edison credits 100 percent of the revenues it receives from CAISO for transmission service to its retail customers alone and provides no credits to benefit wholesale transmission customers who fund a portion of SoCal Edison's transmission facilities. M-S-R maintains crediting 100 percent of the CAISO revenue component against retail customer transmission costs denies wholesale transmission

³ 18 C.F.R. § 388.107 and § 388.112 (2011).

⁴ 76 Fed. Reg. 19341 (2011).

customers a credit for the revenues derived from a system that is in part funded by wholesale transmission customers' rates.⁵ M-S-R argues that applying all of the CAISO revenue credits to offset SoCal Edison's retail customer transmission costs is unjust and unreasonable, unfairly providing benefits to one class of transmission customers at the expense of another class of customers.⁶ M-S-R asks that the Commission direct SoCal Edison to credit to all of its transmission customers the amounts CAISO distributes to SoCal Edison for others use of the transmission system.⁷

8. M-S-R also argues that the TACBAA mechanism is no longer needed in light of the California Public Utilities Commission's recent approval of SoCal Edison's requested retail rate increases.⁸

9. M-S-R also claims that SoCal Edison's Filing raises concerns regarding the lack of transparency in SoCal Edison's rate filings and ratemaking mechanisms. M-S-R asserts SoCal Edison includes only four months of data despite the fact they are attempting to reconcile 14 months' worth of TACBA accounting entries. M-S-R also contends that the numbers on the month-specific workpapers that SoCal Edison provides do not correspond with the monthly entries in TACBA workpapers. M-S-R requests that the Commission find SoCal Edison's Filing deficient and require SoCal Edison to support the components of the calculation and the SoCal Edison retail rate billings that are include as entries to the TACBA.⁹

10. In its answer, SoCal Edison contends that to the extent that M-S-R disputes the continued need for the TACBAA and seeks to modify the tariff by removing the TACBAA, this relief is not appropriate in a protest. SoCal Edison maintains that M-S-R must file a complaint pursuant to Section 206 of the Federal Power Act (FPA) if it has a concern with the TACBAA mechanism itself.¹⁰ Moreover, SoCal Edison argues that M-S-R fails to explain why receiving retail rate increases mitigates the continued need for the TACBAA.¹¹ SoCal Edison contends that the operation of the TACBAA demonstrates that the monthly net cost-shift billings from CAISO continue to be volatile

⁵ M-S-R Protest at 7.

⁶ *Id.* at 8-9.

⁷ *Id.* at 9.

⁸ *Id.*

⁹ *Id.* at 10-11.

¹⁰ SoCal Edison Answer at 3.

¹¹ *Id.* at 7.

and cannot be forecasted with any degree of accuracy. Thus, according to SoCal Edison, the TACBAA should be maintained.¹²

11. Furthermore, SoCal Edison argues that the TAC cost shift and TACBAA only apply to retail customers. As explained by SoCal Edison, under the CAISO TAC methodology, CAISO combines the High Voltage Transmission Revenue Requirements (TRR) and authorized test year Gross Load¹³ sales and develops for each TO a High Voltage Charge and Transition Charge. These charges are then billed each month to each TO based on the TO's actual Gross Load for the month. The revenue collected from all TOs is then disbursed to each individual TO based on each TO's High-Voltage Utility-Specific Rate. The difference between the amount the TO is billed by CAISO and the amount of revenue the TO receives from CAISO through its disbursement process is the cost-shift amount the TO incurs as a result of the TAC methodology, and this is the amount which is recovered from SoCal Edison's retail customers through the TACBAA.¹⁴

12. According to SoCal Edison, the revenue that CAISO disburses to SoCal Edison in its capacity as the owner of the transmission facilities turned over to the operational control of CAISO is solely based on the load of SoCal Edison's retail customers.¹⁵ SoCal Edison contends that the cost-shift amount billed to SoCal Edison by CAISO is based solely on the use of the grid by SoCal Edison's retail End-Use Customers.¹⁶ Thus, any allocation of the revenues to the wholesale customers is not warranted.

13. Finally, SoCal Edison objects to M-S-R's request for a deficiency finding, contending that it has supported its filing. According to SoCal Edison, the workpaper shows the operation of the TACBA for the relevant period, and since CAISO invoicing is

¹² *Id.*

¹³ Under the CAISO tariff, Gross Load is defined as all energy delivered for the supply of end use customer loads directly connected to the transmission facilities or directly connected to the distribution system of a utility distribution company or MSS operator located in a TO service territory. CAISO Tariff Appendix A Master Definitions Supplement.

¹⁴ SoCal Edison Answer at 4-5.

¹⁵ *Id.* at 5. In support of this contention, SoCal Edison cites Appendix F of the CAISO tariff. *See* CAISO Tariff Appendix F, Schedule 3, Section 10 (b).

¹⁶ *Id.* at 6. SoCal Edison contends that M-S-R recognizes this fact, citing M-S-R Protest at 8.

done electronically, there are no paper documents to support these amounts.¹⁷ SoCal Edison also claims that it is unclear how it could further support data that comes directly from CAISO invoices.¹⁸

14. In its opposition to SoCal Edison's answer, M-S-R claims that SoCal Edison's answer adds no new information to the record.¹⁹ M-S-R contends that the facts raised by SoCal Edison are irrelevant to the proceeding.²⁰ Finally, M-S-R argues that SoCal Edison has mischaracterized the relief it requested.

Discussion

Procedural Matters

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant Six Cities' motion to intervene out-of-time, given its interest in this proceeding and the absence of any undue prejudice or delay.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure²¹ prohibits an answer to a protest unless otherwise ordered by the decisional authority. We deny M-S-R's request that we reject SoCal Edison's answer. While M-S-R asserts that the information provided by SoCal Edison is irrelevant, M-S-R actually simply disagrees with the arguments raised by SoCal Edison. M-S-R's contention that SoCal Edison provided no new information for the record is incorrect. Therefore, we will accept SoCal Edison's answer because it has provided information that assisted us in our decision-making process.

Commission Determination

17. We accept SoCal Edison's proposed revisions to its TACBAA rates. Our review of the proposed revisions indicates that SoCal Edison's projected costs are consistent with the definitions of those costs that are included in its TO Tariff. With regard to the M-S-R protest, we find that the TACBAA was designed to apply only to retail customers. As

¹⁷ *Id.* at 7-8.

¹⁸ *Id.* at 8-9.

¹⁹ M-S-R Opposition at 3- 4 and 6.

²⁰ *Id.* at 4.

²¹ 18 C.F.R. § 385.213(a)(2) (2011).

SoCal Edison notes in its answer, the CAISO Revenue Component represents revenues payable by the CAISO to SoCal Edison based on the actual gross load of SoCal Edison's retail customers.²² Additionally, M-S-R is incorrect when it argues that wholesale customers are entitled to receive credits associated with CAISO Revenues that are used in the calculation of the TACBAA. The CAISO rate design compensates SoCal Edison and all other Participating Transmission Owners (PTOs) for the use of their facilities through revenue payments based on the PTOs high voltage rate. Neither wholesale nor retail customers are entitled to receive any credits from these revenues. Rather, the CAISO TAC rate design includes a separate Transmission Revenue Balancing Account Adjustment (TRBAA) which is a ratemaking mechanism designed to ensure that all revenue credits are flowed-through to all transmission customers.

18. Similarly, we reject M-S-R's request for a deficiency finding. In support of its revision, SoCal Edison provides the data which it received from CAISO. M-S-R has failed to persuade us that more data are necessary in order to appropriately analyze changes to the TACBAA rate.

19. We also accept SoCal Edison's proposal to change the effective date of the annual TACBAA update from April 1 to June 1. We agree that changes in the TACBAA rate should occur concurrently with other regularly scheduled rate changes in order to minimize the number of rate changes occurring during a one year period.

20. Finally, we grant SoCal Edison's request that Statement BD be granted privileged treatment. Section 388.107(d) of the Commission's regulations provides that trade secrets and commercial or financial information obtained from a person that are privileged or confidential are exempt from disclosure.²³ In determining whether information is confidential, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) stated:

Commercial or financial matter is "confidential" . . . if disclosure of the information is likely . . . either . . . (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained.²⁴

²² Appendix F, Schedule 3, Section 10(b) of CAISO Tariff.

²³ 18 C.F.R. § 388.107(d) (2011).

²⁴ *Critical Mass Energy Project, v. Nuclear Regulatory Comm'n*, 830 F.2d 278, 282, 265 U.S. App. D.C. 130, *vacated on other grounds, Critical Mass Energy Project v. Nuclear Regulatory Comm'n.*, 975 F.2d 871, 298 U.S. App. D.C. 8 (D.C. Cir. 1992).

21. The Commission's review of Statement BD indicates that it falls within the exemption for public disclosure as it appears to contain "trade secrets and commercial and financial information obtained from a person and privileged or confidential." Therefore, Statement BD is granted privileged treatment and will not be released to the public.²⁵

The Commission orders:

(A) SoCal Edison's proposed tariff sections that reflect the TACBAA update to its TO Tariff and other tariff modifications discussed herein are hereby accepted, effective June 1, 2011.

(B) SoCal Edison's request for privileged treatment for Statement BD is granted.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

²⁵ However, we find SoCal Edison's request for waiver of Part 35 moot, because it appears unnecessary.