

DRAFT
November 21, 2025

Ms. Debbie-Anne Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: Southern California Edison Company's Formula Transmission Rate Annual
Update Filing in Docket No. ER26-XXXX (TO2026)

Dear Ms. Reese:

Under Southern California Edison Company's ("SCE") Transmission Owner Tariff ("TO Tariff"), SCE calculates its retail and wholesale Base Transmission Revenue Requirements ("Base TRR") using a formula rate spreadsheet ("Formula Rate"). SCE hereby submits for informational purposes its annual formula transmission rate update filing ("TO2026 Annual Update"), pursuant to Section 3 of Attachment 1 to Appendix IX of SCE's TO Tariff (the "Formula Rate Protocols").

This submission is provided to the Federal Energy Regulatory Commission ("FERC" or the "Commission") for informational purposes only. This filing is not subject to the requirements of Section 205 of the Federal Power Act (16 U.S.C. § 824d (2025)), and pursuant to Section 3(d)(3) of the Formula Rate Protocols, does not subject SCE's Formula Rate to modification.

SCE requests that the Commission issue a public notice of filing for the TO2026 Annual Update and establish a comment date.

I. Background

On October 27, 2017, in Docket No. ER18-169-000, SCE filed its Second Transmission Formula Rate with the Commission (“TO2018 Formula Rate”). The TO2018 Formula Rate superseded SCE’s prior Formula Rate accepted in Docket No. ER11-3697, which terminated by its own terms on December 31, 2017 (“Original Formula Rate”). Several entities intervened or protested the TO2018 Formula Rate filing. By Order dated December 29, 2017, the Commission accepted SCE’s TO2018 Formula Rate and related 2018 TRR, suspended it for a nominal period, to be effective January 1, 2018, subject to refund, and established hearing and settlement judge procedures.¹ On September 16, 2019, an Offer of Settlement was filed with the Commission. On December 3, 2019, the Commission accepted the Offer of Settlement.²

On April 11, 2019, in Docket No. ER19-1553-000, SCE filed to amend the TO2018 Formula Rate, proposing tariff changes necessary to reflect dramatic regulatory and financial conditions that had changed since the submission of the TO2018 Formula Rate (“TO2019A Formula Rate”) associated with unprecedented wildfire impacts that occurred within the State of California. On June 11, 2019, the Commission accepted SCE’s TO2019A Formula Rate and related revised 2019 Base TRR, suspended it for a five-month period, to become effective November 12, 2019, subject to refund, and established hearing and settlement judge procedures.³ On June 30, 2020, SCE filed an Offer of Settlement under ER19-1553. The Offer of Settlement was approved on September 23, 2020.⁴

¹ *Southern California Edison Company*, 161 FERC ¶ 61,309 (2017).

² *Southern California Edison Company*, 169 FERC ¶ 61,177 (2019).

³ *Southern California Edison Company*, 167 FERC ¶ 61,214 (2019).

⁴ *Southern California Edison Company*, 172 FERC ¶ 61,270 (2020).

On April 30, 2020, in Docket No. ER20-1720-000, SCE filed revisions to the TO2019A Formula Rate to comply with Order 864.⁵ These revisions included the creation of additional schedules (9-ADIT-2 and 9-ADIT-3) to annually track information related to excess and deficient accumulated deferred income taxes caused by the Tax Cuts and Jobs Act (“TCAJA”).⁶ On November 18, 2021, the Commission issued an Order on Compliance and accepted SCE’s proposed Tariff revisions and directed SCE to submit a further compliance filing within 60 days of such order. On January 18, 2022, SCE filed its compliance filing, which the Commission accepted on March 21, 2022.⁷

On October 21, 2021, in Docket No. ER22-166-000, SCE filed discrete revisions to the TO2019A Formula Rate to ensure that, following the December 31, 2021 expiration of the accounting waiver authorized by the Commission in Docket No. ER21-1280, payments received from Morongo Transmission Limited Liability Company (“MTLLC”) pursuant to the West of Devers (“WOD”) Formula Rate are credited to the originating expense accounts in a manner that provides SCE’s transmission customers the full benefit of the credits while remaining consistent with the requirements of the Uniform System of Accounts (“USofA”). On December 16, 2021, the Commission issued a Letter Order accepting SCE’s proposed revisions effective January 1, 2022.

Pursuant to the process outlined in SCE’s Formula Rate Protocols, on November 18, 2022, in Docket No. ER19-1553, SCE filed its TO2023 Annual Update. The California Public Utilities Commission (“CPUC”) protested the accrual of Allowance for Funds Used During Construction (“AFUDC”) for six

⁵ *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019) (“Order 864”).

⁶ Federal Public Law 115-97, enacted on December 22, 2017.

⁷ On April 11, 2022, SCE refiled under Docket No. ER20-1720-003 the tariff records originally filed in SCE’s January 18, 2022 compliance filing to correct an administrative error in eTariff. This refiling did not modify the previously accepted revisions.

discrete capital projects included in SCE's TO2023 Annual Update, and the California Department of State Water Resources State Water Project ("SWP") and the Transmission Agency of Northern California ("TANC") separately filed comments in support of the CPUC's protest. On December 23, 2022, SCE filed a Motion for Leave to Answer Protests and Answer to Protests; after which, the parties each filed additional answers. As of the date of this filing, the Commission has not issued an order on SCE's TO2023 Annual Update.

On November 17, 2023, in Docket No. ER24-439, SCE filed its TO2024 Annual Update.⁸ On December 8, 2023, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities") filed a protest to certain discrete cost items included in SCE's TO2024 Annual Update. On December 22, 2023, SCE filed a Motion for Leave to Answer Protest and Answer to Protest. As of the date of this filing, the Commission has not issued an order on SCE's TO2024 Annual Update.

On April 12, 2024, in Docket No. ER24-1740, and as amended on June 11, 2024, SCE filed a revision to the Formula Rate to eliminate the South Georgia Adjustment ("SGA") component of the income tax calculation, as well as additional legacy retail/wholesale cost differences. These tariff revisions were necessary because the balances of the SGA and the legacy items became fully amortized on July 1, 2024, and accordingly should no longer be included in the Formula Rate calculations. On August 6, 2024, the Commission issued a Letter Order accepting SCE's proposed revisions.

On November 22, 2024, in Docket No. ER25-550, SCE filed its TO2025 Annual Update. On December 13, 2024, the Six Cities filed a protest to certain discrete cost items included in SCE's TO2025 Annual Update. On December 23,

⁸ SCE has filed previous Annual Updates under the original docket authorizing the applicable Formula Rate. SCE filed the TO2024 Annual Update, and subsequent Annual Updates, under a separate docket consistent with Commission guidance. *See, e.g., Idaho Power Co.*, 179 FERC ¶ 61,054 (2022) at P 27 n.45; *Black Hills Power, Inc.*, 150 FERC ¶ 61,198 (2015) at P 32.

2024, SCE filed a Motion for Leave to Answer and Answer to Protest; after which, the parties each filed additional answers. As of the date of this filing, the Commission has not issued an order on SCE's TO2025 Annual Update.

On March 26, 2025, in Docket No. ER25-1771-000, pursuant to Section 8b of the Formula Rate Protocols, SCE filed its annual modification to Schedule 20 of the TO2019A Formula Rate proposing tariff changes necessary to change SCE's Post Retirement Benefits Other than Pensions ("PBOPs") stated amount of the Authorized PBOPs Expense Amount, to be included for recovery in SCE's Formula Rate. On May 6, 2025, the Commission issued a letter order accepting SCE's proposed changes and therefore SCE has incorporated the proposed changes into this TO2026 Annual Update.⁹

SCE is now submitting its TO2026 Annual Update to the Commission in accordance with Section 3 of the Formula Rate Protocols, which specifies that each year SCE will file an Annual Update on or before December 1, revising the Base TRR and associated rates to be effective on January 1 of the upcoming Rate Year. The Rate Year for the TO2026 Annual Update is January 1 through December 31, 2026. In preparing this Annual Update, SCE used the TO2019A Formula Rate to establish its Base TRR and FERC Form No. 1.

II. SCE's Formula Transmission Rate

Pursuant to SCE's Formula Rate, the Base TRR is calculated as the sum of the Prior Year TRR, the Incremental Forecast Period TRR ("IFPTRR"), a True Up Adjustment, the O&M Services Formula Revenue, and if required, a Cost Adjustment. The Prior Year TRR represents the transmission costs that SCE incurred in the Prior Year, which in this instance is calendar year 2024. The IFPTRR represents the incremental transmission costs that SCE expects to incur

⁹ As explained in SCE's March 26, 2025 filing in Docket No. ER25-1771-000, the Authorized PBOPS expense amount of \$0 reflects no change relative to the previously authorized amount.

during the forecast period (in this case, calendar years 2025 and 2026) as compared to the costs incurred in the Prior Year. The True Up Adjustment is the difference between actual transmission revenues and actual transmission costs during the Prior Year, as well as any applicable prior period adjustments. The O&M Services Formula Revenue is revenue collected pursuant to an O&M Services Formula presented on Schedule 35 and is a credit to the Base TRR. The Cost Adjustment allows SCE to reflect in the Base TRR the effect of known and significant cost impacts, either positive or negative, that differ from those that are included in the Prior Year TRR. This TO2026 Annual Update increases the retail Base TRR from the TO2025 Annual Update amount of \$1.344 billion to \$1.497 billion, a year-over-year change of \$153 million. The wholesale Base TRR increases from \$1.332 billion to \$1.476 billion, a year-over-year change of \$144 million.

As described below, this change is primarily driven by an increase in the Prior Year TRR, the IFPTRR, and the True-Up Adjustment. There is no Cost Adjustment in this year’s Base TRR.

III. Reasons for Changes in SCE’s Base TRR

The table below compares the components of the retail Base TRR for TO2025 and TO2026 (reflected in \$M):

	TO2026	TO2025	Change
Prior Year TRR	\$1,326	\$1,267	\$59
Incremental Forecast Period TRR	\$114	\$75	\$38
True Up Adjustment	\$65	\$13	\$52
O&M Services Formula Revenue	\$(8)	\$(11)	\$4
Cost Adjustment	\$0	\$0	\$0
Base TRR (Retail)	\$1,497	\$1,344	\$153

The principal factors contributing to the year-over-year change in the Base TRR are summarized below:

- True-Up Adjustment (approximately \$52M): The True-Up Adjustment is intended to reflect any over/undercollections in prior years. As shown above, the TO2025 True-Up Adjustment was \$13 million (*i.e.*, a charge due to previous undercollections). This year's value of \$65 million (also a charge due to previous undercollections) is shown on Schedule 3, Line 30. This value reflects a required adjustment of \$13 million (Schedule 3, Line 27) to ensure the True Up Adjustment accounts for the two-year lag inherent in the Formula Rate.
- IFPTRR (approximately \$38M): The increase is related to higher forecast incremental transmission costs in the forecast period (2025-2026) relative to what was forecasted in the TO2025 for 2024-2025.
- O&M (approximately \$11M): Part of the Prior Year TRR. The increase in O&M expense is primarily driven by increases in vegetation management.
- Depreciation (approximately \$13M): Part of the Prior Year TRR. The increase in depreciation expense is primarily driven by increases in expense related to General and Intangible Plant.
- Revenue Credits (approximately \$15M): Part of the Prior Year TRR. Revenue Credits are a reduction to the Base TRR. There was a reduction in 2024 revenue from existing transmission agreements in turn due to a lower HV Existing Contracts Access Charge in 2024 relative to 2023.
- Return on Capital (approximately \$12M): Part of the Prior Year TRR. The increase was due to higher debt costs.

As part of the TO2026 True Up Adjustment included in this update, SCE is correcting its True Up TRRs for prior calendar years. The corrections reflected in this Annual Update are summarized below and are reflected in the Formula Rate Spreadsheet as a single One-Time Prior Period Adjustment of \$9,935 on Schedule 3, Line 12, Col 4.

- SCE has identified an adjustment relating to Unfunded Reserves affecting the True Up TRR for calendar years 2022 and 2023. The adjustment relates to the vacation and personal time accrual balances being understated. The net TO2026 one-time adjustment is \$10,013, as described in more detail in the workpaper titled “WP Schedule 3 One Time Adj-Prior Period.”
- In addition to the corrections above affecting calendar years 2022 and 2023, SCE has made additional adjustments related to uncollectible expense affecting those same years. These adjustments were necessary to hold the FERC uncollectible expenses constant for the impacted years. The net TO2026 one-time adjustment is -\$78, as described in more detail in the workpaper titled “WP Schedule 3 One Time Adj-Prior Period.”

IV. Documents Submitted With This Filing

This filing consists of the following documents:

- 1) This filing letter;
- 2) An attestation by an SCE officer;
- 3) Attachment 1: The populated formula rate spreadsheet, in both pdf and Excel formats, showing the calculation of the TO2026 Base TRR and associated rates;
- 4) Attachment 2: Retail and Wholesale Transmission rates to be effective on January 1, 2026;
- 5) Attachment 3: Revisions to Formula Rate Inputs from the Draft Annual Update; and
- 6) Attachment 4: Workpapers supporting the inputs to Attachment 1, including information required pursuant to the Formula Rate Protocols and the TO2019A settlement.

V. Service

Copies of this filing have been served on all parties to Docket Nos. ER19-1553, ER24-439, and ER25-550, including the California Public Utilities

Commission, as well as the California Independent System Operator Corporation (“CAISO”), and all Participating Transmission Owners in the CAISO.

VI. Communications

SCE requests that all correspondence, pleadings and other communications concerning this filing be served upon:

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Very truly yours

/s/ Jeffrey L. Nelson

Jeffrey L. Nelson

ATTESTATION

Kara G. Ryan attests that she is Vice President and Corporate Controller of Southern California Edison Company, and that the cost of service statements and supporting data submitted as a part of this filing which purport to reflect the books of Southern California Edison Company are true, accurate, and current representations of the utility's books and other corporate documents to the best of her knowledge and belief.

Kara G. Ryan

Vice President

Dated: November __, 2025