

September 27, 2019

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: Southern California Edison Company  
Docket No. ER19-1553-000

Dear Ms. Bose:

In accordance with the provisions of Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. §385.602 (2019), Southern California Edison Company ("SCE") submits for electronic filing in the above-referenced docket the documents described below. Please transmit a copy of the documents to the Presiding Administrative Law Judge, Steven L. Sterner. The Offer of Partial Settlement ("Partial Settlement") is intended to lower the Return on Equity ("ROE") in SCE's Second Revised Formula Rate<sup>1</sup> and the related 2019 Transmission Revenue Rate ("TRR"), to become effective, subject to refund, on November 12, 2019. The Second Revised Formula Rate, as revised in accordance with this Partial Settlement, shall remain in effect on an interim basis subject to refund pending a final determination

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<sup>1</sup> The "Second Revised Formula Rate" refers to the revisions to SCE's Transmission Owner Tariff ("TO Tariff") that amend its formula rate for the costs associated with its transmission facilities filed on April 11, 2019 in this docket.

of all issues, including the ROE, through final resolution of this proceeding as established by the Hearing Order.<sup>2</sup> The Commission Trial Staff and all Intervenors have indicated that they do not oppose the Partial Settlement. The following documents are attached:

1. An Explanatory Statement;
2. The Offer of Partial Settlement, including one Exhibit attached thereto;
  - 2.a The Exhibit includes clean and redline versions of Attachment 2 to Appendix IX of SCE's Transmission Owner Tariff, reflecting the modification in accordance with the terms of the Partial Settlement; and
3. A certificate of service.

Comments on the Offer of Partial Settlement are due on October 17, 2019, which is 20 days after the date of this filing, and reply comments are due on October 28, 2019, which is 31 days after the date of this filing. Further, SCE respectfully requests that the Commission issue an order by November 8, 2019.

Respectfully submitted,

/s/ Matthew Dwyer

Matthew Dwyer  
Senior Attorney  
Southern California Edison Co.  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

Attorney for Southern California Edison Co.

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<sup>2</sup> *Southern California Edison Company*, 167 FERC ¶ 61,214 (2019) (the "Hearing Order").

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Southern California Edison Company    )**

**Docket No. ER19-1553-000**

**SOUTHERN CALIFORNIA EDISON COMPANY'S  
EXPLANATORY STATEMENT AND  
OFFER OF PARTIAL SETTLEMENT**

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

**Southern California Edison Company    )**

**Docket No. ER19-1553-000**

**EXPLANATORY STATEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.602 (2019), Southern California Edison Company (“SCE”) hereby submits this Explanatory Statement describing the contents of its Offer of Partial Settlement (“Partial Settlement”) that is attached hereto. The Partial Settlement is the result of formal and informal settlement discussions among the participants in this case, as described below, and is intended to reduce the Return on Equity (“ROE”) in SCE’s Second Revised Formula Rate<sup>1</sup> and the related 2019 Transmission Revenue Requirement (“TRR”), to become effective November 12, 2019, on an interim basis, subject to refund and further

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<sup>1</sup> The “Second Revised Formula Rate” refers to the revisions to SCE’s Transmission Owner Tariff (“TO Tariff”) that amend its formula rate for the costs associated with its transmission facilities filed on April 11, 2019 in this docket.

procedures. The Second Revised Formula Rate, as revised in accordance with this Partial Settlement, shall remain in effect on an interim basis subject to refund, as established by the Hearing Order,<sup>2</sup> pending a final determination of all issues, including the ROE, through final resolution of this proceeding.

## **I. PROCEDURAL HISTORY**

SCE filed its original Transmission Owner (“TO”) Tariff on March 31, 1997 in Docket No. ER97-2355-000. The TO Tariff specifies, among other things, the rates and charges for transmission access over the California Independent System Operator Corporation (“CAISO”) Controlled Grid. The revenue requirement and rates implemented by the Commission in that docket reflected the shift in jurisdiction over retail transmission service and rates from the California Public Utilities Commission (“CPUC”) to the Commission, which occurred on April 1, 1998, when SCE transferred operational control of its transmission facilities to the CAISO.

On June 3, 2011, SCE filed revisions to its TO Tariff, FERC Electric Tariff, Second Revised Volume No. 6 in Docket No. ER11-1689, to reflect the proposed move to a formula rate to replace SCE’s then existing stated rates, in order to provide timely recovery of SCE’s changing costs. That proceeding was ultimately settled, with such settlement accepted pursuant to Commission Order on November 5, 2013.<sup>3</sup> That settlement, and the associated rates and terms are referred to as SCE’s Original Formula

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<sup>2</sup> *Southern California Edison Company*, 167 FERC ¶ 61,214 (2019) (the “Hearing Order”).

<sup>3</sup> *Southern California Edison Company*, 145 FERC ¶ 61,103 (2013).

Rate. The Original Formula Rate terminated pursuant to the terms of that settlement on December 31, 2017.

On October 27, 2017, SCE filed its current Formula Rate with a January 1, 2018 requested effective date to replace the Original Formula Rate. On December 29, 2017, the Commission issued an order conditionally accepting and suspending the filing and proposed rates until January 1, 2018, subject to refund, and establishing settlement judge procedures. In that order, the Commission also instituted an investigation pursuant to Section 206 of the Federal Power Act (“FPA”) to investigate whether a further increase beyond SCE’s TRR reduction was warranted. *Southern California Edison Co.*, 161 FERC ¶ 61,309 (2017) (“December 29 Order”). On September 16, 2019, SCE filed an Offer of Settlement that is intended to resolve all issues in Docket Nos. ER18-169-000 and EL18-44-000. As of the date of this filing, this Offer of Settlement remains pending.

On April 11, 2019, SCE filed, pursuant to Section 205 of the FPA, its Second Revised Formula Rate. On June 11, 2019, the Commission issued an Order Accepting and Suspending Proposed Formula Rate Filing, and Establishing Hearing and Settlement Judge Procedures.<sup>4</sup> On June 18, 2019, the Honorable Steven L. Sterner was assigned as settlement judge to the proceedings. The parties and FERC Staff met for the initial settlement conference on July 9, 2019.

The enclosed Partial Settlement is the result of formal and informal settlement discussions. The Partial Settlement is being entered into for the purpose of lowering the

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<sup>4</sup> Hearing Order.

ROE in the filed rate that is to be made effective on November 12, 2019 subject to refund and that has been set for hearing and settlement procedures in the Hearing Order. SCE's Second Revised Formula Rate, as amended in accordance with the Partial Settlement, and resulting Base TRR and associated transmission rates will remain subject to refund and further procedures pending resolution of all issues in this proceeding through the hearing and/or settlement judge procedures established in the Commission's Hearing Order. Pursuant to the Partial Settlement, no Party shall be deemed to waive its right to negotiate or litigate any issue in this docket regarding what constitutes just and reasonable rates, including (but not limited to) the ROE. All Parties<sup>5</sup> have indicated that they either support or do not oppose the Partial Settlement.

Prompt implementation of the Partial Settlement is necessary to avoid the economic burden of higher rates being implemented under the terms of the as-filed formula rate, and the economic and administrative burden of increased overcollections and the resulting refund obligations.

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<sup>5</sup> The parties to this proceeding are: SCE; the California Public Utilities Commission (the "CPUC"); the Los Angeles Department of Water and Power; the California Department of Water Resources State Water Project; the Modesto Irrigation District; the City of Santa Clara, California, and the M-S-R Public Power Agency; State Water Contractors; the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Pacific Gas and Electric Co.; Golden State Water Co.; Transmission Agency of Northern California ("TANC"); San Diego Gas and Electric Co.; Imperial Irrigation District; the Northern California Power Agency; The Utility Reform Network; Public Citizen Inc.; Ruth Hendricks; City and County of San Francisco; Energy Producers & Users Coalition; and GridLiance West LLC. The intervenors in this proceeding are each referred to as a "Party" and, collectively with SCE, are referred to as the "Parties."

## **II. DESCRIPTION OF THE PARTIAL SETTLEMENT**

The following is a summary of the terms of the Partial Settlement. This description is provided for the convenience of the Commission in reviewing the Partial Settlement and is not intended to alter the terms of the settlement in any way.

### **A. Article I - Partial Settlement Rate Terms**

Article I provides that the ROE in SCE's Base TRR and associated transmission rates shall be determined by the Second Revised Formula Rate as revised in accordance with the terms of this Partial Settlement. Section 1.2 provides that SCE's ROE to be inserted in Schedule 1, Line 50 of SCE's Second Revised Formula Rate Spreadsheet shall be reduced from 17.62% to 12.47%. The 12.47% includes the base ROE and a 50 basis point adder associated with SCE's membership in the CAISO (the "CAISO Membership Adder"). The change in Schedule 1, Line 50 is reflected in the version of the Formula Rate Spreadsheet included as Exhibit A to the Partial Settlement.

Section 1.3 provides that the Second Revised Formula Rate and resulting Base TRR and associated transmission rates will remain subject to refund pending resolution of all issues in this proceeding through the hearing and/or settlement judge procedures established in the Commission's June 11, 2019 Order in this docket. Section 1.4 states that the purpose of the Partial Settlement is to lower the ROE in the Second Revised Formula Rate, and that Intervenors to this proceeding, as well as FERC Trial Staff, reserve all rights to contest the revised ROE established by this Partial Settlement (and



resulting Base TRR and associated transmission rates), including on the basis that the ROE established by this Partial Settlement is too high.<sup>6</sup>

**B. Article II - Implementation**

Article II contains language regarding the Partial Settlement Effective Date (Section 2.1). The Partial Settlement at Section 2.1 also provides that if the Commission should, by order, condition its approval of the Partial Settlement, or require its modification, any Party may notify the other Parties within ten (10) business days of the issuance of such order that it objects to the Partial Settlement as so conditioned or modified. In such event, the Partial Settlement shall be of no force and effect, and the Parties shall have all rights to continue to pursue their legal remedies before the Commission in the pending dockets. The failure of a Party to provide written notice to the other Parties in accordance with the foregoing sentence shall constitute acceptance by such Party of the Partial Settlement as approved by the Commission. If the Commission rejects the Partial Settlement on grounds that can be cured without modifying the substantive effect of the Partial Settlement, the Parties shall work to address the concerns of the Commission in a manner that gives effect to the intent of the Partial Settlement.

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<sup>6</sup> Section 1.4 also states that SCE waives its right to propose, advocate, or support in any way in Docket No. ER19-1553-000 the adoption of an ROE higher than 12.47% inclusive of the 50 basis point CAISO Membership Adder but exclusive of any project-specific adders including but not limited to the Tehachapi Renewable Transmission Project, the Devers to Colorado River transmission project, and the Rancho Vista Substation project.

Section 2.2 specifies that the revised Formula Rate Spreadsheet attached as Exhibit A shall, upon the Partial Settlement's implementation pursuant to Article IV, replace the Second Revised Formula Rate Spreadsheet originally filed in this proceeding.

**C. Article III - Provisions for Implementation of Rates**

Article III provides that within 10 days after the filing of the Partial Settlement with the Commission, SCE shall file with the Commission's Chief Administrative Law Judge a motion for permission to implement interim tariff sheets that incorporate the terms of the Partial Settlement ("Motion for Interim Implementation of Partial Settlement Rates"). In the event that the Chief Administrative Law Judge does not grant SCE's motion in full by November 8, 2019, such Motion shall be deemed withdrawn.

**D. Article IV – TRR Adjustments**

Article IV sets forth the procedures by which SCE will implement the Partial Settlement. SCE will revise the Second Revised Formula Rate as modified by Section 1.2 of the Partial Settlement. The revision procedures will depend on the timing of the Commission's action on the Partial Settlement, as described in Sections 4.1 and 4.2:

- If the Partial Settlement Effective Date occurs on or before November 8, 2019, or the Commission's Chief Administrative Law Judge grants the Motion for Interim Implementation of Partial Settlement Rates as set forth in Section 3.1, then Exhibit A shall be effective beginning November 12, 2019 and SCE's Base TRR and rates in SCE's December 1, 2019 Annual

Update shall be developed reflecting the Second Revised Formula Rate with the ROE as modified by Section 1.2 of this Partial Settlement.

- If the Partial Settlement Effective Date occurs after November 8, 2019, and the Commission's Chief Administrative Law Judge does not grant the Motion for Interim Implementation of Partial Settlement Rates as set forth in Section 3.1, then SCE will implement the Second Revised Formula Rate with the ROE as modified by Section 1.2 of this Partial Settlement either (1) through the Annual Update filed by December 1 in the year of the Partial Settlement Effective Date if the Partial Settlement Effective Date occurs on or before November 11 in a calendar year or (2) through the Annual Update filed by December 1 following the year of the Partial Settlement Effective Date if the Partial Settlement Effective Date occurs after November 11 in a calendar year.

**E. Article V - General Provisions**

Article V sets forth additional terms and conditions of the Partial Settlement, as follows:

- a. No Waiver:** The Partial Settlement at Section 5.1 provides that it represents a negotiated offer of settlement for the sole purpose of modifying the ROE in the Second Revised Formula Rate that is effective subject to refund pending resolution of all issues in Docket No. ER19-1553-000. No Party shall be deemed to waive its right to

negotiate or litigate any issue in Docket ER19-1553-000 regarding what constitutes just and reasonable rates, including (but not limited to) the ROE.

- b. No Precedential Effect:** The Partial Settlement at Sections 5.2 contains language regarding the non-precedential nature of the Partial Settlement.
- c. Approval of Partial Settlement and Privileged Nature of Partial Settlement:** The Partial Settlement at Section 5.3 contains language regarding the approval of the Settlement and its privileged nature.
- d. Integration:** The Partial Settlement at Section 5.4 provides that this Partial Settlement supersedes all previous representations, understandings, negotiations and agreements, either written or oral, between the Parties or their representatives with respect to matters at issue in these proceedings and constitutes the entire offer of Partial Settlement with respect to matters at issue in these proceedings.
- e. Cooperation Among Parties:** Section 5.5 provides that during the period that the Partial Settlement is pending before the Commission for approval pursuant to Rule 602, each Party shall cooperate with the other Parties in order to obtain Commission approval of the Partial Settlement without change or condition, and no Party shall take any action that is inconsistent with the provisions of this Partial Settlement.

f. **Waivers:** Section 5.6 provides that no provision of the Partial Settlement may be waived except in writing by an authorized representative of the waiving Party. Waiver of any provision of the Partial Settlement by a Party shall not be deemed to waive any other provisions.

### III. LIST OF EXHIBITS TO PARTIAL SETTLEMENT

As set forth in Section II, the Partial Settlement includes the following exhibits:

<b>Exhibit</b>	<b>Description</b>	<b>Settlement Section</b>
A	Formula Rate Spreadsheet	1.2

### IV. INFORMATION REQUIRED BY CHIEF ADMINISTRATIVE LAW JUDGE' S DECEMBER 15, 2016 NOTICE REGARDING SETTLEMENTS

The Commission has stated that certain additional information should be provided in support of settlements.<sup>7</sup> In order to assist the Commission in its review of the proposed Partial Settlement, SCE addresses the following four questions.

#### A. Does the settlement affect other pending cases?

The factual and procedural background of this proceeding setting forth the issues underlying the Partial Settlement is summarized above. The Partial Settlement reduces

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<sup>7</sup> Chief Administrative Law Judge's December 15, 2016 Notice to the Public: Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges.

the ROE in SCE's Second Revised Formula Rate and the resulting TRR, to become effective November 12, 2019. The Second Revised Formula Rate, as revised in accordance with this Partial Settlement, shall remain in effect subject to refund pending a final determination of all issues, including the ROE, through final resolution of this proceeding. The Partial Settlement does not affect other pending cases because it is a negotiated settlement and will have no precedential value.

**B. Does the settlement involve issues of first impression?**

No, the Partial Settlement does not involve issues of first impression.

**C. Does the settlement depart from Commission precedent? [if so, identify by case name(s) and docket numbers (s)];**

The Partial Settlement does not depart from Commission precedent.

**D. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?**

No, the Partial Settlement does not seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the Partial Settlement that might be sought by either a third party or the Commission acting *sua sponte*.

**V. CONCLUSION**

The Partial Settlement reduces the ROE that is to be made effective on November 12, 2019 subject to refund and that has been set for hearing and settlement procedures in

the Hearing Order. Commission approval of the Partial Settlement will avoid the economic burden of higher rates being implemented under the terms of the as-filed formula rate. The Partial Settlement does not waive any Party's right, as part of the hearing and settlement procedures, to negotiate or litigate any issue in this docket regarding what constitutes just and reasonable rates, including (but not limited to) the ROE.

For all the foregoing reasons, SCE respectfully requests that the Commission find that the Partial Settlement is fair and reasonable and in the public interest and approve it without modification.

Respectfully submitted,

By: /s/ Matthew Dwyer

Matthew Dwyer  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6521  
Matthew.Dwyer@sce.com

Attorney for Southern California Edison  
Company

Dated: September 27, 2019

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Southern California Edison Company     )**

**Docket No. ER19-1553-000**

**OFFER OF PARTIAL SETTLEMENT**

Southern California Edison Company (“SCE”) hereby offers to each of the intervenors to the above-captioned proceeding<sup>1</sup> the following terms and conditions of a Partial Settlement (“Partial Settlement”), pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602 (2019). If approved by the Commission, this Partial Settlement will reduce the Return on Equity (“ROE”) in SCE’s Second Revised Formula Rate<sup>2</sup> and the related 2019 Transmission Revenue Rate (“TRR”), to become effective November 12, 2019, on an

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<sup>1</sup> The entities that intervened in Docket No. ER19-1553 are the California Public Utilities Commission (the “CPUC”); the Los Angeles Department of Water and Power; the California Department of Water Resources State Water Project; the Modesto Irrigation District; the City of Santa Clara, California, and the M-S-R Public Power Agency; State Water Contractors; the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Pacific Gas and Electric Co.; Golden State Water Co.; Transmission Agency of Northern California (“TANC”); San Diego Gas and Electric Co.; Imperial Irrigation District; the Northern California Power Agency; The Utility Reform Network; Public Citizen Inc.; Ruth Hendricks; City and County of San Francisco; Energy Producers & Users Coalition; GridLiance West LLC. SCE and the intervenors in this proceeding are each referred to as a “Party” and are referred to collectively as the “Parties.”

<sup>2</sup> The “Second Revised Formula Rate” refers to the revisions to SCE’s Transmission Owner Tariff (“TO Tariff”) that amend its formula rate for the costs associated with its transmission facilities filed on April 11, 2019 in this docket.



interim basis, subject to refund and further procedures. The Second Revised Formula Rate, as revised in accordance with this Partial Settlement, shall remain in effect on an interim basis subject to refund, as established by the Hearing Order,<sup>3</sup> pending a final determination of all issues, including the ROE, through final resolution of this proceeding.

## **ARTICLE I**

### **PARTIAL SETTLEMENT RATES**

1.1 Effective November 12, 2019, the ROE in SCE’s Base Transmission Revenue Requirement (“Base TRR”) and associated transmission rates shall be determined by the Second Revised Formula Rate as revised in accordance with the terms of this Partial Settlement.

1.2 For purposes of this Partial Settlement, the ROE to be inserted in Schedule 1, Line 50 of SCE’s Second Revised Formula Rate Spreadsheet, shall be reduced from 17.62% to 12.47%. The 12.47% includes the base ROE and a 50 basis point adder associated with SCE’s membership in the California Independent System Operator Corporation (“CAISO”) (the “CAISO Membership Adder”). The change in Schedule 1, Line 50 is reflected in the version of the Formula Rate Spreadsheet included as Exhibit A.

1.3 SCE’s Second Revised Formula Rate, as revised in accordance with Section 1.2, and resulting Base TRR and associated transmission rates will remain subject to refund pending resolution of all issues in this proceeding through the hearing and/or

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<sup>3</sup> *Southern California Edison Company*, 167 FERC ¶ 61,214 (2019) (the “Hearing Order”).

settlement judge procedures established in the Commission's June 11, 2019 Hearing Order<sup>4</sup> in this docket.

1.4 This Partial Settlement is being entered into for the purpose of lowering the ROE in the filed rate that is to be made effective on November 12, 2019 subject to refund and that has been set for hearing and settlement procedures in the Hearing Order. SCE hereby waives its right to propose, advocate, or support in any way in Docket No. ER19-1553-000 the adoption of an ROE higher than 12.47% inclusive of the 50 basis point CAISO Membership Adder but exclusive of any project-specific adders including but not limited to the Tehachapi Renewable Transmission Project, the Devers to Colorado River transmission project, and the Rancho Vista Substation project. Intervenors to this proceeding, as well as FERC Trial Staff, reserve all rights to contest, in this Docket No. ER19-1553-000, the revised ROE established by this Partial Settlement (and resulting Base TRR and associated transmission rates), including on the basis that the ROE established by this Partial Settlement is too high.

## **ARTICLE II**

### **IMPLEMENTATION**

2.1 This Partial Settlement shall become effective on the date that the Commission issues an order approving the Partial Settlement without modification or condition, or, if approved in part or subject to modification or condition, if no Party files notice of its objection to such partial approval or condition or modification with the

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<sup>4</sup> *Id.*

Commission in accordance with this Paragraph (“Partial Settlement Effective Date”). If the Commission approves this Partial Settlement in part or approves this Partial Settlement subject to a modification or condition, and a Party files notice with the Commission and serves all parties to Docket No. ER19-1553 within ten (10) business days of the Commission’s order that it objects to such partial approval or modification or condition, this Partial Settlement shall be of no force and effect, and the Parties shall have all rights to continue to pursue their legal remedies before the Commission in the pending docket. The failure of a Party to provide written notice to the other Parties in accordance with the foregoing sentence shall constitute acceptance by such Party of the Partial Settlement as approved by the Commission. If the Commission rejects the Partial Settlement on grounds that can be cured without modifying the substantive effect of the Partial Settlement, the Parties shall work to address the concerns of the Commission in a manner that gives effect to the intent of the Partial Settlement.

2.2 Upon the Partial Settlement’s implementation pursuant to Article IV, Exhibit A shall replace and supersede the Formula Rate Spreadsheet tariff originally included in Attachment 2 to Appendix IX to SCE’s TO Tariff filed by SCE in this proceeding on April 11, 2019.

### **ARTICLE III**

#### **PROVISIONS FOR IMPLEMENTATION OF RATES**

3.1 Within 10 days after the filing of this Partial Settlement with the Commission, SCE shall file with the Commission’s Chief Administrative Law Judge a motion for permission to implement interim tariff sheets that incorporate the terms of this

Partial Settlement such that SCE may use such interim tariff sheets to implement the terms of this Partial Settlement in accordance with Article IV (“Motion for Interim Implementation of Partial Settlement Rates”). SCE shall be authorized to represent that all Parties either support or do not oppose the granting of the Motion for Interim Implementation of Partial Settlement Rates. In the event that the Chief Administrative Law Judge does not grant SCE’s motion in full by November 8, 2019, such Motion shall be deemed withdrawn.

## **ARTICLE IV**

### **TRR ADJUSTMENTS**

4.1 If the Partial Settlement Effective Date occurs on or before November 8, 2019, or the Commission’s Chief Administrative Law Judge grants the Motion for Interim Implementation of Partial Settlement Rates as set forth in Section 3.1, then Exhibit A shall be effective beginning November 12, 2019 and SCE’s Base TRR and rates in SCE’s Annual Update filed by December 1, 2019 shall be developed reflecting the Second Revised Formula Rate with the ROE as modified by Section 1.2 of this Partial Settlement.

4.2 If the Partial Settlement Effective Date occurs after November 8, 2019, and the Commission’s Chief Administrative Law Judge does not grant the Motion for Interim Implementation of Partial Settlement Rates as set forth in Section 3.1, then SCE will implement the Second Revised Formula Rate with the ROE as modified by Section 1.2 of this Partial Settlement either (1) through the Annual Update filed by December 1 in the year of the Partial Settlement Effective Date if the Partial Settlement Effective Date

occurs on or before November 11 in a calendar year or (2) through the Annual Update filed by December 1 following the year of the Partial Settlement Effective Date if the Partial Settlement Effective Date occurs after November 11 in a calendar year.

## **ARTICLE V**

### **GENERAL PROVISIONS**

5.1 This Partial Settlement represents a negotiated offer of settlement for the sole purpose of modifying the ROE in the Second Revised Formula Rate that is effective subject to further modification and refund pending resolution of all issues in Docket No. ER19-1553-000, and no Party, participant, or affiliate thereof shall be deemed to have approved, accepted, agreed or consented to any fact, concept, theory, rate methodology, principle, or method relating to jurisdiction, prudence, reasonable cost of service, rate of return, cost classification, cost allocation, rate design, tariff provisions, or other matters underlying or purported to underlie any of the resolutions of the issues provided herein. No Party shall be deemed to waive its right to negotiate or litigate any issue in Docket No. ER19-1553-000 regarding what constitutes just and reasonable rates, including (but not limited to) the ROE.

5.2 The Commission's approval of the Partial Settlement shall not constitute approval of, or precedent regarding, any principle or issue in these dockets and shall not relieve the Commission or any Party, participant, or affiliate thereof, of the burden, under Sections 205 or 206 of the Federal Power Act, to establish the justness and reasonableness of any aspect of any superseding rate. The Partial Settlement shall not be

deemed a “settled practice,” as that term was interpreted in *Public Service Comm’n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

5.3 This Partial Settlement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure and is offered solely as a compromise to reduce the ROE in the Second Revised Formula Rate that is in effect subject to refund pending resolution of the issues set for hearing in this proceeding. The discussions among the Parties that have produced this Partial Settlement have been conducted with the explicit understanding, pursuant to Rule 602(e) of the Commission’s Rules of Practice and Procedure, that all offers of settlement and discussions relating thereto shall be privileged and confidential. This Partial Settlement is submitted on the condition that, in the event it does not become effective in accordance with its terms, it shall not constitute any part of the record in this proceeding or be used for any other purposes.

5.4 This Partial Settlement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between the Parties or their representatives with respect to matters addressed in the Partial Settlement, and it constitutes the entire offer of partial settlement with respect to matters at issue in this proceeding.

5.5 During the period that this Partial Settlement is pending before the Commission for approval pursuant to Rule 602, each Party shall cooperate with the other Parties in order to obtain Commission approval of the Partial Settlement without change or condition, and no Party shall take any action that is inconsistent with the provisions of this Partial Settlement.

5.6 No provision of this Partial Settlement may be waived except in writing by an authorized representative of the waiving Party. Waiver of any provision of this Partial Settlement by a Party shall not be deemed to waive any other provisions.

Respectfully submitted,

By: /s/ Matthew Dwyer

Matthew Dwyer  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6521  
Matthew.Dwyer@sce.com

Attorney for Southern California Edison  
Company

Dated: September 27, 2019