

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



January 23, 2018

**Advice Letter 3685-E**

Russell G. Worden  
Director, Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, CA 91770

**Subject: Withdrawal of AL 3685-E – Implementation of the 2018 SONGS  
Order Instituting Investigation 12-10-013 Settlement Agreement  
Revenue Requirement Pursuant to D.14-11-040**

Dear Mr. Worden:

Advice Letter 3685-E is withdrawn as requested in your letter dated January 10, 2018.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division

January 10, 2018

Energy Division  
Attn: Tariff Unit  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Re: Withdrawal of SCE Advice 3685-E

Dear Energy Division Tariff Unit:

On November 1, 2017, Southern California Edison Company filed Advice 3685-E, *Implementation of the 2018 San Onofre Nuclear Generating Station Order Instituting Investigation 12-10-013 Settlement Agreement Revenue Requirement Pursuant to Decision 14-11-040*. By this letter, SCE withdraws Advice Letter 3685-E.

Should you have any questions, please contact me.

Sincerely,

/s/ Russell G. Worden  
Russell G. Worden

RGW:dm:jm

Copy: James Loewen, CPUC Energy Division  
Eric Greene, CPUC Energy Division  
Service lists SCE's GO 96-B, A.12-12-012 et al, I.12-10-013 et al, A.14-12-007,  
and A.15-01-014

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November 1, 2017

**ADVICE 3685-E**  
**(U 338-E)**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
**ENERGY DIVISION**

**SUBJECT:** Implementation of the 2018 San Onofre Nuclear Generating Station Order Instituting Investigation 12-10-013 Settlement Agreement Revenue Requirement Pursuant to Decision 14-11-040

Southern California Edison Company (SCE) hereby submits for approval by the California Public Utilities Commission (Commission) the following changes to its tariffs. The revised tariffs are listed on Attachment A and are attached hereto.

**PURPOSE**

The purpose of this advice filing is to implement the 2018 San Onofre Nuclear Generating Station (SONGS) revenue requirement in rate levels on January 1, 2018 in compliance with Decision (D.)14-11-040.

**BACKGROUND**

On April 3, 2014, SCE, San Diego Gas & Electric Company (SDG&E), The Utility Reform Network (TURN), the Office of Ratepayer Advocates (ORA), Friends of the Earth, and the Coalition of California Utility Employees (collectively, Joint Parties) filed a joint motion for the adoption of a SONGS Order Instituting Investigation (I.)12-10-013 Settlement Agreement (Settlement Agreement or Settlement) that would resolve all issues in the SONGS Order Instituting Investigation (OII), and all proceedings that have been consolidated therewith (including Application (A.)13-01-016, A.13-03-005, A.13-03-013, and A.13-03-014). On September 5, 2014, the Assigned Commissioner and Administrative Law Judges issued a ruling requesting that the Joint Parties adopt modifications to the Settlement Agreement. On September 19, 2014, the Joint Parties responded to the ruling stating their intent to make all of the modifications requested by the September 5, 2014 ruling, and on September 24, 2014, the Joint Parties filed an Amended Settlement Agreement. On November 20, 2014, the Commission issued D.14-11-040 approving the Amended Settlement Agreement. Pursuant to Section 6.2 of the Amended Settlement Agreement, SCE is filing this Tier 2 advice letter to implement

the 2018 SONGS Settlement revenue requirement.<sup>1</sup> On October 10, 2017, the Assigned Commissioner and Administrative Law Judge in the SONGS OII issued a ruling setting a status conference on November 7, 2017, “to address outstanding issues for additional evidentiary hearings to reassess the costs allocated between ratepayers and shareholders in this proceeding.” SCE submits this advice letter in compliance with its obligation under section 6.2 of the Settlement Agreement to update the 2018 revenue requirement. However, this update is without prejudice to the outcome of the process established by the Assigned Commissioner and Administrative Law Judge’s ruling. While SCE opposes any changes to the ratemaking under the Settlement, SCE acknowledges that, if the Commission in a manner consistent with applicable law changes cost allocation through that process, the effectiveness of this advice letter would not constrain the Commission’s discretion to make such changes on a retroactive basis given the non-finality of the decision approving the Settlement. Because the Settlement Agreement is currently in effect, the Energy Division should promptly process this advice letter; it would be unlawful to stop collection of SONGS settlement rates absent a decision by the full Commission and the establishment of new SONGS rates.<sup>2</sup> The 2018 revenue requirement in this letter is lower than the 2017 revenue requirement. Absent action by the Energy Division to approve this advice letter, the higher 2017 SONGS revenue requirement would remain in effect.

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<sup>1</sup> On May 9, 2016, a Joint Ruling of Assigned Commissioner and Administrative Law Judge Reopening Record, Imposing Ex Parte Contact Ban, Consolidating Advice Letters, and Setting Briefing Schedule (“Joint Ruling”) was issued. The Joint Ruling reopens the record to review the 2014 Settlement Agreement against the Commission’s own standards for approving settlements as set forth in Rule 12.1(d) of the Commission’s Rules of Practice and Procedure. Among other things, the Joint Ruling required briefs to be filed in early summer of 2016. On June 2, 2016, SCE and SDG&E filed briefs explaining how the Amended Settlement Agreement was implemented. On July 7, 2016, SCE, SDG&E and other parties filed briefs addressing whether the Settlement Agreement meets Commission standards for approving the settlement. On December 13, 2016 a Joint Ruling of Assigned Commissioner and Assigned Administrative Law Judge Directing Parties to Provide Additional Recommendations for Further Procedural Action and Substantive Modifications to Decision 14-11-040 was issued. After several months of both unassisted direct discussions and mediation in the spring and summer of 2017, various parties filed status reports to the Commission on August 15, 2017 stating among other things that these efforts to reach agreement on modifications to the SONGS Settlement had been unsuccessful. On October 10, 2017, as described above, the Assigned Commissioner and Administrative Law Judge issued a ruling setting a status conference and setting forth a proposed process and schedule to address outstanding issues.

<sup>2</sup> See Response of Southern California Edison Company (U 338-E) to Ruth Henricks’ and The Coalition to Decommission San Onofre’s (CDSO) Motion to Stay Collection of Rates Based on San Onofre Revenue Requirements at 5 n.22 (July 7, 2017) (citing Assigned Commissioner’s and Administrative Law Judge’s Ruling on Legal Questions Set Forth in Scoping Memo and Ruling, at 9, 11, 18 (Apr. 30, 2013); Assigned Commissioner’s and Administrative Law Judges’ Ruling Determining the Phase 2 Scope and Schedule, at 3-4 (July 31, 2013)).

**PROCEDURE FOR DETERMINING ANNUAL SONGS SETTLEMENT REVENUE REQUIREMENTS**

Pursuant to the Settlement Agreement, the SONGS Settlement revenue requirement is determined based on the remaining recovery period for the SONGS-related capital investment, including nuclear fuel and Materials and Supplies (M&S). As of January 1, 2018, which is the date the 2018 SONGS Settlement revenue requirement will be implemented in rates, there is just over four years remaining in the recovery period. SCE expects the annual revenue requirement to change every year of the remaining recovery period, and these revenue requirements will be different than the annual SONGS Settlement revenue requirements estimated at the time the Settlement was reached. Section 6.2 of the Settlement Agreement contemplated this variability and allows the Utilities to file Tier 2 advice letters to implement changes to their respective revenue requirements. In Advice Letter 3139-E, approved by letter from the Energy Division dated March 10, 2015, SCE proposed to file the annual Tier 2 advice letter on November 1st of each year to set forth the SONGS Settlement revenue requirement for the subsequent year.

Table 1 below contains a listing of all the advice letters SCE has filed implementing the SONGS Settlement revenue requirements to date, and the effective dates of revenue requirements in each advice letter.<sup>3</sup>

**Table 1**  
**SONGS Settlement Revenue Requirement Implementing Advice Letters**  
**(\$millions)**

<b>Year</b>	<b>Advice Letter</b>	<b>Date Filed</b>	<b>Revenue Rqmt Effective Date</b>	<b>Settlement Rev Rqmt</b>
2012	3139-E	November 26, 2014	February 1, 2012	\$ 474.4 1/
2013	3139-E	November 26, 2014	January 1, 2013	\$ 406.0 1/
2014	3139-E	November 26, 2014	January 1, 2014	\$ 339.9
2015	3139-E	November 26, 2014	January 1, 2015	\$ 194.4
2016	3303-E	November 2, 2015	January 1, 2016	\$ 254.6
2017	3499-E	November 1, 2016	January 1, 2017	\$ 236.9

1/ Excludes replacement power costs

Pursuant to the Settlement Agreement and Preliminary Statement Part YY, Base Revenue Requirement Balancing Account (BRRBA), the following items included in the annual SONGS Settlement revenue requirement are allowed, if necessary, to be updated:

- a) Section Nos. 2.4, 2.5, 4.3(d), 4.5(a), and 4.8(a) of the Settlement Agreement allow for changes to the Commission Authorized Cost of Debt and Cost of

<sup>3</sup> Workpapers supporting the revenue requirements are attached to each advice letter.

### Preferred Stock.

On July 17, 2017, the Commission issued D.17-07-005 granting the Joint Petition for Modification by Pacific Gas and Electric Company, SDG&E, SCE, Southern California Gas Company, ORA, and TURN. Among other things, D.17-07-005 resets the authorized costs of long-term debt and preferred stock beginning on January 1, 2018 for each utility. Therefore, in determining the 2018 SONGS Settlement revenue requirement, SCE is using the new 2018 authorized Cost of Debt and Cost of Preferred Stock.<sup>4</sup>

Pursuant to Preliminary Statement Part TT, SONGS Cost of Financing Balancing Account, 50% of savings that results from the difference between the actual cost of financing and the Settlement, or “authorized” rate of return on rate base included in the Settlement revenue requirement, is returned to customers annually through a credit entry to the BRRBA. In January 2017, SCE recorded a credit of \$1.479 million in the BRRBA which is the customer’s share of the 2016 cost of financing savings.

- b) Section No. 4.3 (j) of the Settlement Agreement requires the Utilities to recover actual property taxes paid with respect to Base Plant. This section of the Settlement requires a true-up of forecasted property taxes to actual taxes paid. Therefore, SCE is including a forecast of the property taxes in the annual SONGS Settlement revenue requirement, and in the first quarter of each year, SCE will record a true-up of the prior year’s estimate in the BRRBA.

SCE recorded a credit of \$0.585 million in the BRRBA in 2017 to reflect that actual property taxes paid were less than the amount included in the 2016 Settlement Agreement revenue requirement.

- c) Section No. 4.6 (b) of the Settlement Agreement requires that the balance of the Nuclear Fuel Investment earn a return based on the cost of commercial paper. Section No. 4.6(b) allows for changes in the commercial paper rate throughout the amortization period.

SCE has updated its commercial paper using rates published in September 2017.

- d) Section No. 4.7(b) of the Settlement Agreement requires reducing the Nuclear Fuel Investment upon sales of fuel inventory. SCE will adjust the Nuclear Fuel Investment and related amortization as necessary in the annual update advice letter.

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<sup>4</sup> SCE implemented its 2018 Authorized Cost of Capital in Advice Letter 3665-E filed on September 29, 2017. The sum of the weighted cost of Long Term Debt and Preferred Stock used to determine the 2018 SONGS Settlement revenue requirement is 2.40%.

SCE has not sold any fuel inventory so no adjustment to the Nuclear Fuel Investment has been made.

- e) Sections 4.5(d), 4.8(b), 4.9(g), and 4.9(i) of the Settlement Agreement provide that, to the extent SCE is able to obtain reimbursement of specified costs from the Nuclear Decommissioning Trusts, SCE will not amortize such amounts in rates. SCE is to effectuate these provisions in the annual update advice letter.

In 2017 there was no reimbursement from the Nuclear Decommissioning Trusts and therefore no adjustments were made to reduce SCE's SONGS Settlement regulatory asset.

- f) Section No. 4.11(d)(A) of the Settlement Agreement requires that the regulatory assets for Base Plant, Construction Work in Progress (CWIP), M&S and Nuclear Fuel be reduced once SCE has distributed \$282 million of net Mitsubishi Heavy Industries (MHI) Litigation proceeds through the BRRBA.

SCE has not received proceeds from MHI in excess of \$282 million. Since the period covered by Advice Letter 3139-E ending on December 31, 2014, there have been no net proceeds from MHI Litigation as the legal costs have exceeded the amount recovered. As a result, no adjustment is warranted under Section No. 4.11(d)(A) of the Settlement Agreement. SCE will file an advice letter as contemplated by the Settlement Agreement that will address MHI litigation proceeds and litigation costs in the future, unless it is determined that these costs and proceeds should be reviewed in the upcoming process described in the October 10, 2017 Ruling in the OII proceeding .

### **REMAINING SONGS SETTLEMENT REGULATORY ASSET**

Table 2 below sets forth the change from the beginning regulatory asset balance of \$1.733 billion and the estimated regulatory asset as of January 1, 2018 of \$617 million.

**Table 2**  
**Summary of Change in Settlement Regulatory Asset**  
**(\$millions)**

	(A) Beg Bal	(B) Recovered Through 12/31/16	(C) Beg Bal 2017 (A) + (B)	(D) 2017 Amort In Rates	(E) DOE Lit Proceeds Pending Approval	(F) Misc. Adjustments	(H) Beg Bal 2018 (C)+(D)+(E)+(F)
Base Plant	622	(324)	298	(59)	(72)	(3)	165
Completed CWIP	370	(169)	201	(41)	-	2	162
Cancelled CWIP	155	(76)	79	(15)	-	-	63
M&S	99	(50)	49	(10)	-	-	40
Nuclear Fuel	487	(254)	233	(46)	-	-	187
<b>Total</b>	<b>1,733</b>	<b>(873)</b>	<b>860</b>	<b>(171)</b>	<b>(72)</b>	<b>(0)</b>	<b>617</b>

As shown on Table 2 above, the SONGS regulatory asset, including fuel and M&S, has been reduced primarily due to the amount that has been recovered, or amortized, in customers' rates. During the period between February 1, 2012 and December 31, 2017, SCE will have recovered approximately \$1,116 million from customers, or 64.4% of the original \$1.733 billion balance.

In May 2016, SCE received \$162 million (includes participants' share) related to the United States Court of Federal Claims decision granting SCE damages for costs incurred from January 1, 2006 through December 31, 2013 for the Department of Energy's (DOE) failure to meet its legal obligation to store used nuclear fuel. On June 29, 2016, SCE filed supplemental direct testimony in its Energy Resource Recovery Account (ERRA) 2015 Record Period Review A.16-04-001 proposing the disposition of these DOE proceeds. SCE proposes to return to customers its share of the SONGS Units 2 & 3 capital-related DOE Spent Fuel Litigation - Round 2 proceeds in the amount of \$73.016 million by reducing the SONGS 2&3 regulatory asset by this amount, which will benefit customers by reducing the annual SONGS Settlement revenue requirement for the remainder of the recovery period, provided this method is consistent with applicable IRS rules.<sup>5</sup> SCE also proposes to allocate an equal percentage share of the SONGS Units 2 & 3 litigation costs to the regulatory asset offset in the amount of \$1.461 million, resulting in a net allocation of proceeds to reduce the regulatory asset of \$71.555 million. The impact of this will reduce the remaining SONGS Settlement revenue requirement to be recovered from customers in each year through January 1, 2022. A Commission decision is expected in the fourth quarter of 2017. As shown in Column E in Table 2 above, SCE has reduced the SONGS regulatory asset in 2017 and this reduction will be included in SCE's 2018 SONGS Settlement revenue requirement. If the Commission has not issued a decision in A.16-04-001 approving SCE's proposal to reduce the SONGS regulatory asset by the end of 2017, SCE will not

<sup>5</sup> If tax rules or guidance make this proposal infeasible, then SCE proposes to return these funds as a credit to the generation sub-account of the BRRBA.



make this reduction and the associated 2018 SONGS Settlement revenue requirement implemented in generation rates will be higher (See Table 3).<sup>6</sup>

As shown in Column F in Table 2 above, SCE made some correcting adjustments to both the Base Plant and Completed CWIP regulatory assets together netting to a credit of less than \$1 million.

**2018 FORECAST SONGS SETTLEMENT REVENUE REQUIREMENT**

Table 3 below sets forth the 2018 SONGS Settlement revenue requirement.

**Table 3**  
**2018 SONGS Revenue Requirement**  
**(\$000)**

1. Base and CWIP	131,294
2. Material and Supplies	9,681
3. Nuclear Fuel Investment	45,856
4. Nuclear Fuel Carrying Costs	3,020
5. Franchise Fees and Uncollectibles	2,204
<b>6. Total 2018 SONGS Settlement Rev Rqmt with DOE Net Litigation Proceeds</b>	<b>192,056</b>
7. Plus: 2018 DOE Litigation Proceeds Impact	19,007
<b>8. Total If DOE Litigation Net Proceeds Not Used</b>	<b>211,064</b>

Consistent with D.14-11-040, SCE will include the SONGS Settlement revenue requirement in generation rates on January 1, 2018. The 2018 SONGS Settlement revenue requirement is estimated to be \$192.056 million and includes estimated depreciation, property taxes, income taxes, return on rate base, and franchise fees and uncollectibles consistent with Preliminary Statement Part YY. SCE will consolidate this revenue requirement along with other Commission-authorized revenue requirements in rates on January 1, 2018. However, as mentioned above, if the Commission has not approved SCE’s request in A.16-04-001 to reduce the SONGS regulatory asset by approximately \$72 million by the end of 2017, SCE will implement a 2018 SONGS Settlement revenue requirement of \$211.064 million in rates on January 1, 2018.<sup>7</sup>

With regards to income taxes, SCE recorded the non-fuel abandonment tax deduction in March of 2017, and recorded a \$4.3 million credit in the BRRBA related to the impact on the 2017 rate base for the change in 2017 deferred taxes. SCE will amortize the

<sup>6</sup> On October 26, 2017 the Administrative Law Judge issued a Proposed Decision in A.16-04-001 and if adopted by the Commission will allow SCE to use the approximately \$72 million of net DOE Litigation proceeds to reduce the SONGS Settlement regulatory asset.

<sup>7</sup> At the end of 2017 there will be 49 more months of the SONGS settlement revenue requirement recovery period. Therefore, the annual impact of the DOE net litigation proceeds of approximately \$72 million is a reduction of approximately \$19 million, including return and taxes.

associated flow through revenue requirement impact of the tax deduction over the remaining settlement period (i.e. 2018 through 2021).<sup>8</sup> SCE has not recorded an abandonment tax deduction for the fuel portion of the regulatory asset.

### **PROPOSED TARIFF CHANGES**

SCE is modifying Preliminary Statement Part YY, Base Revenue Requirement Balancing Account (BRRBA), to include the 2018 SONGS Settlement revenue requirement forecast of \$192.056 million.<sup>9</sup> The modified preliminary statement is included in Attachment A. Workpapers in support of the 2018 SONGS Settlement revenue requirement development are included in Attachment B.

### **TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, this Advice Letter is submitted with a Tier 2 designation.

### **EFFECTIVE DATE**

This advice filing will become effective on December 1, 2017, the 30<sup>th</sup> calendar day after the date filed.

### **NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Copies of protests should also be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

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<sup>8</sup> The tax abandonment IRS Code Section 165(a) states that "There shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise." [underline added].

<sup>9</sup> If the Commission does not adopt the Proposed Decision in A.16-04-001 allowing SCE to use to use approximately \$72 million of DOE net litigation proceeds to offset the SONGS regulatory asset, the 2018 SONGS Settlement revenue requirement will be \$211.064 million.

Russell G Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Telephone: (626) 302-4177  
Facsimile: (626) 302-6396  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Laura Genao  
Managing Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, A.12-12-012 et al, I.12-10-013 et al, A.14-12-007, and A.15-01-014 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-3719. For changes to all other service lists, please contact the CPUC's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the CPUC, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Douglas Snow at (626) 302-2035 or by electronic mail at [Douglas.Snow@sce.com](mailto:Douglas.Snow@sce.com).

**Southern California Edison Company**

/s/ Russell G. Worden  
Russell G. Worden

RGW:ds:cm  
Enclosures

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: [Darrah.Morgan@sce.com](mailto:Darrah.Morgan@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
 PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3685-E

Tier Designation: 2

Subject of AL: Implementation of the 2018 San Onofre Nuclear Generating Station Order Instituting Investigation 12 10 013 Settlement Agreement Revenue Requirement Pursuant to Decision 14-11-040

Keywords (choose from CPUC listing): Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 14-11-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  Yes  No

Requested effective date: 12/1/17      No. of tariff sheets: -3-

Estimated system annual revenue effect: (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: See Attachment A

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: None

<sup>1</sup> Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Russell G. Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
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Facsimile: (626) 302-6396  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Laura Genao  
Managing Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 62575-E	Preliminary Statement Part YY	Revised 60613-E
Revised 62576-E	Table of Contents	Revised 62563-E
Revised 62577-E	Table of Contents	Revised 61995-E

PRELIMINARY STATEMENT

Sheet 3

(Continued)

YY. Base Revenue Requirement Balancing Account (BRRBA) (Continued)

2. Definitions: (Continued)

c. Authorized SONGS Settlement Revenue Requirement:

Pursuant to the Settlement Agreement adopted in D.14-11-040, the SONGS Settlement revenue requirement will be recovered over a ten-year period beginning on February 1, 2012. SCE expects the annual revenue requirement to change every year of the remaining eight-year recovery period, and will be different than the annual Settlement revenue requirements estimated at the time the Settlement was reached. Section 6.2 of the Settlement Agreement contemplated this to implement the Settlement Agreement and allows the Utilities to file Tier 2 Advice Letters to implement changes to their respective revenue requirements.

Table D  
SONGS Settlement Revenue Requirement  
(SSRR) (\$000)

<u>Effective Date</u>	<u>TOTAL</u>
January 1, 2015	194,316
January 1, 2016	254,581
January 1, 2017	236,937
January 1, 2018	192,056

(N)

(1) The following items included in the annual SONGS Settlement revenue requirement are allowed, if necessary, to be updated:

(a) Section Nos. 2.4, 2.5, 4.3(d), 4.5(a), and 4.8(a) of the Settlement Agreement allow for changes to the Commission Authorized Cost of Debt and Cost of Preferred Stock.

(b) Section No. 4.3 (j) of the Settlement Agreement requires the Utilities to recover actual property taxes paid with respect to Base Plant. This section of the Settlement requires a true-up of forecasted property taxes to actual taxes paid. Therefore, SCE will include a forecast of the property taxes in the annual SONGS Settlement revenue requirement, and in the first quarter of each year, SCE will record a true-up of the prior year's estimate in the BRRBA.

(Continued)

(To be inserted by utility)

Advice 3685-E  
Decision 14-11-040

Issued by

Caroline Choi  
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Nov 1, 2017  
Effective Jan 10, 2018  
Resolution \_\_\_\_\_



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(To be inserted by utility)  
Advice 3685-E  
Decision 14-11-040

Issued by  
Caroline Choi  
Senior Vice President

(To be inserted by Cal. PUC)  
Date Filed Nov 1, 2017  
Effective Jan 10, 2018  
Resolution \_\_\_\_\_





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(To be inserted by utility)  
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 Resolution \_\_\_\_\_

**Attachment B**

**Workpapers**



**SOUTHERN CALIFORNIA EDISON COMPANY**  
**SONGS OII**  
**Capital Revenue Requirements**  
**2018**

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
1	California Corporation Franchise Tax	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%	8.541%
2	Long-Term Debt	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%	0.178%
3	New Mexico Income Tax	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%	0.028%
4	Arizona Income Tax	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%	0.174%
5	Federal Income Tax	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
6	Property Taxes	938	938	938	938	938	938	676	676	676	676	676	676
7	Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0
8	Miscellaneous Taxes	0	0	0	0	0	0	0	0	0	0	0	0
9	Total Taxes Other Than Income	938	938	938	938	938	938	676	676	676	676	676	676

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
10	Tax Depreciation	672,053	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)
11	Interest on Long-Term Debt (See line 2)	800	632	623	613	604	594	584	575	565	556	546	536
12	Interest on Accumulated Deferred ITC (See line 2)	8	7	7	7	7	7	7	7	6	6	6	6
13	Other	0	0	0	0	0	0	0	0	0	0	0	0
14	Capitalized Interest	0	0	0	0	0	0	0	0	0	0	0	0
15	AFUDC Debt	0	0	0	0	0	0	0	0	0	0	0	0
16	Tax Abandonment	(470,627)	0	0	0	0	0	0	0	0	0	0	0
17	Ad Valorem Lien Date Adjustment	0	0	0	0	0	0	0	0	0	0	0	0
18	Total CCFT Adjustments	202,233	(3,182)	(3,191)	(3,201)	(3,210)	(3,220)	(3,230)	(3,239)	(3,250)	(3,259)	(3,269)	(3,279)

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
19	Tax Depreciation	498,881	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)	(3,821)
20	Interest on Long-Term Debt	800	632	623	613	604	594	584	575	565	556	546	536
21	Other	0	0	0	0	0	0	0	0	0	0	0	0
22	Capitalized Interest	0	0	0	0	0	0	0	0	0	0	0	0
23	AFUDC Debt	0	0	0	0	0	0	0	0	0	0	0	0
24	Tax Abandonment	(4,880)	0	0	0	0	0	0	0	0	0	0	0
25	Ad Valorem Lien Date Adjustment	0	0	0	0	0	0	0	0	0	0	0	0
26	Total FIT Adjustments	494,800	(3,189)	(3,198)	(3,208)	(3,217)	(3,227)	(3,237)	(3,246)	(3,256)	(3,265)	(3,275)	(3,285)

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
27	Revenues	1,554	17,286	17,269	17,274	17,257	17,242	17,022	17,004	16,987	17,005	16,985	16,967
28	Expenses												
29	Other Taxes	938	938	938	938	938	938	676	676	676	676	676	676
30	Operating Expenses	4,047	4,042	4,038	4,054	4,049	4,044	4,099	4,092	4,085	4,116	4,109	4,101
31	Total Expenses	4,985	4,980	4,975	4,992	4,987	4,982	4,774	4,768	4,761	4,792	4,785	4,777
32	Income Tax Adjustments	202,233	(3,182)	(3,191)	(3,201)	(3,210)	(3,220)	(3,230)	(3,239)	(3,250)	(3,259)	(3,269)	(3,279)
33	Taxable Income	(205,664)	15,488	15,485	15,484	15,481	15,480	15,478	15,476	15,476	15,472	15,470	15,469
34	California Franchise Tax (See line 1)	(17,566)	1,323	1,323	1,322	1,322	1,322	1,322	1,322	1,322	1,321	1,321	1,321
35	New Mexico Income Tax (See line 3)	(57)	4	4	4	4	4	4	4	4	4	4	4
36	Arizona Income Tax (See line 4)	(358)	27	27	27	27	27	27	27	27	27	27	27
37	Other State Taxes	(415)	31	31	31	31	31	31	31	31	31	31	31
38	Total State Income Taxes	(17,981)	1,354	1,354	1,353	1,353	1,353	1,353	1,353	1,353	1,352	1,352	1,352

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
39	Revenues	1,554	17,286	17,269	17,274	17,257	17,242	17,022	17,004	16,987	17,005	16,985	16,967
40	Expenses												
41	Other Taxes	938	938	938	938	938	938	676	676	676	676	676	676
42	State Income Taxes	(17,981)	1,354	1,354	1,353	1,353	1,353	1,353	1,353	1,353	1,352	1,352	1,352
43	Operating Expenses	4,047	4,042	4,038	4,054	4,049	4,044	4,099	4,092	4,085	4,116	4,109	4,101
44	Total Expenses	(12,996)	6,334	6,329	6,345	6,340	6,335	6,127	6,121	6,114	6,144	6,137	6,129
45	Income Tax Adjustments	494,800	(3,189)	(3,198)	(3,208)	(3,217)	(3,227)	(3,237)	(3,246)	(3,256)	(3,265)	(3,275)	(3,285)
46	Taxable Income	(480,250)	14,141	14,138	14,138	14,135	14,134	14,132	14,130	14,129	14,126	14,124	14,123
47	Federal Income Tax (See line 5)	(168,088)	4,949	4,948	4,948	4,947	4,947	4,946	4,945	4,945	4,944	4,943	4,943
48	Investment Tax Credit Amortization	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)
49	Deferred Taxes (ACRS/MACRS & ARAM)	173,009	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)	(3,439)
50	Total Federal Income Taxes	4,833	1,422	1,421	1,421	1,420	1,420	1,419	1,418	1,418	1,417	1,416	1,416



<b>SOUTHERN CALIFORNIA EDISON COMPANY</b> <b>SONGS OII</b> <b>Capital Revenue Requirements</b> <b>2018</b>													
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Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
51	State Income Taxes	(17,981)	1,354	1,354	1,353	1,353	1,353	1,353	1,353	1,353	1,352	1,352	1,352
52	Federal Income Taxes	4,833	1,422	1,421	1,421	1,420	1,420	1,419	1,418	1,418	1,417	1,416	1,416
53	<b>Total Income Taxes</b>	<b>(13,148)</b>	<b>2,776</b>	<b>2,775</b>	<b>2,774</b>	<b>2,773</b>	<b>2,773</b>	<b>2,772</b>	<b>2,771</b>	<b>2,771</b>	<b>2,769</b>	<b>2,768</b>	<b>2,768</b>

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
54	Depreciation	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013
55	<b>Total Depreciation Expense</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>	<b>8,013</b>

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
56	Fixed Capital												
57	Gross Investment (EOM)	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460
58	Gross Investment (AVG)	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460	1,041,460
59	Materials & Supplies (EOM)	38,726	37,919	37,112	36,305	35,499	34,692	33,885	33,078	32,271	31,465	30,658	29,851
60	Materials & Supplies (AVG)	39,129	38,322	37,516	36,709	35,902	35,095	34,288	33,482	32,675	31,868	31,061	30,254
61	<b>Total Gross Investment</b>	<b>1,080,589</b>	<b>1,079,782</b>	<b>1,078,976</b>	<b>1,078,169</b>	<b>1,077,362</b>	<b>1,076,555</b>	<b>1,075,748</b>	<b>1,074,942</b>	<b>1,074,135</b>	<b>1,073,328</b>	<b>1,072,521</b>	<b>1,071,714</b>
62	Deductions for Reserves												
63	Depreciation Reserve (EOM)	656,820	664,833	672,847	680,860	688,873	696,887	704,900	712,913	720,927	728,940	736,953	744,967
64	Depreciation Reserve (AVG)	652,813	660,827	668,840	676,853	684,867	692,880	700,893	708,907	716,920	724,933	732,947	740,960
65	Deferred Tax Reserve ACRS/MACRS & ARAM (EOM)	66,238	62,799	59,360	55,921	52,482	49,043	45,605	42,166	38,727	35,288	31,849	28,410
66	Deferred Tax Reserve (AVG)	(20,267)	64,518	61,080	57,641	54,202	50,763	47,324	43,885	40,446	37,007	33,568	30,130
67	<b>Total Deductions for Reserves</b>	<b>632,547</b>	<b>725,345</b>	<b>729,920</b>	<b>734,494</b>	<b>739,069</b>	<b>743,643</b>	<b>748,217</b>	<b>752,792</b>	<b>757,366</b>	<b>761,941</b>	<b>766,515</b>	<b>771,090</b>
68	<b>Total Rate Base (Average)</b>	<b>448,042</b>	<b>354,437</b>	<b>349,056</b>	<b>343,675</b>	<b>338,293</b>	<b>332,912</b>	<b>327,531</b>	<b>322,150</b>	<b>316,769</b>	<b>311,387</b>	<b>306,006</b>	<b>300,625</b>

Line	Item	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
69	Operating Expenses												
70	Nuclear Fuel Amortization and Disposal Exp.	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821
71	Nuclear Fuel Carrying costs	225	221	216	233	228	223	277	271	264	295	288	280
72	Expenses - Subtotal	4,047	4,042	4,038	4,054	4,049	4,044	4,099	4,092	4,085	4,116	4,109	4,101
73	M&S Amortization	807	807	807	807	807	807	807	807	807	807	807	807
74	Depreciation	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013	8,013
75	Income Taxes	(13,148)	2,776	2,775	2,774	2,773	2,773	2,772	2,771	2,771	2,769	2,768	2,768
76	Property Taxes	938	938	938	938	938	938	676	676	676	676	676	676
77	<b>Net Operating Expenses</b>	<b>(150)</b>	<b>15,769</b>	<b>15,764</b>	<b>15,779</b>	<b>15,773</b>	<b>15,768</b>	<b>15,559</b>	<b>15,552</b>	<b>15,545</b>	<b>15,574</b>	<b>15,566</b>	<b>15,558</b>
78	RATE OF RETURN	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
79	<b>Rate Base (Average)</b>	<b>448,042</b>	<b>354,437</b>	<b>349,056</b>	<b>343,675</b>	<b>338,293</b>	<b>332,912</b>	<b>327,531</b>	<b>322,150</b>	<b>316,769</b>	<b>311,387</b>	<b>306,006</b>	<b>300,625</b>
80	Return on Rate Base	897	710	699	688	678	667	656	645	634	624	613	602
81	<b>Total Capital Revenue Requirement</b>	<b>1,554</b>	<b>17,286</b>	<b>17,269</b>	<b>17,274</b>	<b>17,257</b>	<b>17,242</b>	<b>17,022</b>	<b>17,004</b>	<b>16,987</b>	<b>17,005</b>	<b>16,985</b>	<b>16,967</b>

<b>TOTAL</b>	<b>189,852</b>
<b>TOTAL / FF&amp;U</b>	<b>192,056</b>