

Report on Tentative Settlement of Proposed Southern California Edison Transmission Rate Proceeding

Legal and Human Resources Committee
Item 9-3
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Report on Tentative Settlement of Proposed SCE Transmission Rate Proceeding Edison Rate Increase Timeline

- July 2008: Edison files proposed wholesale transmission rate increase
- August 2008: Metropolitan and other interested parties intervene
- December 2008: Negotiations commence
- June 2009: Tentative settlement

Report on Tentative Settlement of Proposed SCE Transmission Rate Proceeding Edison's Original Rate Increase Proposal

- Doubled existing Edison portion of SWP pumping power costs
 - \$10 to \$12 million of the estimated \$424 million for 2009
 - Metropolitan's share \$7 to \$9 million

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Proposed Settlement

- Reduces total SWP pumping power cost increases
 - From \$10 to \$12 million to \$6 to \$8 million
- Limits Metropolitan's increased share to approximately \$4 million per year, rather than \$7 to \$9 million
- Improves existing transmission contracts

Report on Tentative Settlement of Proposed SCE Transmission Rate Proceeding Resolution of FERC Proceeding

- Settlement offer before FERC for approval
- No opposition anticipated
- DWR will obtain reimbursement or credit

Report on Tentative Settlement of Proposed SCE Transmission Rate Proceeding Future Transmission Rate Increases

- Only fourth Edison rate increase since 1997
- PG&E rates increase annually
- Expect more frequent and significant transmission rate increases
- Required to cover transmission costs of state and federal renewable energy mandates