



SOUTHERN CALIFORNIA
EDISON[®]

An EDISON INTERNATIONAL[®] Company

James A. Cuillier
Manager of FERC
Rates & Regulation

March 7, 2007

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Ms. Salas:

Pursuant to Section 35.13 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Regulations under the Federal Power Act (18 C.F.R. § 35.13), Southern California Edison Company ("SCE") tenders for filing a new rate sheet ("New Sheet") for the Interconnection Facilities Agreement ("Interconnection Agreement") between SCE and the Nuevo Energy Company ("Nuevo").

In this same filing, pursuant to Section 35.15 of the Commission's Regulations under the Federal Power Act (18 C.F.R. § 35.15), SCE tenders for filing a Notice of Cancellation of the Interconnection Agreement and the associated Service Agreement For Wholesale Distribution Service ("Service Agreement") between SCE and Nuevo.

The documents submitted with this filing consist of this letter of transmittal and all attachments hereto; the new sheet reflecting the termination charges; the revised rate sheets reflecting the cancellation of the Interconnection Agreement and Service Agreement; a Notice of Cancellation suitable for publication in the Federal Register; and an electronic copy of the Notice of Cancellation on a compact disk.

The Service Agreement, designated as Service Agreement No. 21 under FERC Electric Tariff, First Revised Volume No. 5, SCE's Wholesale Distribution Access Tariff ("WDAT"), and the Interconnection Agreement, originally designated as Rate Schedule FERC No. 414, were filed with and accepted by the Commission in Docket No. ER00-

1528-000, effective March 1, 2000. Subsequently, the Interconnection Agreement was re-designated as Service Agreement No. 119 under the WDAT in Docket No. ER04-1159-000, effective July 18, 2004.

On July 13, 2004, Nuevo, Blacksand Partners, L.P. ("Blacksand") and SCE entered into an Assignment, Assumption and Consent Agreement under which Nuevo assigned all rights, title and ownership interest associated with the Interconnection Agreement and Service Agreement to Blacksand, and SCE consented to such assignment.

The Service Agreement sets forth SCE's agreement to provide 5.6 MW of Distribution Service from Nuevo's Brea Generating Facility to the California Independent System Operator Controlled Grid ("ISO Grid") at SCE's Olinda Substation. The Interconnection Agreement sets forth the terms and conditions for the interconnection of the Brea Generating Facility to SCE's Distribution System.

On April 12, 2005, pursuant to the WDAT, SCE and Blacksand entered into a new interconnection facilities agreement to accommodate Blacksand's desire to relocate the Brea Generating Facility's interconnection to SCE's Distribution System, and an associated service agreement for wholesale Distribution Service from the new interconnection point to the ISO Grid. These new agreements were accepted by the Commission in Docket ER05-866-000 as Service Agreement No. 135 and Service Agreement No. 136 respectively under the WDAT. Once interconnection service and wholesale Distribution Service commenced under the new agreements on September 20, 2006, the Interconnection Service provided under the Interconnection Agreement was terminated and the Interconnection Facilities were de-energized. As a result, the Interconnection Agreement and Service Agreement are no longer necessary.

Section 5.2 of the Interconnection Agreement states that the Interconnection Agreement shall terminate on the earliest of: (i) the termination date of the Service Agreement, or (ii) the date specified by Nuevo (now Blacksand) upon one hundred eighty (180) calendar days advance written notice to SCE. Section 4 of the Service Agreement states that service under the Service Agreement shall terminate on the termination date of the Interconnection Agreement.

The New Sheet To The Interconnection Agreement

Section 5.3 of the Interconnection Agreement provides that following termination of the Interconnection Agreement SCE would bill Blacksand for: (1) the installed cost of the Interconnection Facilities less accumulated depreciation; (2) the costs to remove the Interconnection Facilities; and (3) the difference between (i) the present value (as of the date of termination date) of the series of Interconnection Facilities Charge payments which would have been made or come due as of the termination date, if such charge had been calculated pursuant to a traditional depreciated rate base methodology, and (ii) the present value (as of the termination date) of the Interconnection Facilities Charge payments actually made, or which had become due, under the Interconnection Agreement as of the termination date. Section 5.5 of the Interconnection Agreement provides that Nuevo will support SCE's filing to terminate Interconnection Agreement with FERC if requested by SCE.

The New Sheet, attached as Exhibit B to the Interconnection Agreement reflects the termination charges totaling \$84,995.02 calculated in accordance with Section 5.3 of the Interconnection Agreement. Attachment A to this letter consists of the work papers used to develop the Net Book Value and the depreciated revenue shortage components of the termination charge related to the Interconnection Facilities, \$46,142.66 and \$21,002.36 respectively. The third component of the Termination Charge, the cost to remove the Interconnection Facilities, is \$17,850.00, which consists of removing the ground bank, current transformers, potential transformers, metering poles, wire, and other miscellaneous items.

Waiver

SCE respectfully requests, pursuant to Section 35.11 of the Commission's regulations, waiver of the 60-day prior notice requirements specified in Section 35.3, and requests the Commission to assign an effective date of September 20, 2006 to the New Sheet and the revised rate sheets reflecting the Notice of Cancellation. Such waiver would be consistent with the Commission's policy set forth in Central Hudson & Electric Corp., et al, 60 FERC ¶ 61106, reh'g denied 61 FERC ¶ 61,089 (1992), that waiver of the 60-day prior notice requirement will generally be granted when the filing has no rate impact or reduces the rate or when a rate increase and its effective date are prescribed by an agreement on file with the Commission. The granting of such waiver will not have any impact on SCE's other rate schedules.

Other Filing Requirements

No expenses or costs included in the rates tendered herein have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

SCE believes that the information contained in this letter is sufficient for the Commission to accept this filing; however, to the extent necessary, SCE further requests that the Commission waive its filing requirements contained in Sections 35.5, 35.13 and 35.15 (18 C.F.R. §§ 35.5, 35.13 and 35.15). SCE has mailed copies to those persons whose names appear on the enclosed mailing list.

SCE believes this filing conforms to any rule of general applicability and to any Commission order specifically applicable to SCE, and has made copies of this letter and all enclosures available for public inspection in SCE's principal office located in Rosemead, California. SCE has mailed copies to those persons whose names appear on the mailing list enclosed.

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
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SCE requests that all correspondence, pleadings and other communications concerning this filing be served upon:

Ellen Berman
Attorney
Southern California Edison Company
P. O. Box 800
2244 Walnut Grove Avenue,
Rosemead, California 91770

SCE also requests that an additional copy of any correspondence and orders be sent to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Cuillier', with a long horizontal flourish extending to the right.

JAMES A. CULLIER

Enclosures

FEDERAL ENERGY REGULATORY COMMISSION

Persons to whom copies have been sent:

| Name | Address |
|---|---|
| Public Utilities Commission Legal Division | State of California State Building 505 Van Ness Avenue San Francisco, California 94102 |
| Blacksand Partners, L.P. Timothy Collins, President General Partner | 500 North Kraemer Boulevard, Bldg. B Brea, California 92821 |

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Southern California Edison Company)

Docket No. ER07-____-____

NOTICE OF CANCELLATION

(March , 2007)

Notice is hereby given that effective the twentieth day of September 2006, Service Agreement No. 119 with an effective date of July 18, 2004 and Service Agreement No. 21 with an effective date of March 1, 2000 under FERC Electric Tariff, First Revised Volume No. 5, and filed with the Federal Energy Regulatory Commission by Southern California Edison Company, are to be cancelled.

Notice of the proposed cancellation has been served upon the Public Utilities Commission of the State of California and the Blacksand Partners, L.P.

SOUTHERN CALIFORNIA EDISON COMPANY



By JAMES A. CULLIER
Manager, FERC Rates & Regulation

Comment Date: March __, 2007

Interconnection Agreement

New Sheets

Exhibit B

**Interconnection Facilities
Termination Charges**

Pursuant to Section 5.3 of this Interconnection Facilities Agreement

| <u>Description</u> | <u>Amount</u> |
|---|--------------------|
| Installed Cost [1] | \$62,223.01 |
| Accumulated Depreciation as of 9/20/06 | \$16,080.35 |
| Net Book Value = Installed Cost – Accumulated Depreciation (\$62,223.01) – (\$16,080.35) = | \$46,142.66 |
| Removal Costs | \$17,850.00 |
| Traditional Depreciated Rate Base Revenue Shortage | \$21,002.36 |
| Total Termination Charges = Net Book Value + Removal Costs + Revenue Shortage = (\$46,142.66) + (\$17,850.00) + (\$21,002.36) = | \$84,995.02 |

[1] The actual installed cost was \$62,223.01, Exhibit A only reflects an estimated value of \$47,000 and a note that this value is subject to revision (pursuant to Section 10.1 of this agreement).

Cancels FERC Electric Tariff, First Revised Volume No. 5
Service Agreement No. 119

Notice of Cancellation

Cancels FERC Electric Tariff, First Revised Volume No. 5
Service Agreement No. 21

Notice of Cancellation

Attachment A

Work Papers

Nuevo Energy Termination Revenue Requirement Shortage Calculation

Inputs

Initial Investment \$ 62,223.01
In-Service Date 3/1/2000
De-Energizing Date 9/20/2006
Total Months In-Service 79
Depreciation \$ 16,080.35

ROR 2000-2004 9.17%
Weighted Cost of Debt 3.57%
ROR 2005-2006 9.49%
Weighted Cost of Debt 3.59%

Federal Tax Rate 35.00%
State Tax Rate 8.54%

Assumptions

- 1 No Operating Expense shortfall
- 2 Yearly pmts assumed made at end of period

Revenue Requirement Shortfall

| | 2000 ROR = 7.64% [1] | 2001 ROR = 9.17% | 2002 ROR = 9.17% | 2003 ROR = 9.17% | 2004 ROR = 9.29% [2] | 2005 ROR = 9.49% | 2006 ROR = 7.65% [3] | Totals |
|---------------------------|-------------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|-------------------------|-------------|
| Return | \$ 4,671.97 | \$ 5,363.09 | \$ 5,111.85 | \$ 4,901.42 | \$ 4,750.31 | \$ 4,631.37 | \$ 3,567.21 | |
| Federal Tax | \$ 1,438.61 | \$ 1,101.50 | \$ 1,142.17 | \$ 1,171.11 | \$ 1,228.54 | \$ 1,288.20 | \$ 542.92 | |
| State Tax | \$ 373.16 | \$ 341.78 | \$ 343.08 | \$ 344.95 | \$ 354.40 | \$ 365.55 | \$ 180.92 | |
| Deferred Taxes | \$ 107.55 | \$ 851.05 | \$ 710.31 | \$ 579.94 | \$ 459.17 | \$ 347.29 | \$ 509.52 | |
| Depreciation Expense | \$ 2,035.49 | \$ 2,442.58 | \$ 2,442.58 | \$ 2,442.58 | \$ 2,442.58 | \$ 2,442.58 | \$ 1,831.94 | |
| Total | \$ 8,626.79 | \$ 10,100.00 | \$ 9,750.00 | \$ 9,440.00 | \$ 9,235.00 | \$ 9,075.00 | \$ 6,632.50 | |
| Amount Actually Collected | \$ 5,926.74 | \$ 7,112.09 | \$ 7,112.09 | \$ 7,112.09 | \$ 7,228.95 | \$ 7,547.65 | \$ 5,396.20 | |
| Shortfall | \$ 2,700.05 | \$ 2,987.91 | \$ 2,637.91 | \$ 2,327.91 | \$ 2,006.05 | \$ 1,527.35 | \$ 1,236.30 | 15,423.47 |
| Shortfall in 2001 Dollars | \$2,906.33 | \$ 2,987.91 | \$ 2,879.81 | \$ 2,327.91 | | | | |
| Shortfall in 2003 Dollars | \$3,463.79 | \$3,561.02 | \$3,147.34 | \$2,544.17 | \$ 2,006.05 | | | |
| Shortfall in 2004 Dollars | \$3,785.58 | \$3,891.84 | \$3,446.02 | \$2,785.61 | \$2,196.42 | \$ 1,527.35 | | |
| Shortfall in 2005 Dollars | \$4,144.83 | \$4,261.17 | \$3,709.64 | \$2,998.71 | \$2,364.45 | \$1,644.19 | \$ 1,236.30 | |
| Shortfall in 2006 Dollars | \$4,461.91 | \$4,587.15 | | | | | | \$21,002.36 |

Notes

- [1] ROR prorated since facility was not in-service a full year. $9.17\% \times (10/12) = 7.64\%$
[2] ROR prorated since ROR changed from 9.17% to 9.49% effective July 18, 2004. $9.17\% \times (7.58/12) + 9.49\% \times (4.42/12) = 9.29\%$
[3] ROR prorated since facility was not in-service a full year. $9.49\% \times (9.67/12) = 7.65\%$

Income Statement

| Line No. | 2000 1 | 2001 2 | 2002 3 | 2003 4 | 2004 5 | 2005 6 | 2006 7 |
|----------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Revenue | 10,100.00 | 9,750.00 | 9,440.00 | 9,235.00 | 9,075.00 | 6,632.50 |
| 2 | - Expenses | - | - | - | - | - | - |
| 3 | = Income before Tax | 10,100.00 | 9,750.00 | 9,440.00 | 9,235.00 | 9,075.00 | 6,632.50 |
| 4 | | | | | | | |
| 5 | State Inc Tax: | | | | | | |
| 6 | Income Before Tax | 10,100.00 | 9,750.00 | 9,440.00 | 9,235.00 | 9,075.00 | 6,632.50 |
| 7 | - State Tax Dep | 2,074.10 | 3,742.60 | 3,493.09 | 3,260.22 | 3,042.87 | 2,840.01 |
| 8 | - Other Deductions | | | | | | |
| 9 | - Interest | 2,183.11 | 1,990.02 | 1,907.66 | 1,824.95 | 1,751.66 | 1,674.03 |
| 10 | = S.I.T. Taxable Income | 4,369.58 | 4,017.38 | 4,039.24 | 4,149.84 | 4,280.47 | 2,118.46 |
| 11 | Current year SIT | 373.16 | 341.78 | 344.95 | 354.40 | 365.55 | 180.92 |
| 12 | + Deferred † | 3.30 | 133.85 | 89.71 | 69.83 | 51.26 | 86.09 |
| 13 | Cal. Inc Tax | 376.46 | 475.63 | 434.66 | 424.22 | 416.82 | 267.01 |
| 14 | | | | | | | |
| 15 | Fed Inc Tax: | | | | | | |
| 16 | Income Before Tax | 8,626.79 | 10,100.00 | 9,440.00 | 9,235.00 | 9,075.00 | 6,632.50 |
| 17 | - Interest Expense | 2,183.11 | 2,087.98 | 1,907.66 | 1,824.95 | 1,751.66 | 1,674.03 |
| 18 | - Tax Depreciation | 2,333.36 | 4,491.72 | 3,843.23 | 3,554.99 | 3,288.36 | 3,041.74 |
| 19 | - Prev Yr SIT | - | 373.16 | 343.08 | 344.95 | 354.40 | 365.55 |
| 20 | - Other Deductions | | | | | | |
| 21 | - Cal SIT | - | - | - | - | - | - |
| 22 | - State Def Tax † | - | - | - | - | - | - |
| 23 | = FIT Taxable Income | 4,110.32 | 3,147.13 | 3,346.02 | 3,510.11 | 3,680.58 | 1,551.19 |
| 24 | Current year FIT | 1,438.61 | 1,101.50 | 1,171.11 | 1,228.54 | 1,288.20 | 542.92 |
| 25 | + Deferred † | 104.26 | 717.20 | 490.23 | 389.34 | 296.02 | 423.43 |
| 26 | FIT | 1,542.87 | 1,818.69 | 1,661.33 | 1,617.88 | 1,584.23 | 966.35 |
| 27 | | | | | | | |
| 28 | Total St + Fed | 1,919.33 | 2,294.32 | 2,096.00 | 2,042.10 | 2,001.04 | 1,233.35 |
| 29 | | | | | | | |
| 30 | - Depreciation Expense | 2,035.49 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 1,831.94 |
| 31 | = Net Income | 4,671.97 | 5,363.09 | 4,901.42 | 4,750.31 | 4,631.37 | 3,567.21 |
| 32 | | | | | | | |
| 33 | Rate Base | 61,151.49 | 58,486.93 | 53,435.93 | 51,118.92 | 48,792.66 | 46,630.23 |
| 34 | Return on Rate Base | 7.64% | 9.17% | 9.17% | 9.29% | 9.49% | 7.65% |
| 35 | | | | | | | |
| 36 | | | | | | | |

Ratebase

| Line No. | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Plant in Service | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 | Retirement | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 |
| 3 | e.o.y. PIS | | | | | | | |
| 4 | Net Salvage | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 |
| 5 | Depreciation Expense | 2,035.49 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 1,831.94 |
| 6 | Depr Reserve e.o.y | 2,035.49 | 4,478.07 | 6,920.66 | 9,363.24 | 11,805.83 | 14,248.41 | 16,080.35 |
| 7 | | | | | | | | |
| 8 | Net Plant e.o.y. | 60,187.52 | 57,744.94 | 55,302.35 | 52,859.77 | 50,417.18 | 47,974.60 | 46,142.66 |
| 9 | Def Tax Reserve | 107.55 | 851.05 | 710.31 | 579.94 | 459.17 | 347.29 | 509.52 |
| 10 | boy RB | 62,223.01 | 60,079.97 | 56,893.89 | 54,592.04 | 52,279.83 | 49,958.02 | 47,627.31 |
| 11 | eoy RB | 60,079.97 | 56,893.89 | 54,592.04 | 52,279.83 | 49,958.02 | 47,627.31 | 45,633.14 |
| 12 | Avg RB | 61,151.49 | 58,486.93 | 55,742.96 | 53,435.93 | 51,118.92 | 48,792.66 | 46,630.23 |

16,080.35

Def. Taxes

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| <u>Fed Def Tax</u> | | | | | | | |
| | <u>Sum</u> | | | | | | |
| Tax Dep Rate | | | | | | | |
| Tax Basis | 3.750% | 7.219% | 6.677% | 6.177% | 5.713% | 5.285% | 4.888% |
| Cost of Rem Expense | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 |
| Tax Depr | | | | | | | |
| Cumul Tax Dep | 2,333.36 | 4,491.72 | 4,154.84 | 3,843.23 | 3,554.99 | 3,288.36 | 3,041.74 |
| Unused Tax Depr | | 6,825.09 | 10,979.93 | 14,823.16 | 18,378.15 | 21,666.51 | 24,708.25 |
| | | 55,397.92 | 51,243.08 | 47,399.85 | 43,844.86 | 40,556.50 | 37,514.76 |
| Book Depr | | | | | | | |
| Net Plant | 2,035.49 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 1,831.94 |
| Fed Def Taxes = | 60,187.52 | 57,744.94 | 55,302.35 | 52,859.77 | 50,417.18 | 47,974.60 | 46,142.66 |
| (Tax - Book) * FIT Rate | | | | | | | |
| Cumulative Fed Def Tax | 104.26 | 717.20 | 599.29 | 490.23 | 389.34 | 296.02 | 423.43 |
| | | 821.45 | 1,420.75 | 1,910.97 | 2,300.31 | 2,596.34 | 3,019.77 |

State Def Tax

| | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Tax Dep Rate | | | | | | | |
| Tax Basis | 3.333% | 6.444% | 6.015% | 5.614% | 5.240% | 4.890% | 4.564% |
| Cost of Rem Expense | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 | 62,223.01 |
| Tax Depr | | | | | | | |
| Cumul Tax Dep | 2,074.10 | 4,009.93 | 3,742.60 | 3,493.09 | 3,260.22 | 3,042.87 | 2,840.01 |
| Unused Tax Depr | | 6,084.03 | 9,826.63 | 13,319.72 | 16,579.94 | 19,622.81 | 22,462.82 |
| | | 56,138.98 | 52,396.38 | 48,903.29 | 45,643.07 | 42,600.20 | 39,760.19 |
| Book Depr | | | | | | | |
| State Def Taxes = | 2,035.49 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 2,442.58 | 1,831.94 |
| (Tax - Book) * SIT Rate | | | | | | | |
| Cumul St Def Tax | 3.30 | 133.85 | 111.02 | 89.71 | 69.83 | 51.26 | 86.09 |
| | | 137.15 | 248.17 | 337.88 | 407.71 | 458.97 | 545.06 |
| Total St + Fed Def Taxes sum = | 107.55 | 851.05 | 710.31 | 579.94 | 459.17 | 347.29 | 509.52 |
| Tot Cum Def Tax St and Fed | | 958.60 | 1,668.92 | 2,248.86 | 2,708.02 | 3,055.31 | 3,564.83 |