Southern California Edison submits these comments in response to the request of the ISO for stakeholder input regarding the 2012 Cost of Service Study for the 2012 GMC rates. The ISO specifically requested input on several issues, as follows with SCE's input:

1) Process suggestions and improvements.

SCE does not have any suggestions to improve the process of conducting the 2012 Cost of Service Study.

2) Proposed calendar of events.

The proposed schedule for completing the 2012 Cost of Service Study is reasonable.

3) SMCR allocation based on settlement charges.

SCE is supportive of the current method of billing SMCR costs, where a given amount (currently $1,000 per month) is collected through a fixed charge from each SC that has activity in a month, and the remainder of costs is reallocated to other GMC charge buckets. It seems appropriate to have a fixed cost component of the GMC to represent that there are a certain amount of fixed costs that the ISO incurs in servicing an SC, regardless of its size (such as sending out a bill each month to each SC, and doing accounting on a per SC basis). Accordingly, SCE is not supportive of eliminating the fixed charge component of the SMCR charge. SCE is open to the possibility of billing the remainder of SMCR costs not collected through the $1,000 monthly charge in proportion to an SC's settlement charges, rather than reallocating the costs to other GMC cost buckets. This could be appropriate if it could be demonstrated that there is both a fixed cost component of servicing SCs, as well as a variable cost that is in some measure proportional to the amount of business that an SC does with the ISO.

4) 35% of Core Reliability Services going to Energy Transmission Services, both Net Energy and Uninstructed Energy.

SCE is generally supportive of the current transfer of CRS costs to the ETS cost bucket. This transfer originated as a result of the settlement of the 2004 GMC case (ER04-115), and therefore in SCE's view represents a consensus among stakeholders that likely should be maintained. However, SCE would like to see more cost information before definitively supporting this cost allocation transfer.

5) 80%/20% split of Energy Transmission Services between metered load and uninstructed imbalance energy.

SCE is supportive of maintaining the 80/20 split between the ETS costs that are recovered from metered load and costs that are recovered from uninstructed imbalance energy, assuming that the underlying relationship between metered load and uninstructed deviation energy have not changed since the original study. The original rationale for a split billing determinant of the ETS charge was that ETS costs are scalable costs that vary in proportion to the level of activity on the transmission system. Metered load and uninstructed imbalance energy are both measures of this scalable activity, and so both are appropriate as billing determinants. The 80/20 split was based on an analysis of the standard deviation of energy versus deviations. If this basic relationship has not changed much since the original study, SCE is supportive of keeping the 80/20 split. Additionally, SCE agrees that it is appropriate to allocate some ETS costs to uninstructed imbalance energy from an incentive perspective, in order to provide SCs with the incentive to minimize these deviations.

6) Billing determinants.

SCE supports the current set of billing determinants.

7) Other issues.

SCE has no other issues to raise at this point.