

**Explanation of One Time Adjustment to Prior Period  
True Up TRR Pursuant to Appendix IX, Attachment 1, Paragraph 3(d)(8)**

**TO8/TO9/TO10  
TUTRR Change      TO11  
One-Time Adj\***

**Changes to 2012**

1. After posting the June 15 TO11 Draft Annual Update, SCE discovered that it incorrectly included 2012 SONGS expenses related to the Nuclear Electric Insurance Limited (NEIL) Litigation and Mitsubishi Heavy Industries (MHI) Arbitration. Therefore, SCE is including an additional TO8 A&G exclusions of \$5,547,186 to remove these 2012 SONGS expenses. SCE has incorporated this correction that changes the TO8 A&G exclusions and the impact of this change is a decrease in the 2012 True Up TRR of \$210,049.

- \$210,049      - \$227,756

**Total One-Time Adjustment for 2012 Reflected in December TO11 Filing**

**A      - \$210,049      - \$227,756**

**Changes to 2013**

1. After filing the December 1 TO10 Annual Update, SCE discovered that the additional TO9 A&G exclusions of \$33,150,102 due to the approval for recovery of certain 2013 SONGS expenses as decommissioning costs by the California Public Utilities Commission in CPUC Resolution E-4678 and approval of Advice Letter 3285-E was incorrect. The amount was overstated by \$8,299,516 due to the inclusion of SONGS Participant Credits, which are cost that were recovered from SONGS co-owners and needed to be removed to correctly reflect SCE's share of the cost. SCE has incorporated this correction that changes the TO9 A&G exclusions and the impact of this change is an increase in the 2013 True Up TRR of \$358,703.

B      \$358,703      \$376,558

2. After posting the June 15 TO11 Draft Annual Update, SCE discovered that it incorrectly included 2013 SONGS expenses related to the Nuclear Electric Insurance Limited (NEIL) Litigation and Mitsubishi Heavy Industries (MHI) Arbitration. Therefore, SCE is including an additional TO9 A&G exclusions of \$4,807,665 to remove these 2013 SONGS expenses. SCE has incorporated this correction that changes the TO9 A&G exclusions and the impact of this change is a decrease in the 2013 True Up TRR of \$207,786.

C      - \$207,786      - \$218,129

**Total One-Time Adjustment for 2013 Reflected in December TO11 Filing**

**D = B + C      \$150,917      \$158,429**

**Changes to 2014**

1. As discussed above, after filing the TO10 Annual Update, it was discovered that the additional TO10 A&G exclusions of \$29,215,280 due to the approval for recovery of certain 2014 SONGS expenses as decommissioning costs by the California Public Utilities Commission in CPUC Resolution E-4678 and approval of Advice Letter 3285-E was incorrect. The amount was overstated by \$6,498,670 due to the inclusion of the SONGS Participant Credits. SCE has incorporated this correction that changes the TO10 A&G exclusions and the impact of this change is an increase in the 2014 True Up TRR of \$360,113.

E      \$360,113      \$366,002

2. SCE discovered an error in the TO10 input for the Refunds to Date amount for the NRG El Segundo (TOT041) Project. The amount reported was \$3,678,367, when it should have been \$5,367,550. As a result, the total 2014 EOY Outstanding Network Upgrades Credits (TO10, Line 5) was overstated by \$1,689,184. SCE has incorporated this correction that changes and the impact is an increase in the 2014 True Up TRR of \$92,315.

F      \$92,315      \$93,824

3. After posting the June 15 TO11 Draft Annual Update, SCE discovered that it incorrectly included 2014 SONGS expenses related to the Nuclear Electric Insurance Limited (NEIL) Litigation and Mitsubishi Heavy Industries (MHI) Arbitration. Therefore, SCE is including an additional TO10 A&G exclusions of \$10,153,172 to remove these 2014 SONGS expenses. SCE has incorporated this correction that changes the TO10 A&G exclusions and the impact of this change is a decrease in the 2014 True Up TRR of \$654,935.

G      - \$654,935      - \$665,646

**Total One-Time Adjustment for 2014 Reflected in December TO11 Filing**

**H = E + F + G      - \$202,508      - \$205,820**

**Total One-Time Adjustment for 2012 through 2014 Reflected in December TO11 Filing**

**I = A + D + H      - \$261,640      - \$275,147**

\* The TO11 One-Time Adjustment is equal to the TO8/TO9/TO10 TUTRR Change, plus interest through December 31, 2014.

| Schedule 3 - One-Time and Previous Period True Up Adjustment |      |                       |                                |   |                            |   |  |   |                            |   |                                |   |                            |   |                                |   |                            |   |
|--|------|-----------------------|--------------------------------|---|----------------------------|---|--|---|----------------------------|---|--------------------------------|---|----------------------------|---|--------------------------------|---|----------------------------|---|
| One Time Adjustment for Revised 2012 True Up TRR             |      |                       |                                |   |                            |   | One Time Adjustment for Revised 2013 True Up TRR |   |                            |   |                                |   |                            | One Time Adjustment for Revised 2014 True Up TRR                |                                |   |                            |   |
| Month  | Year | Monthly Interest Rate | Monthly True Up TRR Adjustment | Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month | Interest for Current Month | Cumulative Excess (-) or Shortfall (+) in Revenue with Interest | Monthly True Up TRR Adjustment                   | Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month | Interest for Current Month | Cumulative Excess (-) or Shortfall (+) in Revenue with Interest | Monthly True Up TRR Adjustment | Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month | Interest for Current Month | Cumulative Excess (-) or Shortfall (+) in Revenue with Interest | Monthly True Up TRR Adjustment | Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month | Interest for Current Month | Cumulative Excess (-) or Shortfall (+) in Revenue with Interest |
| January  | 2012 | 0.27%                 | -\$17,504                      | -\$17,504   | -\$24                      | -\$17,528   | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| February   | 2012 | 0.27%                 | -\$17,504                      | -\$35,032   | -\$71                      | -\$35,103   | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| March  | 2012 | 0.27%                 | -\$17,504                      | -\$52,607   | -\$118                     | -\$52,725   | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| April  | 2012 | 0.27%                 | -\$17,504                      | -\$70,229   | -\$166                     | -\$70,395   | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| May  | 2012 | 0.27%                 | -\$17,504                      | -\$87,899   | -\$214                     | -\$88,113   | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| June   | 2012 | 0.27%                 | -\$17,504                      | -\$105,617  | -\$262                     | -\$105,879  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| July   | 2012 | 0.27%                 | -\$17,504                      | -\$123,383  | -\$310                     | -\$123,692  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| August   | 2012 | 0.27%                 | -\$17,504                      | -\$141,196  | -\$358                     | -\$141,554  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| September  | 2012 | 0.27%                 | -\$17,504                      | -\$159,058  | -\$406                     | -\$159,464  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| October  | 2012 | 0.27%                 | -\$17,504                      | -\$176,968  | -\$454                     | -\$177,422  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| November   | 2012 | 0.27%                 | -\$17,504                      | -\$194,926  | -\$503                     | -\$195,429  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| December   | 2012 | 0.27%                 | -\$17,504                      | -\$212,933  | -\$551                     | -\$213,484  | \$0  | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| January  | 2013 | 0.27%                 | \$0                            | -\$213,484  | -\$576                     | -\$214,061  | \$12,576   | \$12,576  | \$17                       | \$12,593  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| February   | 2013 | 0.27%                 | \$0                            | -\$214,061  | -\$578                     | -\$214,639  | \$12,576   | \$25,170  | \$51                       | \$25,221  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| March  | 2013 | 0.27%                 | \$0                            | -\$214,639  | -\$580                     | -\$215,218  | \$12,576   | \$37,797  | \$85                       | \$37,882  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| April  | 2013 | 0.27%                 | \$0                            | -\$215,218  | -\$581                     | -\$215,799  | \$12,576   | \$50,459  | \$119                      | \$50,578  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| May  | 2013 | 0.27%                 | \$0                            | -\$215,799  | -\$583                     | -\$216,382  | \$12,576   | \$63,154  | \$154                      | \$63,308  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| June   | 2013 | 0.27%                 | \$0                            | -\$216,382  | -\$584                     | -\$216,966  | \$12,576   | \$75,884  | \$188                      | \$76,072  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| July   | 2013 | 0.27%                 | \$0                            | -\$216,966  | -\$586                     | -\$217,552  | \$12,576   | \$88,649  | \$222                      | \$88,871  | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| August   | 2013 | 0.27%                 | \$0                            | -\$217,552  | -\$587                     | -\$218,139  | \$12,576   | \$101,447   | \$257                      | \$101,704   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| September  | 2013 | 0.27%                 | \$0                            | -\$218,139  | -\$589                     | -\$218,728  | \$12,576   | \$114,281   | \$292                      | \$114,572   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| October  | 2013 | 0.27%                 | \$0                            | -\$218,728  | -\$591                     | -\$219,319  | \$12,576   | \$127,149   | \$326                      | \$127,475   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| November   | 2013 | 0.27%                 | \$0                            | -\$219,319  | -\$592                     | -\$219,911  | \$12,576   | \$140,052   | \$361                      | \$140,413   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| December   | 2013 | 0.27%                 | \$0                            | -\$219,911  | -\$594                     | -\$220,505  | \$12,576   | \$152,989   | \$396                      | \$153,385   | \$0                            | \$0   | \$0                        | \$0   | \$0                            | \$0   | \$0                        | \$0   |
| January  | 2014 | 0.27%                 | \$0                            | -\$220,505  | -\$595                     | -\$221,100  | \$0  | \$153,385   | \$414                      | \$153,799   | -\$16,876                      | -\$16,876   | -\$23                      | -\$16,898   |                                |   |                            |   |
| February   | 2014 | 0.27%                 | \$0                            | -\$221,100  | -\$597                     | -\$221,697  | \$0  | \$153,799   | \$415                      | \$154,215   | -\$16,876                      | -\$33,774   | -\$68                      | -\$33,843   |                                |   |                            |   |
| March  | 2014 | 0.27%                 | \$0                            | -\$221,697  | -\$599                     | -\$222,296  | \$0  | \$154,215   | \$416                      | \$154,631   | -\$16,876                      | -\$50,718   | -\$114                     | -\$50,832   |                                |   |                            |   |
| April  | 2014 | 0.27%                 | \$0                            | -\$222,296  | -\$600                     | -\$222,896  | \$0  | \$154,631   | \$418                      | \$155,048   | -\$16,876                      | -\$67,708   | -\$160                     | -\$67,868   |                                |   |                            |   |
| May  | 2014 | 0.27%                 | \$0                            | -\$222,896  | -\$602                     | -\$223,498  | \$0  | \$155,048   | \$419                      | \$155,467   | -\$16,876                      | -\$84,744   | -\$206                     | -\$84,950   |                                |   |                            |   |
| June   | 2014 | 0.27%                 | \$0                            | -\$223,498  | -\$603                     | -\$224,101  | \$0  | \$155,467   | \$420                      | \$155,887   | -\$16,876                      | -\$101,825  | -\$252                     | -\$102,078  |                                |   |                            |   |
| July   | 2014 | 0.27%                 | \$0                            | -\$224,101  | -\$605                     | -\$224,706  | \$0  | \$155,887   | \$421                      | \$156,308   | -\$16,876                      | -\$118,953  | -\$298                     | -\$119,252  |                                |   |                            |   |
| August   | 2014 | 0.27%                 | \$0                            | -\$224,706  | -\$607                     | -\$225,313  | \$0  | \$156,308   | \$422                      | \$156,730   | -\$16,876                      | -\$136,127  | -\$345                     | -\$136,472  |                                |   |                            |   |
| September  | 2014 | 0.27%                 | \$0                            | -\$225,313  | -\$608                     | -\$225,921  | \$0  | \$156,730   | \$423                      | \$157,153   | -\$16,876                      | -\$153,348  | -\$391                     | -\$153,739  |                                |   |                            |   |
| October  | 2014 | 0.27%                 | \$0                            | -\$225,921  | -\$610                     | -\$226,531  | \$0  | \$157,153   | \$424                      | \$157,577   | -\$16,876                      | -\$170,615  | -\$438                     | -\$171,052  |                                |   |                            |   |
| November   | 2014 | 0.27%                 | \$0                            | -\$226,531  | -\$612                     | -\$227,143  | \$0  | \$157,577   | \$425                      | \$158,003   | -\$16,876                      | -\$187,928  | -\$485                     | -\$188,413  |                                |   |                            |   |
| December   | 2014 | 0.27%                 | \$0                            | -\$227,143  | -\$613                     | -\$227,756  | \$0  | \$158,003   | \$427                      | \$158,429   | -\$16,876                      | -\$205,288  | -\$531                     | -\$205,820  |                                |   |                            |   |
|  |      |                       | -\$210,049                     | Subtotal One-Time Adj:  |                            | -\$227,756  | \$150,917  | Subtotal One-Time Adj:  |                            | \$158,429   | -\$202,508                     | Subtotal One-Time Adj:  |                            | -\$205,820  |                                |   |                            |   |
| Total One-Time Adjustment for 2015:                          |      |                       |                                |   |                            |   |  |   |                            |   |                                |   |                            |   | -\$275,147                     |   |                            |   |

| Total SONGS Decom Adjustment from FERC Formula Rate by FERC Account |              |                                    |                   |                   |                   |
|---|--------------|------------------------------------|-------------------|-------------------|-------------------|
| Year  | FERC Account | Description                        | Total Amount      | Participant Share | SCE Share         |
| 2013  | 926          | SONGS Decom Settlement P&B Loaders | 12,833,015        | 2,716,418         | 10,116,597        |
| 2013  | 928          | Outside Legal                      | 927,070           | -                 | 927,070           |
| 2013  | 930.2        | SONGS Decom Settlement A&G Loaders | 19,390,017        | 5,583,098         | 13,806,919        |
| <b>2013 Total</b>   |              |                                    | <b>33,150,102</b> | <b>8,299,516</b>  | <b>24,850,586</b> |
| 2014  | 926          | SONGS Decom Settlement P&B Loaders | 10,515,415        | 2,177,156         | 8,338,259         |
| 2014  | 928          | Outside Legal Consultants          | 2,972,279         | -                 | 2,972,279         |
| 2014  | 930.2        | SONGS Decom Settlement A&G Loaders | 15,727,586        | 4,321,513         | 11,406,073        |
| <b>2014 Total</b>   |              |                                    | <b>29,215,280</b> | <b>6,498,670</b>  | <b>22,716,611</b> |
| <b>Grand Total</b>  |              |                                    | <b>62,365,382</b> | <b>14,798,186</b> | <b>47,567,196</b> |

| One Time Adjustment for Revised 2012 True Up TRR |                  |  |
|--|------------------|--|
| Description                                      | Amount           | Source   |
| Revised TO8 True Up TRR in TO10 Filing           | 626,502,601      | TO10 Filing - WP Schedule 3 - One Time Adj True Up Adj, Page 5, Line 45. |
| Revised TO8 True Up TRR in TO11 Filing           | 626,292,552      | TO11 Filing - WP Schedule 3 - One Time Adj True Up Adj, Page 6, Line 45. |
| <b>Variance*</b>                                 | <b>(210,049)</b> |  |

\* Variance Includes Adjustment for:  
(1) 2012 SONGS related Outside Services Adjustment

Schedule 4  
True Up TRR  
(Revised 2012 True Up TRR)

TO11 Annual Update  
Attachment 4  
WP-Schedule 3-One Time Adj True Up Adj  
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Calculation of True Up TRR

**A) Rate Base for True Up TRR**

| <u>Line</u>                                     | <u>Rate Base Item</u>                   | <u>Calculation Method</u> | <u>Notes</u>    | <u>FERC Form 1 Reference or Instruction</u> | <u>Amount</u>               |
|---|---|---------------------------|-----------------|---|-----------------------------|
| 1   | ISO Transmission Plant                  | 13-Month Avg.             |                 | 6-PlantInService, Line 18                   | \$3,645,278,335             |
| 2   | General + Elec. Misc. Intangible Plant  | BOY/EOY Avg.              |                 | 6-PlantInService, Line 24                   | \$144,597,592               |
| 3   | Transmission Plant Held for Future Use  | BOY/EOY Avg.              |                 | 11-PHFU, Line 9                             | \$9,942,155                 |
| 4   | Abandoned Plant                         | BOY/EOY Avg.              |                 | 12-AbandonedPlant Line 4                    | \$5,514,000                 |
| <u>Working Capital Amounts</u>                  |   |                           |                 |   |                             |
| 5   | Materials and Supplies                  | 13-Month Avg.             |                 | 13-WorkCap, Line 17                         | \$11,870,353                |
| 6   | Prepayments                             | 13-Month Avg.             |                 | 13-WorkCap, Line 33                         | \$1,853,022                 |
| 7   | Cash Working Capital                    | 1/16 (O&M + A&G)          |                 | 1-Base TRR Line 7                           | <b>\$7,067,301</b>          |
| 8   | Working Capital                         |                           |                 | Line 5 + Line 6 + Line 7                    | <b>\$20,790,676</b>         |
| <u>Accumulated Depreciation Reserve Amounts</u> |   |                           |                 |   |                             |
| 9   | Transmission Depreciation Reserve - ISO | 13-Month Avg.             | Negative amount | 8-AccDep, Line 14, Col. 12                  | -\$1,016,502,799            |
| 10  | Distribution Depreciation Reserve - ISO | BOY/EOY Avg.              | Negative amount | 8-AccDep, Line 17, Col. 5                   | -\$1,125,318                |
| 11  | G + I Depreciation Reserve              | BOY/EOY Avg.              | Negative amount | 8-AccDep, Line 23                           | <b><u>-\$52,619,746</u></b> |
| 12  | Accumulated Depreciation Reserve        |                           |                 | Line 9 + Line 10 + Line 11                  | -\$1,070,247,863            |
| 13  | Accumulated Deferred Income Taxes       | BOY/EOY Avg.              |                 | 9-ADIT, Line 15                             | -\$553,203,287              |
| 14  | CWIP Plant                              | 13-Month Avg.             |                 | 14-IncentivePlant, L 12, C2                 | \$1,414,493,589             |
| 15  | Network Upgrade Credits                 | BOY/EOY Avg.              | Negative amount | 22-NUCs, Line 9                             | -\$15,595,540               |
| 15a   | Unfunded Reserves                       |                           |                 | 34-UnfundedReserves, Line 7                 | -\$8,128,033                |
| 16  | Other Regulatory Assets/Liabilities     | BOY/EOY Avg.              |                 | 23-RegAssets, Line 15                       | \$0                         |
| 17  | Rate Base                               |                           |                 | L1+L2+L3+L4+L8+L12+<br>L13+L14+L15+L15a+L16 | <b>\$3,593,441,624</b>      |

**B) Return on Capital**

| <u>Line</u> |   |  |                   |                       |                      |
|-------------|---|--|-------------------|-----------------------|----------------------|
| 18          | Cost of Capital Rate                                    |  | See Instruction 1 | Instruction 1, Line j | 7.4939%              |
| 19          | Return on Capital: Rate Base times Cost of Capital Rate |  |                   | Line 17 * Line 18     | <b>\$269,290,205</b> |

**C) Income Taxes**

|    |   |               |  |                       |                        |
|----|---|---------------|--|-----------------------|------------------------|
| 20 | Income Taxes = [((RB * ER) + D) * (CTR/(1 - CTR))] + CO/(1 - CTR) |               |  |                       | <b>\$126,351,308</b>   |
|    | Where:  |               |  |                       |                        |
| 21 | RB = Rate Base  |               |  | Line 17               | <b>\$3,593,441,624</b> |
| 22 | ER = Equity ROR inc. Com. and Pref. Stock                         | Instruction 1 |  | Instruction 1, Line k | 5.0894%                |
| 23 | CTR = Composite Tax Rate  |               |  | 1-Base TRR L 58       | 39.9360%               |
| 24 | CO = Credits and Other  |               |  | 1-Base TRR L 62       | \$2,086,200            |
| 25 | D = Book Depreciation of AFUDC Equity Book Basis                  |               |  | 1-Base TRR L 64       | \$1,923,889            |

Schedule 4  
True Up TRR  
(Revised 2012 True Up TRR)

TO11 Annual Update  
Attachment 4  
WP-Schedule 3-One Time Adj True Up Adj  
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**D) True Up TRR Calculation**

|    |   |                        |               |
|----|---|------------------------|---------------|
| 26 | O&M Expense   | 1-Base TRR L 65        | \$79,435,590  |
| 27 | A&G Expense   | 1-Base TRR L 66        | \$33,641,229  |
| 28 | Network Upgrade Interest Expense  | 1-Base TRR L 67        | \$617,891     |
| 29 | Depreciation Expense  | 1-Base TRR L 68        | \$104,188,251 |
| 30 | Abandoned Plant Amortization Expense                                    | 1-Base TRR L 69        | \$11,028,000  |
| 31 | Other Taxes   | 1-Base TRR L 70        | \$25,270,453  |
| 32 | Revenue Credits   | 1-Base TRR L 71        | -\$49,681,902 |
| 33 | Return on Capital   | Line 19                | \$269,290,205 |
| 34 | Income Taxes  | Line 20                | \$126,351,308 |
| 35 | Gains and Losses on Transmission Plant Held for Future Use -- Land      | 1-Base TRR L 74        | \$0           |
| 36 | Amortization and Regulatory Debits/Credits                              | 1-Base TRR L 75        | \$0           |
| 37 | Total without True Up Incentive Adder                                   | Sum Line 26 to Line 36 | \$600,141,026 |
| 38 | True Up Incentive Adder   | 15-IncentiveAdder L 20 | \$19,216,578  |
| 39 | True Up TRR without Franchise Fees and Uncollectibles Expense included: | Line 37 + Line 38      | \$619,357,604 |

**E) Calculation of final True Up TRR with Franchise Fees and Uncollectibles Expenses**

| <u>Line</u> |                                | <u>Reference:</u>  |  |
|-------------|--------------------------------|--------------------|--|
| 40          | True Up TRR wo FF:             | Line 39            |  |
| 41          | Franchise Fee Factor:          | 28-FFU, L 5        |  |
| 42          | Franchise Fee Expense:         | Line 40 * Line 41  |  |
| 43          | Uncollectibles Expense Factor: | 28-FFU, L 5        |  |
| 44          | Uncollectibles Expense:        | Line 42 * Line 43  |  |
| 45          | True Up TRR:                   | L 40 + L 42 + L 44 |  |

|                                |
|--------------------------------|
| <b>Change In<br/>TO8 TUTRR</b> |
| \$626,292,552                  |
| <u>\$626,502,601</u>           |
| -\$210,049                     |

**Instructions:**

1) Use weighted average (by time) of the Return on Equity in effect during the Prior Year in determining the "Cost of Capital Rate" on Line 18 and the "Equity Rate of Return Including Preferred Stock" on Line 22 in the event that the ROE is revised during the Prior Year. In this event, the ROE used in Schedule 1 will differ from the ROE used in this Schedule 4, because the Schedule 1 ROE will be the most recent ROE, whereas the Schedule 4 Cost of Capital Rate and Equity Rate of Return including Com. + Pref. Stock will be based on the weighted-average ROE.

Calculation of weighted average Cost of Capital Rate in Prior Year:

If ROE does not change during year, then attribute all days to Line a "ROE at end of Prior Year" and none to "ROE at start of PY"

|                               | <u>Percentage</u> | <u>Reference:</u>  | <u>From</u> | <u>To</u>           | <u>Days ROE<br/>In Effect</u> |
|-------------------------------|-------------------|--|-------------|---------------------|-------------------------------|
| a ROE at end of Prior Year    | 9.80%             | 1-Base TRR L 49  | Jan 1, 2012 | Dec 31, 2012        | 366                           |
| b ROE start of Prior Year     | 9.80%             | See Line e below   | NA          | NA                  | 0                             |
| c                             |                   |  |             | Total days in year: | 366                           |
| d Wtd. Avg. ROE in Prior Year | 9.80%             | ((Line a ROE * Line a days) + (Line b ROE * Line b days)) / Total Days in Year |             |                     |                               |

Commission Decisions approving ROE:

|                           | <u>Reference:</u>       |
|---------------------------|-------------------------|
| e End of Prior Year       | Settlement in ER11-3697 |
| f Beginning of Prior Year | Settlement in ER11-3697 |

|                                | <u>Percentage</u> | <u>Reference:</u>        |
|--------------------------------|-------------------|--------------------------|
| g Wtd. Cost of Long Term Debt  | 2.4045%           | 1-Base TRR L 50          |
| h Wtd. Cost of Preferred Stock | 0.4729%           | 1-Base TRR L 51          |
| i Wtd. Cost of Common Stock    | 4.6165%           | 1-Base TRR L 46 * Line d |
| j Cost of Capital Rate         | 7.4939%           | Sum of Lines f to h      |

Calculation of Equity Rate of Return Including Common and Preferred Stock:

|   | <u>Percentage</u> | <u>Reference:</u>   |
|---|-------------------|---------------------|
| k | 5.0894%           | Sum of Lines g to h |

2) Beginning with the True Up Adjustment calculation for 2012 utilizing the True Up TRR for 2012, exclude from CWIP recovery the capital cost of facilities that were purchased for the portion of Tehachapi Segment 8 near the Chino Airport, but due to the April 25, 2011 Notice of Presumed Hazard issued to SCE by the FAA are not used in the construction of Tehachapi or in any other CWIP incentive project. Additionally, SCE will permanently exclude from Plant In Service, Rate Base, and transmission rates these capital costs if the facilities are not used in the construction of any SCE transmission project.

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Calculation of Administrative and General Expense

Inputs are shaded yellow

|      |       |                                | Col 1                 | Col 2          | Col 3                    | Col 4         |        |
|------|-------|--------------------------------|-----------------------|----------------|--------------------------|---------------|--------|
|      |       |                                |                       |                | See Note 1               |               |        |
| Line | Acct. | Description                    | FERC Form 1<br>Amount | Data<br>Source | Total Amount<br>Excluded | A&G Expense   | Notes  |
| 1    | 920   | A&G Salaries                   | \$536,918,160         | FF1 323.181b   | \$153,351,483            | \$383,566,677 |        |
| 2    | 921   | Office Supplies and Expenses   | \$106,486,299         | FF1 323.182b   | \$582,736                | \$105,903,563 |        |
| 3    | 922   | A&G Expenses Transferred       | -\$123,052,542        | FF1 323.183b   | -\$45,644,534            | -\$77,408,008 | Credit |
| 4    | 923   | Outside Services Employed      | \$67,510,845          | FF1 323.184b   | \$8,316,980              | \$59,193,865  |        |
| 5    | 924   | Property Insurance             | \$18,713,258          | FF1 323.185b   | \$0                      | \$18,713,258  |        |
| 6    | 925   | Injuries and Damages           | \$88,220,482          | FF1 323.186b   | \$117,813                | \$88,102,669  |        |
| 7    | 926   | Employee Pensions and Benefits | \$293,595,750         | FF1 323.187b   | \$33,969,913             | \$259,625,837 |        |
| 8    | 927   | Franchise Requirements         | \$100,359,146         | FF1 323.188b   | \$100,359,146            | \$0           |        |
| 9    | 928   | Regulatory Commission Expenses | \$16,645,461          | FF1 323.189b   | \$14,197,575             | \$2,447,886   |        |
| 10   | 929   | Duplicate Charges              | \$0                   | FF1 323.190b   | \$0                      | \$0           |        |
| 11   | 930.1 | General Advertising Expense    | \$163,377             | FF1 323.191b   | \$67,884                 | \$95,493      |        |
| 12   | 930.2 | Miscellaneous General Expense  | \$4,026,668           | FF1 323.192b   | \$9,668,385              | -\$5,641,717  |        |
| 13   | 931   | Rents                          | \$24,059,237          | FF1 323.193b   | \$75,291                 | \$23,983,946  |        |
| 14   | 935   | Maintenance of General Plant   | \$11,685,945          | FF1 323.196b   | \$2,273,674              | \$9,412,271   |        |
| 15   |       |                                | \$1,145,332,086       |                | Total A&G Expenses:      | \$867,995,740 |        |

|    |  | Amount        | Source                 |
|----|--|---------------|------------------------|
| 16 | Remaining A&G after exclusions & NOIC Adjustment:  | \$867,995,740 | Line 15                |
| 17 | Less Account 924:                                  | \$18,713,258  | Line 5                 |
| 18 | Amount to apply the Transmission W&S AF:           | \$849,282,482 | Line 16 - Line 17      |
| 19 | Transmission Wages and Salaries Allocation Factor: | 3.7194%       | 27-Allocators, Line 9  |
| 20 | Transmission W&S AF Portion of A&G:                | \$31,587,962  | Line 18 * Line 19      |
| 21 | Transmission Plant Allocation Factor:              | 10.9723%      | 27-Allocators, Line 22 |
| 22 | Property Insurance portion of A&G:                 | \$2,053,267   | Line 5 Col 4 * Line 21 |
| 23 | Administrative and General Expenses:               | \$33,641,229  | Line 20 + Line 22      |

Changed from \$7,189,756.  
Added \$1,127,225 of SONGS  
related Outside Services Cost

Note 1: Itemization of exclusions

|       |  |               | Col 1                                 | Col 2                     | Col 3         | Col 4        |  |
|-------|--|---------------|---------------------------------------|---------------------------|---------------|--------------|--|
|       |  |               | Shareholder<br>Exclusions<br>or Other | Franchise<br>Requirements | NOIC          | PBOPs        |  |
| Acct. | Total Amount Excluded<br>(Sum of Col 1 to Col 4) | Adjustments   |                                       |                           |               |              | Notes  |
| 24    | 920  | \$153,351,483 | \$18,663,632                          |                           | \$134,687,852 |              | See Instructions 2b, 3, and Note 2   |
| 25    | 921  | \$582,736     | \$582,736                             |                           |               |              |  |
| 26    | 922  | -\$45,644,534 | -\$12,079,206                         |                           | -\$33,565,328 |              |  |
| 27    | 923  | \$8,316,980   | \$8,316,980                           |                           |               |              |  |
| 28    | 924  | \$0           |                                       |                           |               |              |  |
| 29    | 925  | \$117,813     | \$117,813                             |                           |               |              |  |
| 30    | 926  | \$33,969,913  | \$35,400,913                          |                           |               | -\$1,431,000 | See Note 3   |
| 31    | 927  | \$100,359,146 | \$0                                   | \$100,359,146             | \$0           | \$0          | See Note 4   |
| 32    | 928  | \$14,197,575  | \$14,197,575                          |                           |               |              | Changed from \$9,777,614.<br>Added \$4,419,961 of SONGS<br>related Outside Services Cost |
| 33    | 929  | \$0           |                                       |                           |               |              |  |
| 34    | 930.1  | \$67,884      | \$67,884                              |                           |               |              |  |
| 35    | 930.2  | \$9,668,385   | \$9,668,385                           |                           |               |              |  |
| 36    | 931  | \$75,291      | \$75,291                              |                           |               |              |  |
| 37    | 935  | \$2,273,674   | \$2,273,674                           |                           |               |              |  |



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**Note 2: Non-Officer Incentive Compensation ("NOIC") Adjustment**

(NOIC includes Results Sharing, Management Incentive Program, and Non-Officer Executive Incentive Compensation).  
Adjust NOIC by excluding accrued NOIC Amount and replacing with the actual non-capitalized A&G NOIC payout.

|                                      |                                | <u>Amount</u> | <u>Source</u>              |
|--------------------------------------|--------------------------------|---------------|----------------------------|
| a                                    | Accrued NOIC Amount:           | \$169,521,859 | SCE Records                |
| b                                    | Actual A&G NOIC payout:        | \$34,834,007  | Note 2, d                  |
| c                                    | Adjustment:                    | \$134,687,852 |                            |
| Actual non-capitalized NOIC Payouts: |                                |               |                            |
|                                      | <u>Department</u>              | <u>Amount</u> | <u>Source</u>              |
| d                                    | A&G                            | \$34,834,007  | SCE Records and Workpapers |
| e                                    | Other                          | \$29,719,729  | SCE Records and Workpapers |
| f                                    | Trans. And Dist. Business Unit | \$31,528,841  | SCE Records and Workpapers |
| g                                    | Total:                         | \$96,082,578  | Sum of d to f              |

**Note 3: PBOPs Exclusion Calculation**

|   | <u>Amount</u>                    | <u>Note:</u>                    |
|---|----------------------------------|---------------------------------|
| a | Authorized PBOPs expense amount: | \$52,707,000 See instruction #4 |
| b | Prior Year FF1 PBOPs expense:    | \$51,276,000 SCE Records        |
| c | PBOPs Expense Exclusion:         | -\$1,431,000 b - a              |

**Note 4:**

Amount in Line 31, column 2 equals amount in Line 8, column 1 because all Franchise Requirements Expenses are excluded  
Franchise Fees Expenses component of the Prior Year TRR are based on Franchise Fee Factors.

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**Instructions:**

- 1) Enter amounts of A&G expenses from FERC Form 1 in Lines 1 to 14.
- 2) Fill out "Itemization of Exclusions" table for all input cells. NOIC amount in Column 3, Line 24 is calculated in Note 2. The PBOPs exclusion in Column 4, Line 30 is calculated in Note 3.
  - a) Exclude amount of any Shareholder Adjustments, costs incurred on behalf of SCE shareholders, from relevant account in Column 1.
  - b) Include as an adjustment in Column 1 for Account 920 any amount excluded from Accounts 569.100, 569.200, and 569.300 in Schedule 19 (OandM) related to Order 668 costs transferred.
  - c) Exclude entire amount of account 927 "Franchise Requirements" in Column 2, as those costs are recovered through the Franchise Fees Expense item.
  - d) Exclude any amount of Account 930.1 "General Advertising Expense" not related to advertising for safety, siting, or informational purposes in column 1.
  - e) Exclude any amount of expense relating to secondary land use and audit expenses not directly benefitting utility customers.
  - f) Exclude from account 930.2:
    - 1) Nuclear Power Research Expenses.
    - 2) Write Off of Abandoned Project Expenses.
    - 3) Any advertising expenses within the Consultants/Professional Services category.
  - g) Exclude the following costs included in any account 920-935:
    - 1) Any amount of "Provision for Doubtful Accounts" costs.
    - 2) Any amount of "Accounting Suspense" costs.
    - 3) Any penalties of fines.
    - 4) Any amount of costs recovered 100% through California Public Utilities Commission ("CPUC") rates.
  - h) Exclude the following amounts of employee incentive compensation from any account 920-935:
    - 1) Any Long Term Incentive Compensation ("LTI") costs.
    - 2) Beginning with Prior Year 2012, any amount of Officer Executive Incentive Compensation ("OEIC") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 3) Beginning with Prior Year 2012, any amount of Supplemental Executive Retirement Plan ("SERP") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 4) Beginning with Prior Year 2012, any amount of NOIC in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 5) Any Spot Bonus costs.
    - 6) Any Awards to Celebrate Excellence ("ACE") costs.
- 3) NOIC adjustment in Column 3, Line 24 is made by determining the difference between the total accrued NOIC amount included in the FERC Form 1 recorded cost amounts and the actual A&G NOIC payout (see note 2). NOIC adjustment in column 3, Line 26 is made by entering the amount of accrued NOIC that is capitalized.
- 4) Determine the PBOPs exclusion. The authorized amount of PBOPs expense (line a) may only be revised pursuant to Commission acceptance of an SCE FPA Section 205 filing to revise the authorized PBOPs expense, in accordance with the tariff protocols. Accordingly, any amount different than the authorized PBOPs expense is excluded from account 926 (see note 3). Docket or Decision approving authorized PBOPs amount:
- 5) SCE shall make no adjustments to recorded labor amounts related to non-labor labor and/or Indirect labor in Schedule 20.

| One Time Adjustment for Revised 2013 True Up TRR |                |   |
|--|----------------|---|
| Description                                      | Amount         | Source  |
| Revised TO9 True Up TRR in TO10 Filing           | 780,549,546    | TO10 Filing - WP Schedule 3 - One Time Adj True Up Adj, Page 23, Line 45. |
| Revised TO9 True Up TRR in TO11 Filing           | 780,700,463    | TO11 Filing - WP Schedule 3 - One Time Adj True Up Adj, Page 13, Line 45. |
| <b>Variance*</b>                                 | <b>150,917</b> |   |

\* Variance Includes Adjustment for:

- (1) 2013 SONGS Decommissioning Trust Fund Participant Credit Adjustment
- (2) 2013 SONGS related Outside Services Adjustment

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True Up TRR  
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Calculation of True Up TRR

A) Rate Base for True Up TRR

| Line  | Rate Base Item                          | Calculation Method | Notes           | FERC Form 1 Reference or Instruction        | Amount                 |
|---|---|--------------------|-----------------|---|------------------------|
| 1   | ISO Transmission Plant                  | 13-Month Avg.      |                 | 6-PlantInService, Line 18                   | \$4,903,403,329        |
| 2   | General + Elec. Misc. Intangible Plant  | BOY/EOY Avg.       |                 | 6-PlantInService, Line 24                   | \$179,436,781          |
| 3   | Transmission Plant Held for Future Use  | BOY/EOY Avg.       |                 | 11-PHFU, Line 9                             | \$9,942,155            |
| 4   | Abandoned Plant                         | BOY/EOY Avg.       |                 | 12-AbandonedPlant Line 4                    | \$0                    |
| <u>Working Capital Amounts</u>                  |   |                    |                 |   |                        |
| 5   | Materials and Supplies                  | 13-Month Avg.      |                 | 13-WorkCap, Line 17                         | \$12,167,229           |
| 6   | Prepayments                             | 13-Month Avg.      |                 | 13-WorkCap, Line 33                         | \$2,638,246            |
| 7   | Cash Working Capital                    | 1/16 (O&M + A&G)   |                 | 1-Base TRR Line 7                           | <u>\$7,134,793</u>     |
| 8   | Working Capital                         |                    |                 | Line 5 + Line 6 + Line 7                    | \$21,940,267           |
| <u>Accumulated Depreciation Reserve Amounts</u> |   |                    |                 |   |                        |
| 9   | Transmission Depreciation Reserve - ISO | 13-Month Avg.      | Negative amount | 8-AccDep, Line 14, Col. 12                  | -\$1,071,623,976       |
| 10  | Distribution Depreciation Reserve - ISO | BOY/EOY Avg.       | Negative amount | 8-AccDep, Line 17, Col. 5                   | -\$581,110             |
| 11  | G + I Depreciation Reserve              | BOY/EOY Avg.       | Negative amount | 8-AccDep, Line 23                           | <u>-\$68,533,983</u>   |
| 12  | Accumulated Depreciation Reserve        |                    |                 | Line 9 + Line 10 + Line 11                  | -\$1,140,739,068       |
| 13  | Accumulated Deferred Income Taxes       | BOY/EOY Avg.       |                 | 9-ADIT, Line 15                             | -\$820,197,182         |
| 14  | CWIP Plant                              | 13-Month Avg.      |                 | 14-IncentivePlant, L 12, C2                 | \$1,340,260,797        |
| 15  | Network Upgrade Credits                 | BOY/EOY Avg.       | Negative amount | 22-NUCs, Line 9                             | -\$26,630,219          |
| 15a   | Unfunded Reserves                       |                    |                 | 34-UnfundedReserves, Line 7                 | -\$6,563,773           |
| 16  | Other Regulatory Assets/Liabilities     | BOY/EOY Avg.       |                 | 23-RegAssets, Line 15                       | \$0                    |
| 17  | Rate Base                               |                    |                 | L1+L2+L3+L4+L8+L12+<br>L13+L14+L15+L15a+L16 | <u>\$4,460,853,087</u> |

B) Return on Capital

| Line |   |  |                   |                       |                      |
|------|---|--|-------------------|-----------------------|----------------------|
| 18   | Cost of Capital Rate                                    |  | See Instruction 1 | Instruction 1, Line j | 7.4542%              |
| 19   | Return on Capital: Rate Base times Cost of Capital Rate |  |                   | Line 17 * Line 18     | <u>\$332,521,707</u> |

C) Income Taxes

|    |   |  |               |                       |                        |
|----|---|--|---------------|-----------------------|------------------------|
| 20 | Income Taxes = (((RB * ER) + D) * CTR) - CO | 16475769.59<br>837749.9749<br>-6451726<br>8601353.98 |               |                       | <u>\$160,803,594</u>   |
| 21 | Where:                                      |  |               |                       |                        |
| 22 | RB = Rate Base                              | 0  |               | Line 17               | <u>\$4,460,853,087</u> |
| 23 | ER = Equity Ratio                           | 211377.76  | Instruction 1 | Instruction 1, Line k | 5.1520%                |
| 24 | CTR = Cost of Capital Rate                  | 35875127.37  |               | 1-Base TRR L 58       | 40.4394%               |
| 25 | CO = Credit Allowance                       | 31135217.5   |               | 1-Base TRR L 62       | \$2,086,200            |
|    |   | 0  |               | 1-Base TRR L 64       | \$1,857,488            |

Schedule 4  
True Up TRR  
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|                                   |   |             |                        |               |
|-----------------------------------|---|-------------|------------------------|---------------|
| <b>D) True Up TRR Calculation</b> |   | 223160.1321 |                        |               |
| 26                                | O&M Expense   | 19998510.35 | 1-Base TRR L 65        | \$75,371,480  |
| 27                                | A&G Expense   | 78140.61    | 1-Base TRR L 66        | \$38,785,204  |
| 27a                               | PBOPs True Up TRR Adjustment  | 1635670     | 35-PBOPs L 14          | \$2,539,058   |
| 28                                | Network Upgrade Interest Expense  |             | 1-Base TRR L 67        | \$1,897,885   |
| 29                                | Depreciation Expense  |             | 1-Base TRR L 68        | \$140,361,553 |
| 30                                | Abandoned Plant Amortization Expense                                    |             | 1-Base TRR L 69        | \$0           |
| 31                                | Other Taxes   |             | 1-Base TRR L 70        | \$39,811,694  |
| 32                                | Revenue Credits   |             | 1-Base TRR L 71        | -\$45,826,067 |
| 33                                | Return on Capital   |             | Line 19                | \$332,521,707 |
| 34                                | Income Taxes  |             | Line 20                | \$160,803,594 |
| 35                                | Gains and Losses on Transmission Plant Held for Future Use -- Land      |             | 1-Base TRR L 74        | \$0           |
| 36                                | Amortization and Regulatory Debits/Credits                              |             | 1-Base TRR L 75        | \$0           |
| 37                                | Total without True Up Incentive Adder                                   |             | Sum Line 26 to Line 36 | \$746,266,107 |
| 38                                | True Up Incentive Adder   |             | 15-IncentiveAdder L 20 | \$25,789,647  |
| 39                                | True Up TRR without Franchise Fees and Uncollectibles Expense included: |             | Line 37 + Line 38      | \$772,055,755 |

**E) Calculation of final True Up TRR with Franchise Fees and Uncollectibles Expenses**

| <u>Line</u> |                                |               | <u>Reference:</u>  |  |
|-------------|--------------------------------|---------------|--------------------|--|
| 40          | True Up TRR wo FF:             | \$772,055,755 | Line 39            | <div style="border: 2px solid red; padding: 5px; text-align: center;"> <b>Change In<br/>TO9 TUTRR</b><br/>           \$780,700,463<br/> <u>\$780,549,546</u><br/>           \$150,917         </div> |
| 41          | Franchise Fee Factor:          | 0.914%        | 28-FFU, L 5        |  |
| 42          | Franchise Fee Expense:         | \$7,058,751   | Line 40 * Line 41  |  |
| 43          | Uncollectibles Expense Factor: | 0.205%        | 28-FFU, L 5        |  |
| 44          | Uncollectibles Expense:        | \$1,585,957   | Line 42 * Line 43  |  |
| 45          | True Up TRR:                   | \$780,700,463 | L 40 + L 42 + L 44 |  |

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**Instructions:**

1) Use weighted average (by time) of the Return on Equity in effect during the Prior Year in determining the "Cost of Capital Rate" on Line 18 and the "Equity Rate of Return Including Preferred Stock" on Line 22 in the event that the ROE is revised during the Prior Year. In this event, the ROE used in Schedule 1 will differ from the ROE used in this Schedule 4, because the Schedule 1 ROE will be the most recent ROE, whereas the Schedule 4 Cost of Capital Rate and Equity Rate of Return including Com. + Pref. Stock will be based on the weighted-average ROE.

Calculation of weighted average Cost of Capital Rate in Prior Year:

If ROE does not change during year, then attribute all days to Line a "ROE at end of Prior Year" and none to "ROE at start of PY"

|                                      | <u>Percentage</u> | <u>Reference:</u>  | <u>From</u> | <u>To</u>           | <u>Days ROE<br/>In Effect</u> |
|--------------------------------------|-------------------|--|-------------|---------------------|-------------------------------|
| <b>a</b> ROE at end of Prior Year    | 9.80%             | 1-Base TRR L 49  | Jan 1, 2013 | Dec 31, 2013        | 365                           |
| <b>b</b> ROE start of Prior Year     | 9.80%             | See Line e below   | NA          | NA                  | 0                             |
| <b>c</b>                             |                   |  |             | Total days in year: | 365                           |
| <b>d</b> Wtd. Avg. ROE in Prior Year | 9.80%             | ((Line a ROE * Line a days) + (Line b ROE * Line b days)) / Total Days in Year |             |                     |                               |

Commission Decisions approving ROE:

|                                  | <u>Reference:</u>       |
|----------------------------------|-------------------------|
| <b>e</b> End of Prior Year       | Settlement in ER11-3697 |
| <b>f</b> Beginning of Prior Year | Settlement in ER11-3697 |

|                                       | <u>Percentage</u> | <u>Reference:</u>        |
|---------------------------------------|-------------------|--------------------------|
| <b>g</b> Wtd. Cost of Long Term Debt  | 2.3023%           | 1-Base TRR L 50          |
| <b>h</b> Wtd. Cost of Preferred Stock | 0.4798%           | 1-Base TRR L 51          |
| <b>i</b> Wtd. Cost of Common Stock    | 4.6722%           | 1-Base TRR L 46 * Line d |
| <b>j</b> Cost of Capital Rate         | 7.4542%           | Sum of Lines f to h      |

Calculation of Equity Rate of Return Including Common and Preferred Stock:

|          | <u>Percentage</u> | <u>Reference:</u>   |
|----------|-------------------|---------------------|
| <b>k</b> | 5.1520%           | Sum of Lines g to h |

2) Beginning with the True Up Adjustment calculation for 2012 utilizing the True Up TRR for 2012, exclude from CWIP recovery the capital cost of facilities that were purchased for the portion of Tehachapi Segment 8 near the Chino Airport, but due to the April 25, 2011 Notice of Presumed Hazard issued to SCE by the FAA are not used in the construction of Tehachapi or in any other CWIP incentive project. Additionally, SCE will permanently exclude from Plant In Service, Rate Base, and transmission rates these capital costs if the facilities are not used in the construction of any SCE transmission project.

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Calculation of Administrative and General Expense

Inputs are shaded yellow

|      |       |                                | Col 1           | Col 2        | Col 3               | Col 4         |        |
|------|-------|--------------------------------|-----------------|--------------|---------------------|---------------|--------|
|      |       |                                | FERC Form 1     | Data         | See Note 1          |               |        |
| Line | Acct. | Description                    | Amount          | Source       | Total Amount        | A&G Expense   | Notes  |
| 1    | 920   | A&G Salaries                   | \$521,548,033   | FF1 323.181b | \$136,182,048       | \$385,365,985 |        |
| 2    | 921   | Office Supplies and Expenses   | \$152,455,978   | FF1 323.182b | \$837,750           | \$151,618,228 |        |
| 3    | 922   | A&G Expenses Transferred       | -\$123,756,875  | FF1 323.183b | -\$37,645,896       | -\$86,110,979 | Credit |
| 4    | 923   | Outside Services Employed      | \$69,572,362    | FF1 323.184b | \$8,226,095         | \$61,346,267  |        |
| 5    | 924   | Property Insurance             | \$21,629,921    | FF1 323.185b | \$0                 | \$21,629,921  |        |
| 6    | 925   | Injuries and Damages           | \$115,243,086   | FF1 323.186b | \$211,378           | \$115,031,708 |        |
| 7    | 926   | Employee Pensions and Benefits | \$237,122,922   | FF1 323.187b | \$66,910,617        | \$170,212,305 |        |
| 8    | 927   | Franchise Requirements         | \$107,623,671   | FF1 323.188b | \$107,623,671       | \$0           |        |
| 9    | 928   | Regulatory Commission Expenses | \$37,629,040    | FF1 323.189b | \$34,272,932        | \$3,356,108   |        |
| 10   | 929   | Duplicate Charges              | \$0             | FF1 323.190b | \$0                 | \$0           |        |
| 11   | 930.1 | General Advertising Expense    | \$328,718       | FF1 323.191b | \$223,160           | \$105,558     |        |
| 12   | 930.2 | Miscellaneous General Expense  | \$9,789,109     | FF1 323.192b | \$20,972,414        | -\$11,183,305 |        |
| 13   | 931   | Rents                          | \$22,993,277    | FF1 323.193b | \$78,141            | \$22,915,136  |        |
| 14   | 935   | Maintenance of General Plant   | \$18,382,085    | FF1 323.196b | \$1,635,670         | \$16,746,415  |        |
| 15   |       |                                | \$1,190,561,327 |              | Total A&G Expenses: | \$851,033,347 |        |

|    | Amount   | Source                             |
|----|--|------------------------------------|
| 16 | Remaining A&G after exclusions & NOIC Adjustment:  | \$851,033,347 Line 15              |
| 17 | Less Account 924:                                  | \$21,629,921 Line 5                |
| 18 | Amount to apply the Transmission W&S AF:           | \$829,403,426 Line 16 - Line 17    |
| 19 | Transmission Wages and Salaries Allocation Factor: | 4.2451% 27-Allocators, Line 9      |
| 20 | Transmission W&S AF Portion of A&G:                | \$35,208,651 Line 18 * Line 19     |
| 21 | Transmission Plant Allocation Factor:              | 16.5352% 27-Allocators, Line 22    |
| 22 | Property Insurance portion of A&G:                 | \$3,576,553 Line 5 Col 4 * Line 21 |
| 23 | Administrative and General Expenses:               | \$38,785,204 Line 20 + Line 22     |

Changed from \$8,601,354.  
Subtracted \$375,259 of SONGS related Outside Services Cost.

Changed from \$29,318,125. Subtracted \$2,716,418 related to the SONGS Decommissioning Trust Fund Participant Credit Adjustment.

Note 1: Itemization of exclusions

|       |   | Col 1                                       | Col 2                  | Col 3         | Col 4        |   |
|-------|---|---|------------------------|---------------|--------------|---|
|       |   | Shareholder Exclusions or Other Adjustments | Franchise Requirements | NOIC          | PBOPs        |   |
| Acct. | Total Amount Excluded (Sum of Col 1 to Col 4) |   |                        |               |              | Notes   |
| 24    | 920   | \$136,182,048                               | \$16,475,770           | \$119,706,278 |              | See Instructions 2b, 3, and Note 2  |
| 25    | 921   | \$837,750                                   | \$837,750              | \$0           |              |   |
| 26    | 922   | -\$37,645,896                               | -\$6,451,726           | -\$31,194,170 |              | Changed from \$29,090,009. Added \$5,182,924 of SONGS related Outside Services Cost.                          |
| 27    | 923   | \$8,226,095                                 | \$8,226,095            | \$0           |              |   |
| 28    | 924   | \$0   | \$0                    | \$0           |              |   |
| 29    | 925   | \$211,378                                   | \$211,378              | \$0           |              |   |
| 30    | 926   | \$66,910,617                                | \$26,601,707           | \$0           | \$40,308,910 | See Note 3  |
| 31    | 927   | \$107,623,671                               | NA                     | \$107,623,671 | \$0          | See Note 4  |
| 32    | 928   | \$34,272,932                                | \$34,272,932           | \$0           |              | Changed from \$26,555,513. Subtracted \$5,583,099 related to the SONGS Decommissioning Trust Fund Adjustment. |
| 33    | 929   | \$0   | \$0                    | \$0           |              |   |
| 34    | 930.1   | \$223,160                                   | \$223,160              | \$0           |              |   |
| 35    | 930.2   | \$20,972,414                                | \$20,972,414           | \$0           |              |   |
| 36    | 931   | \$78,141                                    | \$78,141               | \$0           |              |   |
| 37    | 935   | \$1,635,670                                 | \$1,635,670            | \$0           |              |   |

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**Note 2: Non-Officer Incentive Compensation ("NOIC") Adjustment**

(NOIC includes Results Sharing, Management Incentive Program, and Non-Officer Executive Incentive Compensation).

Adjust NOIC by excluding accrued NOIC Amount and replacing with the actual non-capitalized A&G NOIC payout.

|                                      |                                | <u>Amount</u> | <u>Source</u>              |
|--------------------------------------|--------------------------------|---------------|----------------------------|
| a                                    | Accrued NOIC Amount:           | \$157,546,315 | SCE Records                |
| b                                    | Actual A&G NOIC payout:        | \$37,840,037  | Note 2, d                  |
| c                                    | Adjustment:                    | \$119,706,278 |                            |
| Actual non-capitalized NOIC Payouts: |                                |               |                            |
|                                      | <u>Department</u>              | <u>Amount</u> | <u>Source</u>              |
| d                                    | A&G                            | \$37,840,037  | SCE Records and Workpapers |
| e                                    | Other                          | \$22,588,839  | SCE Records and Workpapers |
| f                                    | Trans. And Dist. Business Unit | \$37,430,198  | SCE Records and Workpapers |
| g                                    | Total:                         | \$97,859,074  | Sum of d to f              |

**Note 3: PBOPs Exclusion Calculation**

|   | <u>Amount</u>                                 | <u>Note:</u>       |
|---|---|--------------------|
| a | Authorized PBOPs expense amount: -\$7,105,091 | See instruction #4 |
| b | Prior Year FF1 PBOPs expense: \$33,203,819    | SCE Records        |
| c | PBOPs Expense Exclusion: \$40,308,910         | b - a              |

**Note 4:**

Amount in Line 31, column 2 equals amount in Line 8, column 1 because all Franchise Requirements Expenses are excluded Franchise Fees Expenses component of the Prior Year TRR are based on Franchise Fee Factors.



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**Instructions:**

- 1) Enter amounts of A&G expenses from FERC Form 1 in Lines 1 to 14.
- 2) Fill out "Itemization of Exclusions" table for all input cells. NOIC amount in Column 3, Line 24 is calculated in Note 2. The PBOPs exclusion in Column 4, Line 30 is calculated in Note 3.
  - a) Exclude amount of any Shareholder Adjustments, costs incurred on behalf of SCE shareholders, from relevant account in Column 1.
  - b) Include as an adjustment in Column 1 for Account 920 any amount excluded from Accounts 569.100, 569.200, and 569.300 in Schedule 19 (OandM) related to Order 668 costs transferred.
  - c) Exclude entire amount of account 927 "Franchise Requirements" in Column 2, as those costs are recovered through the Franchise Fees Expense item.
  - d) Exclude any amount of Account 930.1 "General Advertising Expense" not related to advertising for safety, siting, or informational purposes in column 1.
  - e) Exclude any amount of expense relating to secondary land use and audit expenses not directly benefitting utility customers.
  - f) Exclude from account 930.2:
    - 1) Nuclear Power Research Expenses.
    - 2) Write Off of Abandoned Project Expenses.
    - 3) Any advertising expenses within the Consultants/Professional Services category.
  - g) Exclude the following costs included in any account 920-935:
    - 1) Any amount of "Provision for Doubtful Accounts" costs.
    - 2) Any amount of "Accounting Suspense" costs.
    - 3) Any penalties or fines.
    - 4) Any amount of costs recovered 100% through California Public Utilities Commission ("CPUC") rates.
  - h) Exclude the following amounts of employee incentive compensation from any account 920-935:
    - 1) Any Long Term Incentive Compensation ("LTI") costs.
    - 2) Beginning with Prior Year 2012, any amount of Officer Executive Incentive Compensation ("OEIC") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 3) Beginning with Prior Year 2012, any amount of Supplemental Executive Retirement Plan ("SERP") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 4) Beginning with Prior Year 2012, any amount of NOIC in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 5) Any Spot Bonus costs.
    - 6) Any Awards to Celebrate Excellence ("ACE") costs.
- 3) NOIC adjustment in Column 3, Line 24 is made by determining the difference between the total accrued NOIC amount included in the FERC Form 1 recorded cost amounts and the actual A&G NOIC payout (see note 2). NOIC adjustment in column 3, Line 26 is made by entering the amount of accrued NOIC that is capitalized.
- 4) Determine the PBOPs exclusion. The authorized amount of PBOPs expense (line a) may only be revised pursuant to Commission acceptance of an SCE FPA Section 205 filing to revise the authorized PBOPs expense, in accordance with the tariff protocols. Accordingly, any amount different than the authorized PBOPs expense is excluded from account 926 (see note 3). Docket or Decision approving authorized PBOPs amount: **ER14-2788, Order dated October 22, 2014**
- 5) SCE shall make no adjustments to recorded labor amounts related to non-labor labor and/or Indirect labor in Schedule 20.

| One Time Adjustment for Revised 2014 True Up TRR |                 |   |
|--|-----------------|---|
| Description                                      | Amount          | Source  |
| Filed TO10 True Up TRR                           | 900,334,913     | TO10 Annual Update Filing - Attachment 1 - Schedule 4, Page 14, Line 45.  |
| TO10 Revised True Up TRR                         | 900,132,405     | TO11 Filing - WP Schedule 3 - One Time Adj True Up Adj, Page 20, Line 45. |
| <b>Variance*</b>                                 | <b>-202,508</b> |   |

\* Variance Includes Adjustments for:

- (1) 2014 SONGS Decommissioning Trust Fund Participant Credit Adjustment
- (2) Revision to Schedule 22 - Network Upgrade Credits
- (3) 2014 SONGS related Outside Services Adjustment

Calculation of True Up TRR

A) Rate Base for True Up TRR

| Line  | Rate Base Item                          | Calculation Method | Notes           | FERC Form 1 Reference or Instruction        | Amount                |
|---|---|--------------------|-----------------|---|-----------------------|
| 1   | ISO Transmission Plant                  | 13-Month Avg.      |                 | 6-PlantInService, Line 18                   | \$5,979,888,457       |
| 2   | General + Elec. Misc. Intangible Plant  | BOY/EOY Avg.       |                 | 6-PlantInService, Line 24                   | \$243,598,922         |
| 3   | Transmission Plant Held for Future Use  | BOY/EOY Avg.       |                 | 11-PHFU, Line 9                             | \$9,942,155           |
| 4   | Abandoned Plant                         | BOY/EOY Avg.       |                 | 12-AbandonedPlant Line 4                    | \$7,222,500           |
| <u>Working Capital Amounts</u>                  |   |                    |                 |   |                       |
| 5   | Materials and Supplies                  | 13-Month Avg.      |                 | 13-WorkCap, Line 17                         | \$13,943,379          |
| 6   | Prepayments                             | 13-Month Avg.      |                 | 13-WorkCap, Line 33                         | \$4,001,801           |
| 7   | Cash Working Capital                    | 1/16 (O&M + A&G)   |                 | 1-Base TRR Line 7                           | <u>\$8,938,802</u>    |
| 8   | Working Capital                         |                    |                 | Line 5 + Line 6 + Line 7                    | \$26,883,981          |
| <u>Accumulated Depreciation Reserve Amounts</u> |   |                    |                 |   |                       |
| 9   | Transmission Depreciation Reserve - ISO | 13-Month Avg.      | Negative amount | 8-AccDep, Line 14, Col. 12                  | -\$1,118,330,474      |
| 10  | Distribution Depreciation Reserve - ISO | BOY/EOY Avg.       | Negative amount | 8-AccDep, Line 17, Col. 5                   | \$0                   |
| 11  | G + I Depreciation Reserve              | BOY/EOY Avg.       | Negative amount | 8-AccDep, Line 23                           | <u>-\$100,367,096</u> |
| 12  | Accumulated Depreciation Reserve        |                    |                 | Line 9 + Line 10 + Line 11                  | -\$1,218,697,570      |
| 13  | Accumulated Deferred Income Taxes       | BOY/EOY Avg.       |                 | 9-ADIT, Line 15                             | -\$1,123,799,950      |
| 14  | CWIP Plant                              | 13-Month Avg.      |                 | 14-IncentivePlant, L 12, C2                 | \$1,012,920,132       |
| 15  | Network Upgrade Credits                 | BOY/EOY Avg.       | Negative amount | 22-NUCs, Line 9                             | -\$39,651,975         |
| 15a   | Unfunded Reserves                       |                    |                 | 34-UnfundedReserves, Line 7                 | -\$14,591,061         |
| 16  | Other Regulatory Assets/Liabilities     | BOY/EOY Avg.       |                 | 23-RegAssets, Line 15                       | \$0                   |
| 17  | Rate Base                               |                    |                 | L1+L2+L3+L4+L8+L12+<br>L13+L14+L15+L15a+L16 | \$4,883,715,592       |

B) Return on Capital

| Line |   |  |                   |                       |               |
|------|---|--|-------------------|-----------------------|---------------|
| 18   | Cost of Capital Rate                                    |  | See Instruction 1 | Instruction 1, Line j | 7.3018%       |
| 19   | Return on Capital: Rate Base times Cost of Capital Rate |  |                   | Line 17 * Line 18     | \$356,601,075 |

C) Income Taxes

|    |   |               |  |                       |                 |
|----|---|---------------|--|-----------------------|-----------------|
| 20 | Income Taxes = [((RB * ER) + D) * (CTR/(1 - CTR))] + CO/(1 - CTR) |               |  |                       | \$176,545,590   |
|    | Where:  |               |  |                       |                 |
| 21 | RB = Rate Base  |               |  | Line 17               | \$4,883,715,592 |
| 22 | ER = Equity ROR inc. Com. and Pref. Stock                         | Instruction 1 |  | Instruction 1, Line k | 5.0983%         |
| 23 | CTR = Composite Tax Rate  |               |  | 1-Base TRR L 58       | 40.7559%        |
| 24 | CO = Credits and Other  |               |  | 1-Base TRR L 62       | \$2,086,200     |
| 25 | D = Book Depreciation of AFUDC Equity Book Basis                  |               |  | 1-Base TRR L 64       | \$2,528,293     |

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**D) True Up TRR Calculation**

|     |   |                        |               |
|-----|---|------------------------|---------------|
| 26  | O&M Expense   | 1-Base TRR L 65        | \$93,525,416  |
| 27  | A&G Expense   | 1-Base TRR L 66        | \$49,495,408  |
| 27a | PBOPs True Up TRR Adjustment  | 35-PBOPs L 14          | -\$1,420,456  |
| 28  | Network Upgrade Interest Expense  | 1-Base TRR L 67        | \$1,555,832   |
| 29  | Depreciation Expense  | 1-Base TRR L 68        | \$175,404,997 |
| 30  | Abandoned Plant Amortization Expense                                    | 1-Base TRR L 69        | \$14,445,000  |
| 31  | Other Taxes   | 1-Base TRR L 70        | \$46,990,263  |
| 32  | Revenue Credits   | 1-Base TRR L 71        | -\$52,513,436 |
| 33  | Return on Capital   | Line 19                | \$356,601,075 |
| 34  | Income Taxes  | Line 20                | \$176,545,590 |
| 35  | Gains and Losses on Transmission Plant Held for Future Use -- Land      | 1-Base TRR L 74        | \$0           |
| 36  | Amortization and Regulatory Debits/Credits                              | 1-Base TRR L 75        | \$0           |
| 37  | Total without True Up Incentive Adder                                   | Sum Line 26 to Line 36 | \$860,629,688 |
| 38  | True Up Incentive Adder   | 15-IncentiveAdder L 20 | \$29,535,537  |
| 39  | True Up TRR without Franchise Fees and Uncollectibles Expense included: | Line 37 + Line 38      | \$890,165,225 |

**E) Calculation of final True Up TRR with Franchise Fees and Uncollectibles Expenses**

| <u>Line</u> |                                | <u>Reference:</u>  |  |
|-------------|--------------------------------|--------------------|--|
| 40          | True Up TRR wo FF:             | Line 39            |  |
| 41          | Franchise Fee Factor:          | 28-FFU, L 5        |  |
| 42          | Franchise Fee Expense:         | Line 40 * Line 41  |  |
| 43          | Uncollectibles Expense Factor: | 28-FFU, L 5        |  |
| 44          | Uncollectibles Expense:        | Line 42 * Line 43  |  |
| 45          | True Up TRR:                   | L 40 + L 42 + L 44 |  |

|  |
|--|
| <b>Change In<br/>TO10 TUTRR</b><br>\$900,132,405<br><u>\$900,334,913</u><br>-\$202,508 |
|--|

**Instructions:**

1) Use weighted average (by time) of the Return on Equity in effect during the Prior Year in determining the "Cost of Capital Rate" on Line 18 and the "Equity Rate of Return Including Preferred Stock" on Line 22 in the event that the ROE is revised during the Prior Year. In this event, the ROE used in Schedule 1 will differ from the ROE used in this Schedule 4, because the Schedule 1 ROE will be the most recent ROE, whereas the Schedule 4 Cost of Capital Rate and Equity Rate of Return including Com. + Pref. Stock will be based on the weighted-average ROE.

Calculation of weighted average Cost of Capital Rate in Prior Year:

If ROE does not change during year, then attribute all days to Line a "ROE at end of Prior Year" and none to "ROE at start of PY"

|                               | <u>Percentage</u> | <u>Reference:</u>  | <u>From</u> | <u>To</u>           | <u>Days ROE<br/>In Effect</u> |
|-------------------------------|-------------------|--|-------------|---------------------|-------------------------------|
| a ROE at end of Prior Year    | 9.80%             | 1-Base TRR L 49  | Jan 1, 2014 | Dec 31, 2014        | 365                           |
| b ROE start of Prior Year     | 9.80%             | See Line e below   |             |                     |                               |
| c                             |                   |  |             | Total days in year: | 365                           |
| d Wtd. Avg. ROE in Prior Year | 9.80%             | ((Line a ROE * Line a days) + (Line b ROE * Line b days)) / Total Days in Year |             |                     |                               |

Commission Decisions approving ROE:

|                           | <u>Reference:</u>       |
|---------------------------|-------------------------|
| e End of Prior Year       | Settlement in ER11-3697 |
| f Beginning of Prior Year | Settlement in ER11-3697 |

|                                | <u>Percentage</u> | <u>Reference:</u>        |
|--------------------------------|-------------------|--------------------------|
| g Wtd. Cost of Long Term Debt  | 2.2036%           | 1-Base TRR L 50          |
| h Wtd. Cost of Preferred Stock | 0.5005%           | 1-Base TRR L 51          |
| i Wtd. Cost of Common Stock    | 4.5978%           | 1-Base TRR L 46 * Line d |
| j Cost of Capital Rate         | 7.3018%           | Sum of Lines f to h      |

Calculation of Equity Rate of Return Including Common and Preferred Stock:

|   | <u>Percentage</u> | <u>Reference:</u>   |
|---|-------------------|---------------------|
| k | 5.0983%           | Sum of Lines g to h |

2) Beginning with the True Up Adjustment calculation for 2012 utilizing the True Up TRR for 2012, exclude from CWIP recovery the capital cost of facilities that were purchased for the portion of Tehachapi Segment 8 near the Chino Airport, but due to the April 25, 2011 Notice of Presumed Hazard issued to SCE by the FAA are not used in the construction of Tehachapi or in any other CWIP incentive project. Additionally, SCE will permanently exclude from Plant In Service, Rate Base, and transmission rates these capital costs if the facilities are not used in the construction of any SCE transmission project.

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Calculation of Administrative and General Expense

Inputs are shaded yellow

|                                   |       |  | Col 1                                       | Col 2                  | Col 3                  | Col 4  |  |
|-----------------------------------|-------|--|---|------------------------|------------------------|--|--|
|                                   |       |  |   |                        | See Note 1             |  |  |
|                                   |       |  | FERC Form 1                                 | Data                   | Total Amount           | A&G Expense  | Notes  |
| Line                              | Acct. | Description  | Amount                                      | Source                 | Excluded               |  |  |
| 1                                 | 920   | A&G Salaries                                       | \$497,776,577                               | FF1 323.181b           | \$130,535,710          | \$367,240,867  |  |
| 2                                 | 921   | Office Supplies and Expenses                       | \$164,859,354                               | FF1 323.182b           | \$519,276              | \$164,340,078  |  |
| 3                                 | 922   | A&G Expenses Transferred                           | -\$129,629,436                              | FF1 323.183b           | -\$39,053,109          | -\$90,576,327  | Credit   |
| 4                                 | 923   | Outside Services Employed                          | \$65,611,522                                | FF1 323.184b           | \$8,465,257            | \$57,146,265   |  |
| 5                                 | 924   | Property Insurance                                 | \$15,983,343                                | FF1 323.185b           | \$0                    | \$15,983,343   |  |
| 6                                 | 925   | Injuries and Damages                               | \$136,223,963                               | FF1 323.186b           | \$638,416              | \$135,585,547  |  |
| 7                                 | 926   | Employee Pensions and Benefits                     | \$204,225,272                               | FF1 323.187b           | \$19,433,567           | \$184,791,705  |  |
| 8                                 | 927   | Franchise Requirements                             | \$116,006,665                               | FF1 323.188b           | \$116,006,665          | \$0  |  |
| 9                                 | 928   | Regulatory Commission Expenses                     | \$31,625,727                                | FF1 323.189b           | \$30,933,207           | \$692,520  |  |
| 10                                | 929   | Duplicate Charges                                  | \$0   | FF1 323.190b           | \$0                    | \$0  |  |
| 11                                | 930.1 | General Advertising Expense                        | \$0   | FF1 323.191b           | \$0                    | \$0  |  |
| 12                                | 930.2 | Miscellaneous General Expense                      | \$21,915,038                                | FF1 323.192b           | \$23,921,853           | -\$2,006,815   |  |
| 13                                | 931   | Rents  | \$23,634,453                                | FF1 323.193b           | \$3,343                | \$23,631,110   |  |
| 14                                | 935   | Maintenance of General Plant                       | \$16,369,993                                | FF1 323.196b           | \$797,708              | \$15,572,285   |  |
| 15                                |       |  | \$1,164,602,471                             |                        | Total A&G Expenses:    | \$872,400,579  |  |
|                                   |       |  |   | Amount                 | Source                 | <div> <p>Changed from \$8,355,992. Added \$109,265 of SONGS related Outside Service Cost.</p> </div>   |  |
| 16                                |       | Remaining A&G after exclusions & NOIC Adjustment:  |   | \$872,400,579          | Line 15                |  |  |
| 17                                |       | Less Account 924:                                  |   | \$15,983,343           | Line 5                 |  |  |
| 18                                |       | Amount to apply the Transmission W&S AF:           |   | \$856,417,236          | Line 16 - Line 17      |  |  |
| 19                                |       | Transmission Wages and Salaries Allocation Factor: |   | 5.4432%                | 27-Allocators, Line 9  | <div> <p>Changed from \$21,897,772. Subtracted \$2,177,156 related to the SONGS Decommissioning Trust Fund Participant Credit Adjustment.</p> </div> |  |
| 20                                |       | Transmission W&S AF Portion of A&G:                |   | \$46,616,463           | Line 18 * Line 19      |  |  |
| 21                                |       | Transmission Plant Allocation Factor:              |   | 18.0122%               | 27-Allocators, Line 22 |  |  |
| 22                                |       | Property Insurance portion of A&G:                 |   | \$2,878,944            | Line 5 Col 4 * Line 21 |  |  |
| 23                                |       | Administrative and General Expenses:               |   | \$49,495,408           | Line 20 + Line 22      |  |  |
| Note 1: Itemization of exclusions |       |  | Col 1                                       | Col 2                  | Col 3                  | Col 4  |  |
|                                   |       |  | Shareholder Exclusions or Other Adjustments | Franchise Requirements | NOIC                   | PBOPs  | Notes  |
| 24                                | Acct. | Total Amount Excluded (Sum of Col 1 to Col 4)      |   |                        |                        |  |  |
| 24                                | 920   | \$130,535,710                                      | \$5,908,452                                 |                        | \$124,627,258          |  | See Instructions 2b, 3, and Note 2   |
| 25                                | 921   | \$519,276  | \$519,276                                   |                        | \$0                    |  | <div> <p>Changed from \$20,889,300. Added \$10,043,907 of SONGS related Outside Service Cost.</p> </div>   |
| 26                                | 922   | -\$39,053,109                                      | -\$6,725,603                                |                        | -\$32,327,506          |  |  |
| 27                                | 923   | \$8,465,257  | \$8,465,257                                 |                        | \$0                    |  |  |
| 28                                | 924   | \$0  | \$0   |                        | \$0                    |  |  |
| 29                                | 925   | \$638,416  | \$638,416                                   |                        | \$0                    |  |  |
| 30                                | 926   | \$19,433,567                                       | \$19,720,616                                |                        | \$0                    | -\$287,049   | See Note 3   |
| 31                                | 927   | \$116,006,665                                      | \$0   | \$116,006,665          | \$0                    | \$0  | See Note 4   |
| 32                                | 928   | \$30,933,207                                       | \$30,933,207                                |                        | \$0                    |  |  |
| 33                                | 929   | \$0  | \$0   |                        | \$0                    |  | <div> <p>Changed from \$28,243,366. Subtracted \$4,321,513 related to the SONGS Decommissioning Trust Fund Participant Credit Adjustment.</p> </div> |
| 34                                | 930.1 | \$0  | \$0   |                        | \$0                    |  |  |
| 35                                | 930.2 | \$23,921,853                                       | \$23,921,853                                |                        | \$0                    |  |  |
| 36                                | 931   | \$3,343  | \$3,343                                     |                        | \$0                    |  |  |
| 37                                | 935   | \$797,708  | \$797,708                                   |                        | \$0                    |  |  |

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**Note 2: Non-Officer Incentive Compensation ("NOIC") Adjustment**

(NOIC includes Results Sharing, Management Incentive Program, and Non-Officer Executive Incentive Compensation).  
Adjust NOIC by excluding accrued NOIC Amount and replacing with the actual non-capitalized A&G NOIC payout.

|                                      |                                | <u>Amount</u> | <u>Source</u>              |
|--------------------------------------|--------------------------------|---------------|----------------------------|
| a                                    | Accrued NOIC Amount:           | \$163,270,233 | SCE Records                |
| b                                    | Actual A&G NOIC payout:        | \$38,642,975  | Note 2, d                  |
| c                                    | Adjustment:                    | \$124,627,258 |                            |
| Actual non-capitalized NOIC Payouts: |                                |               |                            |
|                                      | <u>Department</u>              | <u>Amount</u> | <u>Source</u>              |
| d                                    | A&G                            | \$38,642,975  | SCE Records and Workpapers |
| e                                    | Other                          | \$20,111,963  | SCE Records and Workpapers |
| f                                    | Trans. And Dist. Business Unit | \$41,236,338  | SCE Records and Workpapers |
| g                                    | Total:                         | \$99,991,276  | Sum of d to f              |

**Note 3: PBOPs Exclusion Calculation**

|   | <u>Amount</u>                    | <u>Note:</u>                    |
|---|----------------------------------|---------------------------------|
| a | Authorized PBOPs expense amount: | \$18,990,910 See instruction #4 |
| b | Prior Year FF1 PBOPs expense:    | \$18,703,861 SCE Records        |
| c | PBOPs Expense Exclusion:         | -\$287,049 b - a                |

**Note 4:**

Amount in Line 31, column 2 equals amount in Line 8, column 1 because all Franchise Requirements Expenses are excluded  
Franchise Fees Expenses component of the Prior Year TRR are based on Franchise Fee Factors.

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**Instructions:**

- 1) Enter amounts of A&G expenses from FERC Form 1 in Lines 1 to 14.
- 2) Fill out "Itemization of Exclusions" table for all input cells. NOIC amount in Column 3, Line 24 is calculated in Note 2. The PBOPs exclusion in Column 4, Line 30 is calculated in Note 3.
  - a) Exclude amount of any Shareholder Adjustments, costs incurred on behalf of SCE shareholders, from relevant account in Column 1.
  - b) Include as an adjustment in Column 1 for Account 920 any amount excluded from Accounts 569.100, 569.200, and 569.300 in Schedule 19 (OandM) related to Order 668 costs transferred.
  - c) Exclude entire amount of account 927 "Franchise Requirements" in Column 2, as those costs are recovered through the Franchise Fees Expense item.
  - d) Exclude any amount of Account 930.1 "General Advertising Expense" not related to advertising for safety, siting, or informational purposes in column 1.
  - e) Exclude any amount of expense relating to secondary land use and audit expenses not directly benefitting utility customers.
  - f) Exclude from account 930.2:
    - 1) Nuclear Power Research Expenses.
    - 2) Write Off of Abandoned Project Expenses.
    - 3) Any advertising expenses within the Consultants/Professional Services category.
  - g) Exclude the following costs included in any account 920-935:
    - 1) Any amount of "Provision for Doubtful Accounts" costs.
    - 2) Any amount of "Accounting Suspense" costs.
    - 3) Any penalties of fines.
    - 4) Any amount of costs recovered 100% through California Public Utilities Commission ("CPUC") rates.
  - h) Exclude the following amounts of employee incentive compensation from any account 920-935:
    - 1) Any Long Term Incentive Compensation ("LTI") costs.
    - 2) Beginning with Prior Year 2012, any amount of Officer Executive Incentive Compensation ("OEIC") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 3) Beginning with Prior Year 2012, any amount of Supplemental Executive Retirement Plan ("SERP") in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 4) Beginning with Prior Year 2012, any amount of NOIC in excess of the amount authorized by the CPUC in Decision D.12-11-051 or subsequent decision.
    - 5) Any Spot Bonus costs.
    - 6) Any Awards to Celebrate Excellence ("ACE") costs.
  - 3) NOIC adjustment in Column 3, Line 24 is made by determining the difference between the total accrued NOIC amount included in the FERC Form 1 recorded cost amounts and the actual A&G NOIC payout (see note 2). NOIC adjustment in column 3, Line 26 is made by entering the amount of accrued NOIC that is capitalized.
  - 4) Determine the PBOPs exclusion. The authorized amount of PBOPs expense (line a) may only be revised pursuant to Commission acceptance of an SCE FPA Section 205 filing to revise the authorized PBOPs expense, in accordance with the tariff protocols. Accordingly, any amount different than the authorized PBOPs expense is excluded from account 926 (see note 3). Docket or Decision approving authorized PBOPs amount: ER14-2788, Order dated October 22, 2014
  - 5) SCE shall make no adjustments to recorded labor amounts related to non-labor labor and/or Indirect labor in Schedule 20.



**NETWORK UPGRADE CREDIT AND INTEREST EXPENSE**

Prior Year: **2014**

**1) Beginning of Year Balances: (Note 1)**

| <u>Line</u>                              |   | <u>Balance</u>                     | <u>Notes</u>          |
|--|---|------------------------------------|-----------------------|
| 1  | Outstanding Network Upgrade Credits Recorded in FERC Acct 252         | \$40,885,864                       | See Note 1            |
| 2  | Acct 252 Other  | \$81,804,300                       | SCE Records           |
| 3  | Total Acct 252  | \$122,690,164                      | Line 1 + Line 2       |
| 4  | (Must equal Line 3)   | \$122,690,164                      | FF1 113.56d           |
|  |   | <b>Changed from \$38,418,086.</b>  |                       |
| <b>2) End of Year Balances: (Note 2)</b> |   |                                    |                       |
| 5  | Outstanding Network Upgrade Credits Recorded in FERC Acct 252         | \$36,728,902                       | See Note 3            |
| 6  | Acct 252 Other  | \$149,544,061                      | SCE Records           |
| 7  | Total Acct 252  | \$186,272,963                      | Line 5 + Line 6       |
| 8  | (Must equal Line 7)   | \$186,272,963                      | FF1 113.56c           |
| 9  | Average Outstanding Network Upgrade Credits Beginning and End of Year | \$38,807,383                       | (Line 1 + Line 5) / 2 |
| 10                                       | Interest On Network Upgrade Credits Recorded in FERC Acct 242         | \$1,555,832                        | See Note 4            |
| 11                                       | Acct 242 Other  | \$746,251,439                      | SCE Records           |
| 12                                       | Total Acct 242  | \$747,807,271                      | Line 10 + Line 11     |
| 13                                       | (Must equal Line 12)  | \$747,807,271                      | FF1 113.48c           |
|  |   | <b>Changed from \$147,854,877.</b> |                       |

**Notes:**

- 1 Beginning of Year Balances are from December of the year previous to the Prior Year.
- 2 End of Year Balances are from December of the Prior Year.
- 3 Only projects that are in Rate Base in the year reported are included.
- 4 Interest relates to refund of facility and one-time payments by generator. For facility costs, pre-in-service date interest is excluded. For one-time costs, pre-in-service and post-in-service interest is included.