

**Interest Expense component included in Federal Income Taxes Payable**

	Amount
FIN48 interest liab/(asset) balance @ 12/31/2013 - Federal	32,437,598
FIN48 interest liab/(asset) balance @ 12/31/2012 - Federal	31,212,433
2013 interest expense activity	1,225,165

**Southern California Edison  
TO9 Draft Annual Update ER11-3697**

**DATA REQUEST SET M-S-R-SCE-002**

**To: M-S-R  
Prepared by: Alfred Lopez  
Title: Manager  
Dated: 10/10/2014**

**Received Date: 10/10/2014**

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**Question 7.004:**

Please refer to the response to M-S-R 7.3 concerning the amount of ADIT related to SCE's operations other than its electric operations (e.g., gas, water, etc.) and whether this ADIT was excluded from recovery under the rate formula. The response indicates that negative \$9.5 million was not recovered under the rate formula. Please reconcile the negative \$9.5 million value with the two values SCE reports as non-electric ADIT on lines 350 and 800 of Schedule 9 (ADIT).

**Response to Question 7.004:**

The negative \$9.5 million value represents an agreed upon FERC Settlement approach of allocating portions of otherwise Electric ADIT to Gas and Other Income ADIT category, as detailed in SCE's response to M-S-R 7.3.

The \$10,677,745 amount from Line 350 represents the re-coding of SAP ADIT Account 2535020 [FERC ADIT Description – "SFAS 158-Long Term"] previously included in credit balances of "283.000 Temp-Other/Non-ISO" and SAP ADIT Account 2535020 [FERC ADIT Description – "Cum-FAS 109- SONGS NUC DBD Cost"] previously included in credit balances of "283.000 Property/Non-ISO" to the current FERC 190 account. These two ADIT Accounts are not related to Gas and Other. SFAS 158-Long Term SAP ADIT Account 2535020 is related to CPUC only and should have been consolidated with the accounts on Line 122 on Schedule 9. Cum-FAS 109- SONGS NUC DBD Cost SAP Account 2535020 is related to CPUC generation and should have been consolidated with the accounts on Line 120 on Schedule 9. SCE will make these changes in its December 1 Informational Filing. These changes will not impact TRR.

The negative \$33,291,529 amount from Line 800 includes the non-electric line-item negative amount of \$554,535 as reflected in the detailed list of the negative value of \$9.5 million, and also includes the re-coding of beginning SAP ADIT Account 1531020 [FERC ADIT Description – "Health Care IBNR"], SAP ADIT Account 1531020 [FERC ADIT Description – "DIT Misc Reg Liab/Asset"] and SAP Account 1535035 [FERC ADIT Description – "NQ Decom Withdrawals"] accounts previously included in Account 190 debit balances of "Health Care

IBNR,” “Regulatory Asset/Liability,” and “Decommissioning” to the current FERC 283 accounts because of their ending net credit balance of \$32,736,994 (see Line 706 of Schedule 9). These ADIT Accounts are not related to Gas and Other. The DIT Regulatory Liab/Asset SAP ADIT 1531020 is related to CPUC and should have been consolidated with Accounts on Line 511 on Schedule 9. The NQ Decom Withdrawals SAP ADIT Account 1535035 is related to CPUC and should have been consolidated with Accounts on Line 508 on Schedule 9. These two changes will not impact TRR. The Health Care IBNR SAP ADIT Account 1531020 relates to employees in all functions and should have been a new line item for Account 283 ADIT with a Labor-Related allocation percentage applied similar to how it was reflected in FERC Account 190. This change will have a minor impact on TRR. SCE will make these changes in its December 1 Informational Filing.

An amended Schedule 9 reflecting the above changes is attached. The TRR impact is a reduction of less than \$20,000.



Accumulated Deferred Income Taxes Cells shaded yellow are input cells

1) Summary of Accumulated Deferred Income Taxes

a) End of Year Accumulated Deferred Income Taxes

	<u>Col 1</u>	<u>Col 2</u>	
<u>Line</u>	<u>Account</u>	<u>Total ADIT</u>	<u>Source</u>
1	Account 190	\$0	Line 353, Col. 2
2	Account 282	-\$1,016,094,403	Line 452, Col. 2
3	Account 283	\$0	Line 803, Col. 2
4	IRC Section 168(i)(9) Normalization Adjustment	\$0	Line 809, Col. 5
5	Total Accumulated Deferred Income Taxes	-\$1,016,094,403	Sum of Lines 1 to 4

b) Beginning of Year Accumulated Deferred Income Taxes

	<u>BOY ADIT</u>	<u>Source</u>
10	Total Accumulated Deferred Income Taxes	-\$662,365,085 Previous Year Informational Filing, Line 5, Col. 2

c) Average of Beginning and End of Year Accumulated Deferred Income Taxes

	<u>Average ADIT</u>	<u>Source</u>
15	Average BOY/EOY ADIT: -\$839,229,744	Average of Line 5 and Line 10

2) Account 190 Detail								
		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
			END BAL	Gas, Generation			Labor	(Instructions 1&2)
			per G/L	or Other Related	ISO Only	Plant Related	Related	Description
ACCT 190	DESCRIPTION							
Electric:								
100	190.000	Amort of Debt Issuance Cost	\$889,370	\$769		\$888,601		C: Relates to all Regulated Electric Property
101	190.000	Franchise Requirements	\$0	\$0		\$0		C: Relates to all Regulated Electric Property
102	190.000	Executive Incentive Comp	\$995,581	\$498,658			\$496,923	C: Relates to employees in all functions
103	190.000	DIT - APS Right of Way	\$0		\$0			Relates to 100% ISO facilities
104	190.000	Corp Name Change	\$0			\$0		C: Relates to all Regulated Electric Property
105	190.000	Bond Discount Amort	\$989,049	\$855		\$988,194		C: Relates to all Regulated Electric Property
106	190.000	Executive Incentive Plan	\$1,295,151	\$648,704			\$646,447	C: Relates to employees in all functions
107	190.000	Ins - Inj/Damages Prov	\$68,472,027	\$119,344			\$68,352,683	C: Relates to employees in all functions
108	190.000	Accrued Vacation	\$22,529,063	\$39,267			\$22,489,796	C: Relates to employees in all functions
109	190.000	Health Care - IBNR	\$0	\$0			\$0	C: Relates to employees in all functions
110	190.000	Def Tax - CCFT Base Rates - R.L.	\$0	\$0	\$0	\$0		Relates to all Regulated Electric Property
111	190.000	Ins Res/Casualty Loss	\$49,972	\$43		\$49,929		C: Relates to all Regulated Electric Property
112	190.000	Int Capitalized - AFUDC	\$0	\$0		\$0		C: Relates to all Regulated Electric Property
113	190.000	PBOP 401H Amortization	\$53,050,971	\$92,466			\$52,958,505	C: Relates to employees in all functions
114	190.000	STATE RATE ADJUSTMENT	\$0	\$0		\$0		Relates to all Regulated Electric Property
115	190.000	EMS	\$950,375	\$822		\$949,553		Relates to all Regulated Electric Property
116	190.000	Decommissioning	\$749,294,476	\$749,294,476				Relates to Nuclear Decommissioning Costs
117	190.000	Balancing Accounts	\$123,837,950	\$123,837,950				Relates Entirely to CPUC Balancing Account Recovery
118	190.000	CIAC/ITCC	\$327,834,495	\$327,834,495				Non-Rate Base FAS 109 Tax Flow-Thru - CIAC
119	190.000	Pension & PBOP	\$32,753,601	\$32,753,601				C: Relates to CIAC Non-ISO Property Costs
120	190.000	Property/Non-ISO	\$18,875,703	\$18,875,703				Relates to Generation Costs
121	190.000	Regulatory Assets/Liab	\$17,034,564	\$17,034,564				Relates Entirely to CPUC Balancing Account Recovery
122	190.000	Temp-Other/Non-ISO	\$751,363,312	\$751,363,312				Relates to Generation Costs
123	190.000	Amortization of Debt Expense	\$1,551,332	\$1,341		\$1,549,991		C: Relates to all Regulated Electric Property
Continuation of Account 190 Detail								
		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
			END BAL	Gas, Generation				(Instructions 1&2)
			per G/L	or Other Related	ISO Only	Plant Related	Labor Related	Description
ACCT 190	DESCRIPTION							
Electric:								
124	...							
250	Total Electric 190		\$2,171,766,992	\$2,022,396,371	\$0	\$4,426,268	\$144,944,353	Source Sum of Above Lines beginning on Line 100

Account 190 Gas and Other Income:							(Instructions 1&2)
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
300	190.000	Audit Rollforward	\$0	\$0			Gas and Other Non-ISO Related Costs
301	190.000	Balancing Accounts	\$0	\$0			Gas and Other Non-ISO Related Costs
302	190.000	Temp-Other/Non-ISO	\$0	\$0			Gas and Other Non-ISO Related Costs
303	190.000	Reclass Acct 190 Credit and Acct 283 Debit Balances	\$0	\$0			Gas and Other Non-ISO Related Costs
304	190.000	Account reclass from 283 & 282 to 190	\$10,677,745	\$10,677,745			Gas and Other Non-ISO Related Costs
305	...						
350	Total Account 190 Gas and Other Income	\$0	\$0	\$0	\$0	\$0	Sum of Above Lines beginning on Line 300
351	Total Account 190	\$2,171,766,992	\$2,022,396,371	\$0	\$4,426,268	\$144,944,353	Line 250 + Line 350
352	Allocation Factors (Plant and Wages)				0.000%	0.000%	27-Allocators Lines and 6 respectively.
353	Total Account 190 ADIT (Sum of amounts in Columns 4 to 6)	\$0		\$0	\$0	\$0	Line 351 * Line 352 for Cols 5 and 6. Col. 4 100% ISO.
354	FERC Form 1 Account 190	\$2,171,766,992	Must match amount on Line 351, Col. 2				FF1 234.18c
3) Account 282 Detail							
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
ACCT 282	DESCRIPTION	END BAL per G/L	Gas, Generation or Other Related	ISO Only	Plant Related	Labor Related	(Instructions 1&2) Description
400	282.000 Fully Normalized Deferred Tax	-\$1,017,144,403		-\$1,017,144,403			Property-Related FERC Costs
401	282.000 Other - Non/ISO	\$0	\$0				Relates to Generation Costs
402	282.000 DPV2 ADIT - Abandonment	\$0		\$0			Property-Related FERC Costs
403	282.000 Acc Def Inc Tax-AFUDC	\$0			\$0		Relates to all Regulated Electric Property
404	282.000 Repairs 3115 - FERC Deduction	\$1,050,000		\$1,050,000			Property-Related FERC Costs
405	282.000 Fully Normalized Deferred Tax - Book	\$0		\$0			Property-Related FERC Costs
406	282.000 Property-Related Def Tax Adjust	\$0			\$0		Relates to all Regulated Electric Property
407	282.000 Property/Non-ISO	-\$6,526,944,841	-\$6,526,944,841				Relates to Generation Costs
408	282.000 Repair Deduction/Non-ISO	-\$204,514,834	-\$204,514,834				Property-Related CPUC Costs - Repair
409	282.000 Temp - Other	-\$304,790,964	-\$304,790,964				Property-Related CPUC Costs - Other
410	282.000 Capitalized Software	-\$228,385,965	-\$228,385,965				Property-Related CPUC Costs - Cap Software
411	282.000 Property/Non-ISO	-\$11,114,447	-\$11,114,447				Gas and Other Non-ISO Related Costs
412	282.000 Capitalized Software	\$2,256,625	\$2,256,625				Gas and Other Non-ISO Related Costs
413	282.000 Temp-Other/Non-ISO	-\$17,674,199	-\$17,674,199				Gas and Other Non-ISO Related Costs
414	...						
450	Total Account 282	-\$8,307,263,028	-\$7,291,168,625	-\$1,016,094,403	\$0	\$0	Sum of Above Lines beginning on Line 400
451	Allocation Factors (Plant and Wages)				0.000%	0.000%	27-Allocators Lines and 6 respectively.
452	Total Account 282 ADIT (Sum of amounts in Columns 4 to 6)	-\$1,016,094,403		-\$1,016,094,403	\$0	\$0	Line 450 * Line 451 for Cols 5 and 6. Col. 4 100% ISO.
453	FERC Form 1 Account 282	-\$8,307,263,029	Must match amount on Line 450, Col. 2				FF1 275.5k

4) Account 283 Detail

ACCT 283	Col 1 DESCRIPTION	Col 2 END BAL per G/L	Col 3 Gas, Generation or Other Related	Col 4 ISO Only	Col 5 Plant Related	Col 6 Labor Related	Col 7 (Instructions 1&2) Description
Electric:							
500	283.000 Def Tax State - Other (GSI)	\$0	\$0	\$0			C: FERC-Related state deductions
501	283.000 Payroll Tax	\$0				\$0	C: C: Relates to employees in all functions
502	283.000 Ad Valorem Lien Date Adj-Electric	-\$75,300,360			-\$75,300,360		Relates to all Regulated Electric Property
503	283.000 Amortization of Debt Expense	\$0	\$0		\$0		C: C: Relates to all Regulated Electric Property
504	283.000 Refunding & Retirement of Debt	-\$75,974,102	-\$65,680		-\$75,908,422		C: C: Relates to all Regulated Electric Property
505	283.000 EMS	\$0	\$0		\$0		C: C: Relates to all Regulated Electric Property
506	283.000 Balancing Accounts	-\$592,736,320	-\$592,736,320				Relates Entirely to CPUC Balancing Account Recovery
507	283.000 Capitalized Software	\$0	\$0				Non-Rate Base FAS 109 Tax Flow-Thru - Software
508	283.000 Decommissioning	-\$769,731,190	-\$769,731,190				Relates to Nuclear Decommissioning Costs
509	283.000 Property/Non-ISO	\$0	\$0				Relates to Generation Costs
510	283.000 Repair-Deduction	\$0	\$0				Property-Related CPUC Costs - Repair
511	283.000 Regulatory Assets/Liab	-\$32,119,693	-\$32,119,693				Relates Entirely to CPUC Balancing Account Recovery
512	283.000 Temp-Other/Non-ISO	-\$45,471,572	-\$45,471,572				Relates to Generation Costs

Continuation of Account 283 Detail

ACCT 283	Col 1 DESCRIPTION	Col 2 END BAL per G/L	Col 3 Gas, Generation or Other Related	Col 4 ISO Only	Col 5 Plant Related	Col 6 Labor Related	Col 7 (Instructions 1&2) Description
Electric (continued):							
513	283.000 Health Care - IBNR	-\$2,816,194	-\$4,909			-\$2,811,285	C: C: Relates to employees in all functions
514	...						
650	Total Electric 283	-\$1,594,149,431	-\$1,440,129,364	\$0	-\$151,208,782	-\$2,811,285	Sum of Above Lines beginning on Line 500

Account 283 Gas and Other:

	Col 1 DESCRIPTION	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7 (Instructions 1&2)
700	283.000 Balancing Accounts	\$0	\$0				Gas and Other Non-ISO Related Costs
701	283.000 Property/Non-Electric	\$0	\$0				Gas and Other Non-ISO Related Costs
702	283.000 Temp-Other/Non-Electric	-\$554,535	-\$554,535				Gas and Other Non-ISO Related Costs
703	283.000 Capitalized Software/Non-ISO	\$0	\$0				Gas and Other Non-ISO Related Costs
704	283.000 Reclass Acct 190 Credit and Acct 283 Debit Balances	\$0	\$0				Gas and Other Non-ISO Related Costs
705	283.000 Other Reclass - FIN48	\$0	\$0				Gas and Other Non-ISO Related Costs
706	283.000 Account reclass from 190 to 283	-\$32,736,994	-\$32,736,994				Gas and Other Non-ISO Related Costs
707	...						

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Source
800	Total Account 283 Gas and Other	-\$554,535	-\$554,535	\$0	\$0	\$0	Sum of Above Lines beginning on Line 700
801	Total Account 283	-\$1,594,703,966	-\$1,440,683,899	\$0	-\$151,208,782	-\$2,811,285	Line 650 + Line 800
802	Allocation Factors (Plant and Wages)				0.000%	0.000%	27-Allocators Lines and 6 respectively.
803	Total Account 283 ADIT (Sum of amounts in Columns 4 to 6)	\$0		\$0	\$0	\$0	Line 801 * Line 802 for Cols 5 and 6. Col. 4 100% ISO.
804	FERC Form 1 Account 283	-\$1,594,703,966	Must match amount on Line 801, Col. 2				FF1 277.19k

5) Normalization Adjustment for Unused Bonus Depreciation

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
ACCT	IRC Section 168(j)(9) Normalization Adjustment	END BAL per G/L	Gas, Generation or Other Related	ISO Only	Plant Related	Labor Related	Description
805	236 Federal Income Taxes Payable	-\$330,880,086					FF1 263.3i - See Note 1
806	Interest Income Reclassification	-\$1,225,165					See Note 2
807	Remaining Amount of FIT Payable	-\$332,105,251					Line 805 + Line 806
808	Plant Allocation Factor				0.000%		See Note 3
809	IRC Section 168(j)(9) Normalization Adjustment (In Column 5)	\$332,105,251	\$332,105,251		\$0		- Line 807 * Line 808 for Column 5

Note 1: Only include if Federal Income Tax Account 236 payable in FF1 page 263 charged to Acct 409.1 or 408.1 in Column (i) is a negative amount (i.e., debit balance).

Note 2: Adjustment to exclude interest component related portion of Federal Income Taxes Payable on Line 805. The Interest Income Reclassification adjustment removes the interest income/expense amounts previously recorded and included in current tax expense. The purpose of the adjustment is to reflect only income tax amounts without any interest income/expense amounts. The amount is directly from SCE's accounting system.

Note 3: Allocate 'Remaining Amount of FIT Payable' based on Transmission Plant Allocation Factor (27-Allocators, Line )  
Remaining Amount is Gas, Generation, or Other Related.

Instruction 1: For any "Company Wide" ADIT line item balance (i.e., that include Catalina Gas or Water costs), indicate in Column 7 with a leading "C".

Instruction 2: For any Company Wide ADIT balance items, include a portion of the total Column 2 balance in Column 3

"Gas, Generation, or Other Related" based on the following percentages.

1) For Line items allocated based on the Wages and Salaries Allocation Factor:

	FERC Form 1 Reference or Instruction	Prior Year Value
A:Total Electric Wages and Salaries	FF1 354.28b	\$959,389,495
B:Gas Wages and Salaries	FF1 355.62b	\$652,970
C:Water Wages and Salaries	FF1 355.64b	\$1,022,131
D:Total Electric, Gas, and Water Wages and Salaries	A+B+C	\$961,064,596
E:Labor Percentage "Gas, Generation, or Other"	(B+C) / D	0.1743%

2) For Line items allocated based on the Transmission Plant Allocation Factor or "ISO Only":

	FERC Form 1 Reference or Instruction	Prior Year Value
F:Total Electric Plant In Service	FF1 207.104g	\$35,785,126,920
G:Total Gas Plant In Service	FF1 201.8d	\$4,104,070
H:Total Water Plant In Service	FF1 201.8e	\$26,859,162
I:Total Electric, Gas, and Water Plant In Service	F+G+H	\$35,816,090,152
J:Plant Percentage "Gas, Generation, or Other"	(G+H) / I	0.0865%

Instruction 3: For any balances in account 190 relating to "Executive Incentive Comp" or "Executive Incentive Plan", the amount included in Column 3 "Gas, Generation or Other Related" shall be 50% of the total balance in Column 1, plus an amount equal to the "Labor Percentage Gas, Generation, or Other" shown on Line E of Instruction 1 times 50% of the total balance in Column 1.

The remaining amount shall be included in Column 6 "Labor Related".

Instruction 4: Classify any ADIT line items relating to refunding and retirement of debt as Plant related (Column 5).

Instruction 5: For any balances in account 190 relating to stock options, the entire amount is included in Column 3 "Gas, Generation or Other Related."