

- 1) Schedule 1, Note 6: Correct eight line references in the “Reference” Column that were inadvertently transposed due to an Excel error
- 2) Schedule 9-ADIT-2: Revise Note 3 to reflect the issuance of an IRS private letter ruling issued in July of 2021 (no longer pending)
- 3) Schedule 19, Note 2: correct the spelling of “transferred” (from incorrect “transfered”)
- 4) Schedule 20: Move Workpaper references in Note 1 and 2 to top of Schedule in conformance with other Schedules.

V. ADJUSTMENTS TO TO2025 AND TO2026 ANNUAL UPDATES TO REFLECT THE MID-YEAR 2024 EXPIRATION OF THE SGA AMOUNT AND LEGACY RETAIL/WHOLESALE DIFFERENCES

Q. For the 2023 and 2024 recorded cost years, what should be the impacts of the SGA on the Formula Rate True Up TRR?

A. The SGA should impact the 2023 True Up TRR¹⁴, by a positive amount of \$3,618,620, as explained in Section II above. The SGA should impact the 2024 True Up TRR by half that amount, or \$1,809,310¹⁵ for the 2024 year (because it will be fully amortized halfway through 2024 on July 1).¹⁶

Q. If the Commission approves SCE’s proposed tariff revisions to remove the SGA from the Formula Rate, will any further adjustments to inputs in the

¹⁴ The Formula Rate True Up TRR for a year is the measure of SCE’s actual TRR costs for the Prior Year in each Annual Update, which operates on a two-year lag. For example, for the upcoming TO2025 Annual Update setting rates for 2025, the True Up TRR is calculated for 2023 on Schedule 4.

¹⁵ Both of these impacts do not include Uncollectibles or Franchise Fees expenses.

¹⁶ The SGA impact on the TRR depends on the Federal and State Income Tax Rates in 2023 and 2024, but these are highly unlikely to change from their current rates of 21.0% and 8.84%, which are set forth in the Formula Rate (Lines 1 and 8 of Schedule 26 “Tax Rates”). If in fact there were to be a change to the 2024 Income Tax rates, SCE will recalculate any amounts affected.

1 **Formula Rate be required to ensure that the upcoming 2023 and 2024**
2 **True Up TRRs for 2023 and 2024 include the correct SGA costs?**

3 A. Yes, since the proposed SGA amount directly included in the Credits and
4 Other “CO” term on Schedule 1 would be \$0 for the TO2025 and TO2026
5 Annual Updates, the SGA-related amounts included in the associated True Up
6 TRRs for 2023 and 2024 would be \$0. Therefore, an adjustment must be made
7 to include a full year of amortization of the SGA in the TO2025 Annual
8 Update (calculating the 2023 True Up TRR) and a half year of amortization
9 (i.e., the full remaining SGA balance amount) the TO2026 Annual Update
10 (calculating the 2024 True UP TRR).

11 **Q. How will SCE incorporate these amounts in the TO2025 and TO2026**
12 **Annual Updates?**

13 A. SCE proposes to include a new line 25a on Schedule 4 “TUTRR” labeled
14 “Adjustments to Credits and Other for the True Up TRR.” This line will
15 enable an amount to be included in the True Up TRR calculation for a given
16 Prior Year, but that will not impact the Prior Year TRR calculation performed
17 on Schedule 1.

18 **Q. What amount will be entered on Line 25a in the TO2025 Annual Update**
19 **to be filed by December 1, 2024, which will calculate the True Up TRR for**
20 **2023?**

21 A. \$2,606,000, the full amortization value of the SGA for the recorded 2023 year.

22 **Q. What amount will be entered on Line 25a in the TO2026 Annual Update**
23 **to be filed by December 1, 2025?**

24 A. \$1,303,000, the half-amortization of the SGA for the recorded 2024 year
25 related to the SGA expiration halfway through 2024.