

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

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

**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 \$376,558.

\$358,703      \$376,558

**Total One-Time Adjustment for 2013 Reflected in June TO11 Posting**

A      \$358,703      \$376,558

**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 \$366,002.

\$360,113      \$366,002

**Total One-Time Adjustment for 2014 Reflected in June TO11 Posting**

B      \$360,113      \$366,002

**Total One-Time Adjustment for TO11 Reflected in June TO11 Posting**

C=A+B      \$742,561

\* The TO11 One-Time Adjustment is equal to the 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 2013 True Up TRR							One Time Adjustment for Revised 2014 True Up TRR				
		Monthly Interest	Monthly True Up	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	Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month	Interest for Current Month	Cumulative Excess (-) or Shortfall (+) in Revenue with Interest
Month	Year	Rate	TRR Adjustment	Current Month	Month	with Interest	TRR Adjustment	Current Month	Month		
January	2013	0.27%	\$29,892	\$29,892	\$40	\$29,932	\$0	\$0	\$0	\$0	\$0
February	2013	0.27%	\$29,892	\$59,824	\$121	\$59,945	\$0	\$0	\$0	\$0	\$0
March	2013	0.27%	\$29,892	\$89,837	\$202	\$90,039	\$0	\$0	\$0	\$0	\$0
April	2013	0.27%	\$29,892	\$119,931	\$283	\$120,215	\$0	\$0	\$0	\$0	\$0
May	2013	0.27%	\$29,892	\$150,107	\$365	\$150,472	\$0	\$0	\$0	\$0	\$0
June	2013	0.27%	\$29,892	\$180,364	\$447	\$180,810	\$0	\$0	\$0	\$0	\$0
July	2013	0.27%	\$29,892	\$210,702	\$529	\$211,231	\$0	\$0	\$0	\$0	\$0
August	2013	0.27%	\$29,892	\$241,123	\$611	\$241,733	\$0	\$0	\$0	\$0	\$0
September	2013	0.27%	\$29,892	\$271,625	\$693	\$272,318	\$0	\$0	\$0	\$0	\$0
October	2013	0.27%	\$29,892	\$302,210	\$776	\$302,986	\$0	\$0	\$0	\$0	\$0
November	2013	0.27%	\$29,892	\$332,878	\$858	\$333,736	\$0	\$0	\$0	\$0	\$0
December	2013	0.27%	\$29,892	\$363,628	\$941	\$364,569	\$0	\$0	\$0	\$0	\$0
January	2014	0.27%	\$0	\$364,569	\$984	\$365,554	\$30,009	\$30,009	\$41	\$30,050	\$0
February	2014	0.27%	\$0	\$365,554	\$987	\$366,541	\$30,009	\$60,059	\$122	\$60,181	\$0
March	2014	0.27%	\$0	\$366,541	\$990	\$367,530	\$30,009	\$90,190	\$203	\$90,393	\$0
April	2014	0.27%	\$0	\$367,530	\$992	\$368,523	\$30,009	\$120,403	\$285	\$120,687	\$0
May	2014	0.27%	\$0	\$368,523	\$995	\$369,518	\$30,009	\$150,697	\$366	\$151,063	\$0
June	2014	0.27%	\$0	\$369,518	\$998	\$370,515	\$30,009	\$181,072	\$448	\$181,521	\$0
July	2014	0.27%	\$0	\$370,515	\$1,000	\$371,516	\$30,009	\$211,530	\$531	\$212,061	\$0
August	2014	0.27%	\$0	\$371,516	\$1,003	\$372,519	\$30,009	\$242,070	\$613	\$242,683	\$0
September	2014	0.27%	\$0	\$372,519	\$1,006	\$373,525	\$30,009	\$272,693	\$696	\$273,388	\$0
October	2014	0.27%	\$0	\$373,525	\$1,009	\$374,533	\$30,009	\$303,398	\$779	\$304,176	\$0
November	2014	0.27%	\$0	\$374,533	\$1,011	\$375,545	\$30,009	\$334,186	\$862	\$335,048	\$0
December	2014	0.27%	\$0	\$375,545	\$1,014	\$376,558	\$30,009	\$365,057	\$945	\$366,002	\$0
			\$358,703	Subtotal One-Time Adj:		\$376,558	\$360,113	Subtotal One-Time Adj:		\$366,002	
Total One-Time Adjustment for 2015:										\$742,561	

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 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	780,908,249	TO11 Draft - WP Schedule 3 - One Time Adj True Up Adj, Page 5, Line 45.
<b>Variance*</b>	<b>358,703</b>	

\* Variance Includes Adjustment for:

(1) 2013 SONGS Decommissioning Trust Fund Participant Credit 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	\$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>\$7,147,548</u>
8	Working Capital			Line 5 + Line 6 + Line 7	<u>\$21,953,023</u>
<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+L13+L14+L15+L15a+L16	<u>\$4,460,865,842</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>\$332,522,658</u>

C) Income Taxes

20	Income Taxes = $\frac{16475769.59}{837749.9749} - 6451726$				<u>\$160,804,040</u>
	Where:	8601353.98			
21	RB = Rate	0		Line 17	<u>\$4,460,865,842</u>
22	ER = Equ	211377.76	Instruction 1	Instruction 1, Line k	5.1520%
23	CTR = Cc	35875127.37		1-Base TRR L 58	40.4394%
24	CO = Cre/NA			1-Base TRR L 62	\$2,086,200
25	D = Book	31135217.5		1-Base TRR L 64	\$1,857,488
		0			

Schedule 4  
True Up TRR

TO9 Annual Update  
Attachment 1

<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	\$38,989,292
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	\$332,522,658
34	Income Taxes		Line 20	\$160,804,040
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	\$746,471,592
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	\$772,261,240

**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:	\$772,261,240	Line 39	<div>Change In TO9 TUTRR</div> <div>\$780,908,249</div> <div>\$780,549,546</div> <div>\$358,703</div>
41	Franchise Fee Factor:	0.914%	28-FFU, L 5	
42	Franchise Fee Expense:	\$7,060,630	Line 40 * Line 41	
43	Uncollectibles Expense Factor:	0.205%	28-FFU, L 5	
44	Uncollectibles Expense:	\$1,586,379	Line 42 * Line 43	
45	True Up TRR:	\$780,908,249	L 40 + L 42 + L 44	

**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"

					Days ROE	
	<u>Percentage</u>	<u>Reference:</u>	<u>From</u>	<u>To</u>	<u>In Effect</u>	
a	ROE at end of Prior Year	9.80%	1-Base TRR L 49	Jan 1, 2013	Dec 31, 2013	365
b	ROE start of Prior Year	9.80%	See Line e below	NA	NA	0
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	2.3023%	1-Base TRR L 50
h Wtd. Cost of Preferred Stock	0.4798%	1-Base TRR L 51
i Wtd. Cost of Common Stock	4.6722%	1-Base TRR L 46 * Line d
j 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>
k	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.

Schedule 20  
Administrative and General Expenses

TO9 Annual Update  
Attachment 1

Calculation of Administrative and General Expense

Inputs are shaded yellow

			Col 1	Col 2	Col 3	Col 4	Notes
			FERC Form 1	Data	See Note 1		
Line	Acct.	Description	Amount	Source	Total Amount	A&G Expense	
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	\$8,601,354	\$60,971,008	
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	\$29,090,009	\$8,539,031	
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:	\$855,841,012	

		Amount	Source
16	Remaining A&G after exclusions & NOIC Adjustment:	\$855,841,012	Line 15
17	Less Account 924:	\$21,629,921	Line 5
18	Amount to apply the Transmission W&S AF:	\$834,211,091	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:	\$35,412,739	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:	\$38,989,292	Line 20 + Line 22

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	Notes
		Shareholder Exclusions or Other Adjustments	Franchise Requirements	NOIC	PBOPs	
Acct.	Total Amount Excluded (Sum of Col 1 to Col 4)					
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		
27	923	\$8,601,354	\$8,601,354	\$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	\$29,090,009	\$29,090,009	\$0		
33	929	\$0	\$0	\$0		
34	930.1	\$223,160	\$223,160	\$0		
35	930.2	\$20,972,414	\$20,972,414	\$0		Changed from \$26,555,513. Subtracted \$5,583,099 related to the SONGS Decommissioning Trust Fund Adjustment.
36	931	\$78,141	\$78,141	\$0		
37	935	\$1,635,670	\$1,635,670	\$0		



**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.

**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.

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	900,695,026	TO11 Draft - WP Schedule 3 - One Time Adj True Up Adj, Page 12, Line 45.
<b>Variance*</b>	<b>360,113</b>	

\* Variance Includes Adjustments for:

(1) 2014 SONGS Decommissioning Trust Fund Participant Credit 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	<b>\$8,973,343</b>
8	Working Capital			Line 5 + Line 6 + Line 7	<b>\$26,918,522</b>
<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	<b>-\$100,367,096</b>
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+ L13+L14+L15+L15a+L16	<b>\$4,883,750,133</b>

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	<b>\$356,603,597</b>

C) Income Taxes

20	Income Taxes = [((RB * ER) + D) * (CTR/(1 - CTR))] + CO/(1 - CTR)				<b>\$176,546,802</b>
	Where:				
21	RB = Rate Base			Line 17	<b>\$4,883,750,133</b>
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

Schedule 4  
True Up TRR

TO10 Annual Update  
Attachment 1

**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	\$50,048,065
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	\$356,603,597
34	Income Taxes	Line 20	\$176,546,802
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	\$861,186,079
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	\$890,721,616

**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: \$890,721,616	Line 39	
41	Franchise Fee Factor: 0.914%	28-FFU, L 5	
42	Franchise Fee Expense: \$8,143,690	Line 40 * Line 41	
43	Uncollectibles Expense Factor: 0.205%	28-FFU, L 5	
44	Uncollectibles Expense: \$1,829,720	Line 42 * Line 43	
45	True Up TRR: \$900,695,026	L 40 + L 42 + L 44	

<b>Change In TO10 TUTRR</b> \$900,695,026 <u>\$900,334,913</u> \$360,113
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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 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.

Schedule 20  
Administrative and General Expenses

TO10 Annual Update  
Attachment 1

Calculation of Administrative and General Expense

Inputs are shaded yellow

			Col 1	Col 2	Col 3	Col 4	Notes
			FERC Form 1	Data	See Note 1		
Line	Acct.	Description	Amount	Source	Total Amount Excluded	A&G Expense	
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	\$8,355,992	\$57,255,530	
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	\$20,889,300	\$10,736,427	
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:	\$882,553,751	

	Amount	Source
16	Remaining A&G after exclusions & NOIC Adjustment:	\$882,553,751 Line 15
17	Less Account 924:	\$15,983,343 Line 5
18	Amount to apply the Transmission W&S AF:	\$866,570,408 Line 16 - Line 17
19	Transmission Wages and Salaries Allocation Factor:	5.4432% 27-Allocators, Line 9
20	Transmission W&S AF Portion of A&G:	\$47,169,120 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:	\$50,048,065 Line 20 + Line 22

Changed from \$21,897,772.  
Subtracted \$2,177,156 related to the SONGS Decommissioning Trust Fund Participant Credit Adjustment.

Note 1: Itemization of exclusions

		Col 1	Col 2	Col 3	Col 4	Notes
		Shareholder Exclusions or Other Adjustments	Franchise Requirements	NOIC	PBOPs	
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		
26	922 -\$39,053,109	-\$6,725,603		-\$32,327,506		
27	923 \$8,355,992	\$8,355,992		\$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 \$20,889,300	\$20,889,300		\$0		
33	929 \$0	\$0		\$0		
34	930.1 \$0	\$0		\$0		
35	930.2 \$23,921,853	\$23,921,853		\$0		Changed from \$28,243,366. Subtracted \$4,321,513 related to the SONGS Decommissioning Trust Fund Participant Credit Adjustment.
36	931 \$3,343	\$3,343		\$0		
37	935 \$797,708	\$797,708		\$0		

**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.



**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.