

Attachment 2

SCE 2022 Postretirement Health and Life Benefits Report

Southern California Edison

Postretirement Health and Life Benefits

**Consolidated Actuarial Valuation Report
Benefit Cost for Fiscal Year Beginning
January 1, 2022 under US GAAP**

November 2022

Table of Contents

Purposes of valuation	1
Section 1 : Summary of key consolidated results	3
<i>Benefit cost, plan assets & obligations.....</i>	<i>3</i>
<i>Comments on results</i>	<i>4</i>
<i>Basis for valuation</i>	<i>4</i>
Actuarial certification	5
Section 2 : Consolidated accounting exhibits	9
2.1 <i>Balance sheet asset/(liability)</i>	<i>9</i>
2.2 <i>Changes in plan obligations and assets</i>	<i>10</i>
2.3 <i>Development of plan assets for benefit cost.....</i>	<i>11</i>
2.4 <i>Summary and comparison of benefit cost and cash flows.....</i>	<i>12</i>
Section 3 : Participant Data	13
3.1 <i>Summary of Participant Data</i>	<i>13</i>
Section 4 : Accounting exhibits by company	15
4.1 <i>Balance sheet asset/(liability)</i>	<i>15</i>
4.2 <i>Changes in plan obligations and assets</i>	<i>16</i>
4.3 <i>Summary of net balances</i>	<i>17</i>
4.4 <i>Development of plan assets for benefit cost.....</i>	<i>18</i>
4.5 <i>Summary and comparison of benefit cost and cash flows.....</i>	<i>19</i>
Appendix A : Statement of consolidated actuarial assumptions, methods and data sources	21
Appendix B : Summary of principal plan provisions.....	35

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Purposes of valuation

Southern California Edison (the Company) engaged Willis Towers Watson US LLC (Willis Towers Watson) to value the Company's postretirement health and life benefits.

As requested by the Company, this report documents the results of an actuarial valuation of postretirement health and life benefits as of January 1, 2022 for each of the following reporting units:

- | | |
|--|---|
| ■ Utility Represented Employees' Health Benefits | ■ Utility Management Employees' Health Benefits |
| ■ Utility Life Benefits | ■ EIX |
| ■ Edison Energy Support Services (EEG) | ■ Edison Capital |
| ■ Mission Land | |

The primary purpose of this valuation is to determine the Net Periodic Postretirement Benefit Cost/(Income) (Benefit Cost), in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715) for the fiscal year ending December 31, 2022. It is anticipated that a separate report will be prepared for year-end financial reporting purposes.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. The expected contribution to the Postretirement Health and Life Benefits Plan has been set at \$8,612,795 for expected non-trust payable benefits for utility management participants and non-utility participants.

Note that any significant change in the amounts contributed or expected to be contributed in 2022 from what is disclosed at December 31, 2021 may require disclosure in the interim financial statements, but should not affect the expected return on plan assets absent a remeasurement for another purpose.

2. There may be certain events that have occurred since the valuation date that are not reflected in the current valuation. See Subsequent Events in the Basis for Valuation section below for more information.
3. This report does not provide information for plan accounting and financial reporting under ASC 965.
4. This report does not present liabilities on a plan termination basis, for which a separate extensive analysis would be required. No funded status measure included in this report is intended to assess, and none may be appropriate for assessing, the sufficiency of plan assets to cover the estimated cost of settling benefit obligations, as all such measures differ in some way from plan termination obligations. In addition, funded status measures shown in this report do not reflect the current costs of settling obligations.

5. The comparisons of plan obligations as determined for accounting and financial reporting purposes to plan assets presented in this report cannot be relied upon to determine the need for nor the amount of required future plan contributions. Nevertheless, such comparisons may be useful to assess the need for future contributions because they reflect current interest rates at the measurement date in determining benefit obligations. However, asset gains and losses, demographic experience different from assumed, changes in interest rates, future benefit accruals, if any, and other factors will all affect the need for and amount of future contributions. In addition, if a plan is not required by law to be funded, benefit payments may also be paid directly by the plan sponsor as they come due.

Section 1: Summary of key consolidated results

Benefit cost, plan assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2022	01/01/2021
Benefit Cost/ (Income)	Net Periodic Postretirement Benefit Cost/(Income)	(54,919,071)	(50,093,000)
	Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income) ¹	(54,919,071)	(50,093,000)
Measurement Date		01/01/2022	01/01/2021
Plan Assets	Fair Value of Plan Assets (FVA)	2,772,325,780 ²	2,715,686,000
	Actual Return on Fair Value of Plan Assets during Prior Year	4.51%	13.46%
Benefit Obligations	Accumulated Postretirement Benefit Obligation (APBO)	(1,925,864,014)	(1,997,868,000)
Funded Ratio	Fair Value of Plan Assets to APBO	144.0%	135.9%
Accumulated Other Comprehensive (Income)/Loss (Pre-tax)	Net Prior Service Cost/(Credit)	(6,466,000)	(7,708,000)
	Net Loss/(Gain)	(807,296,019)	(734,883,000)
	Total Accumulated Other Comprehensive (Income)/Loss (pre-tax)	(813,762,019)	(742,591,000)
Assumptions	Discount rate	2.95%	2.67%
	Expected Long-Term Rate of Return on Plan Assets	Rep VEBA: 2.50% Mgmt VEBA: 3.00% Other: 5.00%	Rep VEBA: 2.50% Mgmt VEBA: 4.50% Other: 6.00%
	Current Health Care Cost Trend Rate	Pre-65: 6.25% Post-65: 6.75%	Pre-65: 6.50% Post-65: 7.00%
	Ultimate Health Care Cost Trend Rate	5.00%	5.00%
	Year of Ultimate Trend Rate	2029	2029
Participant Data	Census Date	01/01/2022	01/01/2021

¹ Before utility regulatory adjustment which is shown in Section 4 - accounting exhibits by company

² Based on trust assets of \$2,781,454,824 reduced by 2021 Q4 reimbursements payable of \$9,129,044.

Comments on results

The consolidated actuarial gains/(losses) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year were \$92,966,297 and \$15,015,231, respectively.

Change in net periodic cost and funded position

The net periodic cost decreased from \$(50,093,000) in fiscal 2021 to \$(54,919,071) in fiscal 2022 and the funded position improved from \$717,818,000 to \$846,461,766.

Significant reasons for these changes include the following:

- The actual return on the fair value of plan assets since the prior measurement date was greater than the expected return on plan assets, which reduced the net periodic cost and improved the funded position.
- The discount rate used to measure APBO increased 28 basis points compared to the prior year, which improved the funded position.

Effects of Health Care Reform

None affecting the benefit obligation or cost of providing the retiree medical benefits in this Plan.

Basis for valuation

Appendix A summarizes the assumptions, methods and models used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plans being valued. Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Subsequent events

Subsequent to the valuation date, both asset values and bond yields have been volatile and, as a result, the financial position of the plan may have deteriorated. The effects of this volatility have not been reflected in this report but will, together with other subsequent experience, be reflected at the next valuation date.

The results provided in this report reflect data and assumptions appropriate for the purpose of the measurement. Effects of COVID-19 on the financial markets, regulations and experience are uncertain and still evolving. The results in this report make no specific allowances for the effects of COVID-19 except for temporary adjustments to the mortality improvement scales to reflect anticipated slow recovery from COVID-19. There may be significant effects on plan experience and/or assumptions, both demographic and economic when consideration of effects are made for future measurements.

Willis Towers Watson is not aware of any other material events that have occurred and are not reflected in the valuation.

Additional information

None.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information described below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied on information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by Edison and other persons or organizations designated by Edison. See the Sources of Data and Other Information section of Appendix A for further details. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Edison, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is January 1, 2022. The benefit obligations were measured as of January 1, 2022 and are based on participant data as of the census date, January 1, 2022.

Plan assets and balance sheet adjustments

Information about the fair value of plan assets and the general ledger account balances for the other postretirement benefit plans cost at December 31, 2021, which reflect the expected funded status of the plans before adjustment to reflect the funded status based on the year-end measurements, and differences between the expected Medicare Part D subsidies and amounts received during the year was reviewed for reasonableness and consistency, but no audit was performed.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects. Any tax effects in AOCI should be determined by Edison in consultation with its tax advisors and independent accountants.

Assumptions and methods under U.S. GAAP

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the other postretirement benefit cost and other financial reporting have been selected by Edison. Willis Towers Watson has evaluated the assumptions used and believes that they do not significantly conflict with what would be reasonable. In addition, we believe that the combined effect of assumptions is expected to have no significant bias. See Appendix A for a description of each significant assumption used and our rationale for concluding that it does not significantly conflict with what would be reasonable. U.S. GAAP requires that each significant assumption “individually represent the best estimate of the plan’s future experience solely with respect to that assumption.”

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we believe do not significantly conflict with what would be reasonable. Other actuarial assumptions could also be considered to not significantly conflict with what would be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the January 1, 2022 measurement date will change the results shown in this report.

Certain models (as described in ASOP No. 56) were used in preparing the information presented herein. Further information on these models can be found in Appendix A.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated October 12, 2021 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of Edison and its independent accountants in connection with our actuarial valuation of the other postretirement benefit plans as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. Edison may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require Edison to provide them this report, in which case Edison will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional qualifications

The undersigned are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.



Suzanne Wyatt, FSA, EA
Director, Retirement
November 18, 2022



David Stablein, FSA, EA
Senior Director, Retirement
November 18, 2022

https://wtwonline.sharepoint.com/sites/tctclient_610634_2022Val/Documents/SCE%20PBOP%20-%202022%20-%20Expense%20Report.docx

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Section 2: Consolidated accounting exhibits

2.1 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Measurement Date	01/01/2022	01/01/2021
A Development of Balance Sheet Asset/(Liability)¹		
1 Accumulated postretirement benefit obligation (APBO)	(1,925,864,014)	(1,997,868,000)
2 Fair value of plan assets (FVA) ²	2,772,325,780	2,715,686,000
3 Net balance sheet asset/(liability)	846,461,766	717,818,000
B Current and Noncurrent Classification³		
1 Noncurrent asset	883,995,878	N/A
2 Current liability	(8,488,500)	N/A
3 Noncurrent liability	(29,045,612)	N/A
4 Net balance sheet asset/(liability)	846,461,766	717,818,000
C Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	(6,466,000)	(7,708,000)
2 Net loss/(gain)	(807,296,019)	(734,883,000)
3 Accumulated other comprehensive (income)/loss ⁴	(813,762,019)	(742,591,000)
D Assumptions and Dates		
1 Discount rate	2.95%	2.67%
2 Current health care cost trend rate	Pre-65: 6.25% Post-65: 6.75%	Pre-65: 6.50% Post-65: 7.00%
3 Ultimate health care cost trend rate	5.00%	5.00%
4 Year of ultimate trend rate	2029	2029
5 Census date	01/01/2022	01/01/2021

¹ Whether any amounts in this table that differ from those disclosed at year-end must be disclosed in subsequent interim financial statements should be determined.

² Excludes receivable contributions.

³ The current liability (for each underfunded plan) was measured as the discounted value of benefits expected to be paid over the next 12 months in excess of the fair value of the plan's assets at the measurement date.

⁴ Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

2.2 Changes in plan obligations and assets

All monetary amounts shown in US Dollars

Period Beginning	01/01/2022	01/01/2021
A Change in Accumulated Postretirement Benefit Obligation (APBO)		
1 APBO at beginning of prior fiscal year	1,997,868,000	1,932,318,000
2 Employer service cost	40,238,000	37,676,000
3 Interest cost	52,307,000	62,806,000
4 Actuarial loss/(gain)	(92,966,297)	29,653,000
5 Plan participants' contributions ¹	28,545,293	28,571,000
6 Benefits paid from plan assets	(92,504,982)	(84,802,000)
7 Benefits paid from Company assets ¹	(7,623,000)	(8,354,000)
8 Medicare Part D subsidy	0	0
9 Administrative expenses paid ²	0	0
10 Plan amendments	0	0
11 Acquisitions/(divestitures)	0	0
12 Curtailments	0	0
13 Settlements	0	0
14 Special/contractual termination benefits	0	0
15 Other adjustments	0	0
16 APBO at beginning of current fiscal year	1,925,864,014	1,997,868,000
B Change in Plan Assets		
1 Fair value of plan assets at beginning of prior fiscal year	2,715,686,000	2,462,752,000
2 Actual return on plan assets	120,981,231	309,452,000
3 Employer contributions	7,242,238	8,067,000
4 Plan participants' contributions ¹	28,545,293	28,571,000
5 Benefits paid ¹	(100,127,982)	(93,156,000)
6 Administrative expenses paid	0	0
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Other adjustments	0	0
10 Fair value of plan assets at beginning of current fiscal year	2,772,325,780	2,715,686,000

¹ Net of retiree contributions for non-utilities.

² Only if future expenses are accrued in APBO through a load on service cost.

2.3 Development of plan assets for benefit cost

All monetary amounts shown in US Dollars

	Fair Value	Market-Related Value
A Reconciliation of Plan Assets		
1 Plan assets at 1/1/2021	2,715,686,000	2,715,686,000
2 Actual return on plan assets	120,980,231	120,980,231
3 Employer contributions	7,242,238	7,242,238
4 Plan participants' contributions ¹	28,545,293	28,545,293
5 Benefits paid ¹	(100,127,982)	(100,127,982)
6 Administrative expenses paid	0	0
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Other adjustments	0	0
10 Plan assets at 1/1/2022	2,772,325,780	2,772,325,780
B Rate of Return on Invested Assets		
1 Weighted invested assets	2,683,516,000	
2 Rate of return	4.51%	
C Investment Loss/(Gain)		
1 Actual return	120,980,231	
2 Expected return	105,965,000	
3 Loss/(gain)	(15,015,231)	

¹ Net of retiree contributions for non-utilities.

2.4 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2022	12/31/2021
A Total Benefit Cost		
1 Employer service cost	33,602,460	40,238,000
2 Interest cost	55,666,122	52,307,000
3 Expected return on plan assets	(96,690,911)	(105,965,000)
4 Subtotal	(7,422,329)	(13,420,000)
5 Net prior service cost/(credit) amortization	(2,198,000)	(1,242,000)
6 Net loss/(gain) amortization	(45,298,742)	(35,431,000)
7 Subtotal	(47,496,742)	(36,673,000)
8 Net periodic postretirement benefit cost/(income)	(54,919,071)	(50,093,000)
9 Utility regulatory adjustment	55,476,637	50,766,000
10 Curtailment (gain)/loss	0	0
11 Settlement (gain)/loss	0	0
12 Special/contractual termination benefits	0	0
13 Total benefit cost	557,566	673,000
B Assumptions (See Appendix A for interim measurements, if any)		
1 Discount rate	2.95%	2.67%
2 Expected long-term rate of return on plan assets	Rep VEBA: 2.50% Mgmt VEBA: 3.00% Other: 5.00%	Rep VEBA: 2.50% Mgmt VEBA: 4.50% Other: 6.00%
3 Current health care cost trend rate	Pre-65: 6.25% Post-65: 6.75%	Pre-65: 6.50% Post-65: 7.00%
4 Ultimate health care cost trend rate	5.00%	5.00%
5 Year of ultimate trend rate	2029	2029
6 Census date	01/01/2022	01/01/2021
C Fair Value of Assets at Beginning of Year	2,772,325,780	2,715,686,000
D Cash Flows Net of Medicare Part D Subsidy	Expected	Actual
1 Employer trust contributions	0	0
2 Benefits paid from Company assets ¹	8,612,795	7,242,238
3 Benefits paid from plan assets ¹	69,140,790	64,340,451
E Amortization Period	Varies by Unit	Varies by Unit

¹ Net of participant contributions.

Section 3: Participant Data

3.1 Summary of Participant Data

Participant Information - Census Date		Plan Total	Utility - Represented Employees	Utility - Management Employees	Utility - Life Insurance	Utility Total	EIX	EEG	Edison Capital	Mission Land	Non-Utility Total
A Participating Employees											
1	Number	13,002	3,921	8,999	0	12,920	78	4	0	0	82
2	Average age	45.9	44.6	46.5	N/A	45.9	49.5	53.8	N/A	N/A	49.8
3	Average credited service	14.4	15.7	13.9	N/A	14.4	13.1	17.4	N/A	N/A	13.3
B Retirees, Dependents and Surviving Spouses											
1	Retirees ¹	11,169	3,445	7,444	226	11,115	44	5	3	2	54
2	Average age	72.8	73.4	72.5	69.4	72.8	70.9	66.2	78.3	80.0	71.2
3	Surviving spouses and surviving dependents	2,434	1,001	1,429	N/A	2,430	3	0	0	1	4
4	Average age	78.3	78.0	78.5	N/A	78.3	73.0	N/A	N/A	77.0	74.0
5	Total retirees, surviving spouses and surviving dependents	13,603	4,479	9,066	226	13,545	47	5	3	3	58
6	Average age	73.8	74.5	73.4	69.4	73.8	71.0	66.2	78.3	79.0	71.4

¹ Includes retirees with spouse and family coverage.

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Section 4: Accounting exhibits by company

4.1 Balance sheet asset/(liability)

Southern California Edison Company										
SCE Postretirement Health and Life Benefits Benefit Cost for Fiscal Year Beginning 1-Jan-22 under US GAAP	PBOP Total USD	Utility - Represented Employees USD	Utility - Management Employees USD	Utility - Life Insurance USD	Utility Total USD	EX USD	EEG USD	Edison Capital USD	Mission Land USD	Non-Utility Total USD
Balance Sheet Asset/(Liability)										
A Development of Balance Sheet Asset/(Liability)										
1 Accumulated postretirement benefit obligation (APBO)	(1,925,864,014)	(606,571,752)	(1,274,172,572)	(35,489,831)	(1,916,234,155)	(8,242,371)	(873,686)	(278,469)	(235,333)	(9,629,859)
2 Fair value of plan assets, excluding receivable contributions	2,772,325,780	1,438,075,671	1,318,473,649	15,776,460	2,772,325,780	0	0	0	0	0
3 Net balance sheet asset/(liability)	846,461,766	831,503,919	44,301,077	(19,713,371)	856,091,625	(8,242,371)	(873,686)	(278,469)	(235,333)	(9,629,859)
B Current and Noncurrent Classification										
1 Noncurrent asset	883,995,878	831,503,919	52,491,959	0	883,995,878	0	0	0	0	0
2 Current liability	(8,488,500)	0	(8,190,882)	0	(8,190,882)	(233,165)	(36,112)	(14,141)	(14,200)	(297,618)
3 Noncurrent liability	(29,045,612)	0	0	(19,713,371)	(19,713,371)	(8,009,206)	(837,574)	(264,328)	(221,133)	(9,332,241)
4 Net balance sheet asset/(liability)	846,461,766	831,503,919	44,301,077	(19,713,371)	856,091,625	(8,242,371)	(873,686)	(278,469)	(235,333)	(9,629,859)
C Accumulated Other Comprehensive (Income)/Loss										
1 Net prior service cost/(credit)	(6,466,000)	(1,267,000)	(23,000)	(5,116,000)	(6,406,000)	(28,000)	(3,000)	0	(29,000)	(60,000)
2 Net loss/(gain)	(807,296,019)	(354,248,919)	(467,105,330)	13,067,371	(808,286,878)	1,632,371	368,686	(874,531)	(135,667)	990,859
3 Accumulated other comprehensive (income)/loss [Before adjustment for tax effects]	(813,762,019)	(355,515,919)	(467,128,330)	7,951,371	(814,692,878)	1,604,371	365,686	(874,531)	(164,667)	930,859
E Assumptions and Dates										
1 Discount rate	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%
2 Current health care cost trend rate	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	N/A	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022
3 Ultimate health care cost trend rate	5.000%	5.000%	5.000%	N/A	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
4 Year of ultimate trend rate	2029	2029	2029	N/A	2029	2029	2029	2029	2029	2029
5 Census date	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22

4.2 Changes in plan obligations and assets

Southern California Edison Company										
SCE Postretirement Health and Life Benefits Benefit Cost for Fiscal Year Beginning 1-Jan-22 under US GAAP	PBOP Total USD	Utility - Represented Employees USD	Utility - Management Employees USD	Utility - Life Insurance USD	Utility Total USD	EX USD	EEG USD	Edison Capital USD	Mission Land USD	Non-Utility Total USD
Changes in Plan Obligations and Assets										
A Change in Accumulated Postretirement Benefit Obligation (APBO)										
1 APBO at beginning of prior fiscal year	1,997,868,000	635,139,000	1,315,989,000	37,034,000	1,988,162,000	8,363,000	755,000	285,000	303,000	9,706,000
2 Employer service cost	40,238,000	12,457,000	27,427,000	0	39,884,000	319,000	35,000	0	0	354,000
3 Interest cost	52,307,000	16,614,000	34,476,000	962,000	52,052,000	220,000	20,000	7,000	8,000	255,000
4 Actuarial loss/(gain)	(92,966,297)	(34,044,735)	(58,027,331)	(490,090)	(92,562,156)	(435,629)	91,686	(531)	(59,667)	(404,141)
5 Plan participants' contributions*	28,545,293	8,560,462	19,984,831	0	28,545,293	0	0	0	0	0
6 Benefits paid from plan assets	(92,504,982)	(32,153,975)	(58,334,928)	(2,016,079)	(92,504,982)	0	0	0	0	0
7 Benefits paid from Company assets*	(7,623,000)	0	(7,342,000)	0	(7,342,000)	(224,000)	(28,000)	(13,000)	(16,000)	(281,000)
8 Medicare Part D subsidy	0	0	0	0	0	0	0	0	0	0
9 Administrative expenses paid	0	0	0	0	0	0	0	0	0	0
10 Plan amendments	0	0	0	0	0	0	0	0	0	0
11 Acquisitions/(divestitures)	0	0	0	0	0	0	0	0	0	0
12 Curtailments	0	0	0	0	0	0	0	0	0	0
13 Settlements	0	0	0	0	0	0	0	0	0	0
14 Special/contractual termination benefits	0	0	0	0	0	0	0	0	0	0
15 Other adjustments	0	0	0	0	0	0	0	0	0	0
16 APBO at beginning of current fiscal year	1,925,864,014	606,571,752	1,274,172,572	35,489,831	1,916,234,155	8,242,371	873,686	278,469	235,333	9,629,859
B Change in Plan Assets										
1 Fair value of plan assets at beginning of prior fiscal year	2,715,686,000	1,468,279,000	1,233,085,000	14,322,000	2,715,686,000	0	0	0	0	0
2 Actual return on plan assets	120,980,231	(6,609,816)	124,119,508	3,470,539	120,980,231	0	0	0	0	0
3 Employer contributions	7,242,238	0	6,961,238	0	6,961,238	224,000	28,000	13,000	16,000	281,000
4 Plan participants' contributions	28,545,293	8,560,462	19,984,831	0	28,545,293	0	0	0	0	0
5 Benefits paid	(100,127,982)	(32,153,975)	(65,676,928)	(2,016,079)	(99,846,982)	(224,000)	(28,000)	(13,000)	(16,000)	(281,000)
6 Administrative expenses paid	0	0	0	0	0	0	0	0	0	0
7 Acquisitions/(divestitures)	0	0	0	0	0	0	0	0	0	0
8 Settlements	0	0	0	0	0	0	0	0	0	0
9 Other adjustments	0	0	0	0	0	0	0	0	0	0
10 Fair value of plan assets at beginning of current fiscal year	2,772,325,780	1,438,075,671	1,318,473,649	15,776,460	2,772,325,780	0	0	0	0	0

* Net of retiree contributions for non-utilities

4.3 Summary of net balances

Southern California Edison Company										
SCE Postretirement Health and Life Benefits Benefit Cost for Fiscal Year Beginning 1-Jan-22 under US GAAP	PBOP Total USD	Utility - Represented Employees USD	Utility - Management Employees USD	Utility - Life Insurance USD	Utility Total USD	EX USD	EEG USD	Edison Capital USD	Mission Land USD	Non-Utility Total USD
Summary of Net Balances										
A Summary of Prior Service Cost/(Credit) Bases										
1 Net amount at beginning of current fiscal year	(6,466,000)	(1,267,000)	(23,000)	(5,116,000)	(6,406,000)	(28,000)	(3,000)	0	(29,000)	(60,000)
2 Amortization amount in current fiscal year	2,198,000	1,267,000	23,000	893,000	2,183,000	7,000	2,000	0	6,000	15,000
3 Effect of curtailments	0	0	0	0	0	0	0	0	0	0
4 Other events	0	0	0	0	0	0	0	0	0	0
B Summary of Net Loss/(Gain)										
1 Net amount at beginning of current fiscal year	(807,296,019)	(354,248,919)	(467,105,330)	13,067,371	(808,286,878)	1,632,371	368,686	(874,531)	(135,667)	990,859
2 Amortization amount in current fiscal year	45,298,742	14,355,411	30,155,165	839,919	45,350,495	(91,934)	(51,081)	79,240	12,022	(51,753)
3 Effect of curtailments	0	0	0	0	0	0	0	0	0	0
4 Effect of settlements	0	0	0	0	0	0	0	0	0	0
5 Other events	0	0	0	0	0	0	0	0	0	0

4.4 Development of plan assets for benefit cost

Southern California Edison Company

SCE Postretirement Health and Life Benefits Benefit Cost for Fiscal Year Beginning 1-Jan-22 under US GAAP	PBOP Total USD	Utility - Represented Employees USD	Utility - Management Employees USD	Utility - Life Insurance USD	Utility Total USD	EX USD	EEG USD	Edison Capital USD	Mission Land USD	Non-Utility Total USD
Development of Plan Assets for Benefit Cost										
A Reconciliation of Fair Value of Plan Assets										
1 Fair value of plan assets at 31-Dec-20	2,715,686,000	1,468,279,000	1,233,085,000	14,322,000	2,715,686,000	0	0	0	0	0
2 Actual return on plan assets	120,980,231	(6,609,816)	124,119,508	3,470,539	120,980,231	0	0	0	0	0
3 Employer contributions	7,242,238	0	6,961,238	0	6,961,238	224,000	28,000	13,000	16,000	281,000
4 Plan participants' contributions	28,545,293	8,560,462	19,984,831	0	28,545,293	0	0	0	0	0
5 Benefits paid	(100,127,982)	(32,153,975)	(65,676,928)	(2,016,079)	(99,846,982)	(224,000)	(28,000)	(13,000)	(16,000)	(281,000)
6 Administrative expenses paid	0	0	0	0	0	0	0	0	0	0
7 Acquisitions/(divestitures)	0	0	0	0	0	0	0	0	0	0
8 Settlements	0	0	0	0	0	0	0	0	0	0
9 Other adjustments	0	0	0	0	0	0	0	0	0	0
10 Fair value of plan assets at 31-Dec-21	2,772,325,780	1,438,075,671	1,318,473,649	15,776,460	2,772,325,780	0	0	0	0	0
B Reconciliation of Market-Related Value of Plan Assets										
1 Market-related value of plan assets at 31-Dec-20	2,715,686,000	1,468,279,000	1,233,085,000	14,322,000	2,715,686,000	0	0	0	0	0
2 Actual return on plan assets	120,980,231	(6,609,816)	124,119,508	3,470,539	120,980,231	0	0	0	0	0
3 Employer contributions	7,242,238	0	6,961,238	0	6,961,238	224,000	28,000	13,000	16,000	281,000
4 Plan participants' contributions	28,545,293	8,560,462	19,984,831	0	28,545,293	0	0	0	0	0
5 Benefits paid, net of retiree contributions	(100,127,982)	(32,153,975)	(65,676,928)	(2,016,079)	(99,846,982)	(224,000)	(28,000)	(13,000)	(16,000)	(281,000)
6 Administrative expenses paid	0	0	0	0	0	0	0	0	0	0
7 Acquisitions/(divestitures)	0	0	0	0	0	0	0	0	0	0
8 Settlements	0	0	0	0	0	0	0	0	0	0
9 Other adjustments	0	0	0	0	0	0	0	0	0	0
10 Market-related value of plan assets at 31-Dec-21	2,772,325,780	1,438,075,671	1,318,473,649	15,776,460	2,772,325,780	0	0	0	0	0
C Rate of Return on Invested Assets										
1 Weighted invested assets	2,683,516,000	1,456,482,000	1,213,720,000	13,314,000	2,683,516,000					
2 Rate of return	4.508%	(0.454%)	10.226%	26.067%	4.508%					
D Investment Loss/(Gain)										
1 Actual return	120,980,231	(6,609,816)	124,119,508	3,470,539	120,980,231					
2 Expected return	105,965,000	36,385,000	68,780,000	800,000	105,965,000					
3 Loss/(gain)	(15,015,231)	42,994,816	(55,339,508)	(2,670,539)	(15,015,231)					

4.5 Summary and comparison of benefit cost and cash flows

Southern California Edison Company										
SCE Postretirement Health and Life Benefits Benefit Cost for Fiscal Year Beginning 1-Jan-22 under US GAAP	PBOP Total USD	Utility - Represented Employees USD	Utility - Management Employees USD	Utility - Life Insurance USD	Utility Total USD	BX USD	EEG USD	Edison Capital USD	Mission Land USD	Non-Utility Total USD
Summary and Comparison of Benefit Cost and Cash Flows										
A Total Benefit Cost										
1 Employer service cost	33,602,460	10,538,773	22,822,500	0	33,361,273	223,039	18,148	0	0	241,187
2 Interest cost	55,666,122	17,513,673	36,853,988	1,018,835	55,386,496	239,660	25,233	8,003	6,730	279,626
3 Expected return on plan assets	(96,690,911)	(35,629,694)	(60,320,046)	(741,171)	(96,690,911)	0	0	0	0	0
4 Subtotal	(7,422,329)	(7,577,248)	(643,558)	277,664	(7,943,142)	462,699	43,381	8,003	6,730	520,813
5 Net prior service cost/(credit) amortization	(2,198,000)	(1,267,000)	(23,000)	(893,000)	(2,183,000)	(7,000)	(2,000)	0	(6,000)	(15,000)
6 Net loss/(gain) amortization**	(45,298,742)	(14,355,411)	(30,155,165)	(839,919)	(45,350,495)	91,934	51,081	(79,240)	(12,022)	51,753
7 Subtotal	(47,496,742)	(15,622,411)	(30,178,165)	(1,732,919)	(47,533,495)	84,934	49,081	(79,240)	(18,022)	36,753
8 Net periodic benefit cost/(income)	(54,919,071)	(23,199,659)	(30,821,723)	(1,455,255)	(55,476,637)	547,633	92,462	(71,237)	(11,292)	557,566
9 Utility regulatory adjustment	55,476,637	23,199,659	30,821,723	1,455,255	55,476,637	0	0	0	0	0
10 Curtailment (gain)/loss	0	0	0	0	0	0	0	0	0	0
11 Settlement (gain)/loss	0	0	0	0	0	0	0	0	0	0
12 Special/contractual termination benefits	0	0	0	0	0	0	0	0	0	0
13 Total net benefit cost	557,566	0	0	0	0	547,633	92,462	(71,237)	(11,292)	557,566
B Presentation of Benefit Cost Pursuant to ASC 715-20										
1 Employer service cost	33,602,460	10,538,773	22,822,500	0	33,361,273	223,039	18,148	0	0	241,187
2 Other components of net periodic benefit cost	(88,521,531)	(33,738,432)	(53,644,223)	(1,455,255)	(88,837,910)	324,594	74,314	(71,237)	(11,292)	316,379
3 Utility regulatory adjustment	55,476,637	23,199,659	30,821,723	1,455,255	55,476,637	0	0	0	0	0
4 Disclosed net benefit cost	557,566	0	0	0	0	547,633	92,462	(71,237)	(11,292)	557,566
C Assumptions										
1 Discount rate	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%
2 Expected long-term rate of return on plan assets	Mgmt VEBA: 3.00%; Other: 5.00%									
	N/A	2.50%	Other: 5.00%	5.00%	5.00%	N/A	N/A	N/A	N/A	N/A
3 Current health care cost trend rate	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	N/A	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022	6.250% Pre-65 / 6.750% Post-65 in 2022
4 Ultimate health care cost trend rate	5.000%	5.000%	5.000%	N/A	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
5 Year of ultimate trend rate	2029	2029	2029	N/A	2029	2029	2029	2029	2029	2029
6 Census date	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22	1-Jan-22
D Fair Value of Assets at Beginning of Year	2,772,325,780	1,438,075,671	1,318,473,649	15,776,460	2,772,325,780	0	0	0	0	0
E Expected Cash Flows										
1 Employer contributions	0	0	0	0	0	0	0	0	0	0
2 Plan participants' contributions	0	0	0	0	0	0	0	0	0	0
3 Benefits paid from Company assets	8,612,795	0	8,310,819	0	8,310,819	236,579	36,641	14,348	14,408	301,976
4 Benefits paid from plan assets	69,140,790	25,775,822	41,458,874	1,906,094	69,140,790	0	0	0	0	0
F Amortization Period	N/A	11.71	11.71	11.71	11.71	8.79	5.51	10.69	9.33	N/A

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Appendix A: Statement of consolidated actuarial assumptions, methods and data sources

Southern California Edison Postretirement Health & Life Benefits

Plan Sponsor

Southern California Edison Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year 2022 benefit cost.

Assumptions and methods for other postretirement benefit cost purposes

Actuarial Assumptions and Methods — Other Postretirement Benefit Cost

	Economic Assumptions
■ Represented VEBA	2.50%
■ Management VEBA	3.00%
■ Other assets	5.00%
Discount rate as of December 31, 2021	2.95%

As required by the U.S. GAAP accounting standard, the discount rate based on high quality corporate bonds (AA and AAA) is used to determine the obligations and service cost, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

The return on assets shown above is net of investment expenses. Administrative expenses are accounted for as an addition to per capita claims costs.

Demographic and Other Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant.

New or rehired employees It was assumed there will be no new or rehired employees.

Benefit commencement dates

- Preretirement death benefit Upon death of the active participant
- Retirement benefit Upon termination of employment

Participation Assumptions for Plan

Participation – non-HRA Benefits Composite claims used in the valuation (see below) reflect actual levels of retiree participation

Participation – HRA Benefits 100% participation. Retirees are assumed to utilize 90% of HRA balances and forfeit the remaining 10%.

	Current Retirees	Future Retirees
Percentage electing spousal coverage	Based on valuation census data	75% married
Spouse age	Based on valuation census data	Wife two years younger than husband

Demographic Assumptions

Mortality:

- Healthy mortality rates
 - Base Mortality Table
 1. Base table: Pri-2012 Employees and Retirees Table (Pri-2012 Contingent Annuitants Table for contingent annuitants)
 2. Table type: White Collar for Non-Union; Blue Collar for Union
 3. Healthy or Disabled: Healthy
 - Mortality Improvement Scale
 1. Base scale: MP-2021
 2. Projection Type: Generational
 3. COVID-19 adjustment: 5% mortality increase in 2022 and 0% in 2023+

Active Disability rates

Rates at which participants are assumed to be disabled by age are shown below.

Rates assumed to be disabled during the year		
Age	Male	Female
20 - 27	0.03%	0.03%
28	0.03%	0.04%
29	0.03%	0.04%
30	0.03%	0.04%
31	0.03%	0.05%
32	0.03%	0.05%
33	0.03%	0.06%
34	0.03%	0.06%
35	0.04%	0.07%
36	0.04%	0.08%
37	0.05%	0.09%
38	0.06%	0.10%
39	0.07%	0.12%
40	0.08%	0.13%
41	0.09%	0.15%
42	0.10%	0.17%
43	0.12%	0.19%
44	0.14%	0.22%
45	0.16%	0.24%
46	0.18%	0.27%
47	0.21%	0.30%
48	0.25%	0.33%
49	0.28%	0.36%
50	0.33%	0.40%
51	0.39%	0.44%
52	0.46%	0.49%
53	0.53%	0.54%
54	0.61%	0.59%
55	0.69%	0.64%
56	0.77%	0.69%
57	0.86%	0.74%
58	0.95%	0.80%
59	1.05%	0.85%
60	1.15%	0.90%
61	1.26%	0.96%
62	1.38%	1.01%
63	1.51%	1.05%
64	1.64%	1.09%

**Active Termination
(not due to disability or
retirement)**

For employees with less than three years of service:

Rates assumed to terminate during the year		
Years of	Active	Active
0	10.0%	10.0%
1	10.0%	6.0%
2	10.0%	4.5%

**Active Termination
(not due to disability or
retirement)**

For employees with three or more years of service:

Rates at which participants are assumed to terminate by age are shown below.

Rates assumed to terminate during the year		
Age	Active Non-Union	Active Union
20	13.0%	4.5%
21	12.5%	4.5%
22	11.7%	4.5%
23	10.9%	4.5%
24	10.1%	4.5%
25	9.3%	3.0%
26	8.5%	3.0%
27	7.9%	3.0%
28	7.3%	3.0%
29	6.7%	3.0%
30	6.1%	3.0%
31	5.8%	3.0%
32	5.5%	3.0%
33	5.2%	3.0%
34	5.1%	3.0%
35	5.0%	2.5%
36	4.9%	2.5%
37	4.8%	2.5%
38	4.7%	2.5%
39	4.7%	2.5%
40	4.6%	2.0%
41	4.6%	2.0%
42	4.5%	2.0%
43	4.5%	2.0%
44	4.4%	2.0%
45	4.4%	2.0%
46	4.3%	2.0%
47	4.3%	2.0%
48	4.2%	2.0%
49	4.2%	2.0%
50	4.1%	2.0%
51	4.1%	2.0%
52	4.0%	2.0%
53	4.0%	2.0%
54	4.0%	2.0%
55+	0.0%	0.0%

Active Retirement

Rates at which participants are assumed to retire by age are shown below.

Rates assumed to retire during the year	
Age	Rate
55 - 58	7.5%
59	10.0%
60 - 61	15.0%
62 - 65	20.0%
66 - 69	25.0%
70+	100%

Trend Rates**Health care cost trend rate:**

Gross Medical Costs	Year	Pre-65 Trend Rate	Post-65 Trend Rate
	2022	6.25%	6.75%
	2023	6.25%	6.75%
	2024	6.00%	6.50%
	2025	6.00%	6.25%
	2026	5.75%	6.00%
	2027	5.50%	5.75%
	2028	5.25%	5.50%
	2029 and beyond	5.00%	5.00%
Assumed Cap Amount Increases	Year	Pre-65 Cap Increase *	Post-65 Cap Increase
	2022	4.51%	3.50%
	2023	4.53%	3.50%
	2024	4.45%	3.50%
	2025	4.46%	3.50%
	2026	4.38%	3.50%
	2027	4.29%	3.50%
	2028	4.20%	3.50%
	2029 and beyond	4.15%	3.50%

Dental care cost trend rate 4.5%

Vision care cost trend rate 4.5%

Medicare Part B trend rate 5.0%

Per Capita Claims Costs

Basis for per capita claim cost assumptions

The average annual per capita health rates for 2022 are shown below.

■ Medical Benefits

Average per capita claims cost for 2022			
Age	PrimeCare	Flex – Management *	Flex – Represented *
< 45	\$ 7,382	\$ 3,889	\$ 3,967
45-49	8,767	4,619	4,712
50-54	10,666	5,620	5,732
55-59	13,190	6,950	7,089
60-64	16,171	8,521	8,690
65-69	5,354	2,001	2,040
70-74	6,116	2,286	2,332
75-79	6,694	2,502	2,552
80-84	7,162	2,676	2,730
85-89	7,534	2,815	2,872
>=90	7,671	2,867	2,923

* Net of retiree contributions for grandfathered retirees

■ Medical Cost Caps (applicable to non-grandfathered flex plan retirees)

Employer Subsidy Caps for 2022		
Age	Employees retiring after age 60 and 15 years of service	Employees retiring before age 60 with 15 years of service
< 65	\$ 6,525	\$ 3,312
>= 65	\$ 2,128	\$ 895

■ Medicare Part B Premium Reimbursements

Retirees who retired prior to January 1, 1989: \$1,782 / yr
Retirees who retired between January 1, 1989 and December 31, 1992: \$382 / yr

■ Dental Benefits

\$591 / yr

■ Vision Benefits

\$82 / yr

■ EAP Benefits

\$3 / yr

Additional Assumptions

Administrative expenses

Included in per capita costs

Projected life insurance benefits include a 10% administrative expense load

Cash flow

Decrement timing	The assumptions used are collectively called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of year during which the eligibility condition will be met or the start/end date will occur. For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements: the age is generally the participant's rounded age at the middle of the year.
Timing of benefit payments	Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.
Amount and timing of contributions	Retiree and employer pay-as-you-go contributions are assumed to be made throughout the year and, on average, at mid-year.

Methods – Other Postretirement Benefit Cost and Funded Position

Census date	January 1, 2022
Service cost and accumulated postretirement benefit obligation	<p>Costs are determined using the Projected Unit Credit Cost Method. The annual service cost is equal to the present value of the portion of the projected benefit attributable to service during the upcoming year, and the Accumulated Postretirement Benefit Obligation (APBO) is equal to the present value of the portion of the projected benefit attributable to service before the measurement date. Service from hire date through the expected full eligibility date (traditional benefits – age 55 and 10 years of service for grandfathered employees; age 60 and 15 years of service for non-grandfathered employees; HRA benefits – age 70) is counted in allocating costs. Costs are allocated pro rata over the service period described above.</p> <p>APBO is measured by discounting the projected benefit payments, determined using the methodology described above, using the spot rates on the December 31, 2021 Willis Towers Watson RATE:Link 10:90 yield curve. A single discount rate that produces the same APBO is determined. Service cost is determined by discounting the projected benefit payments underlying service cost, determined using the methodology described above, by the same discount rate determined above for the APBO. Service cost includes interest, i.e., is an end-of-year figure. Interest cost is measured by applying the discount rate to the APBO, taking into account benefits expected to be paid in the upcoming year.</p>
Market-related value of assets	The fair value of assets is used to determine the expected investment return during the year.

Amortization of unamortized amounts:

Recognition of past service cost/(credit)	Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Postretirement Benefit Cost/(Income) in the year first recognized and every year thereafter until it is fully amortized. The annual amortization payment is determined in the first year as the increase in APBO due to the plan change divided by the average remaining service period to full eligibility for active participants expected to receive benefits under the plan.
Recognition of gains or losses	<p>Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Postretirement Benefit Cost/(Income) for a year.</p> <p>If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the APBO and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of active plan participants.</p>
Benefits not valued	All benefits described in the accompanying plan provisions document were valued.

Sources of Data and Other Information

The plan sponsor and its third-party administrator furnished participant data and claims data as of 1/1/2022. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available.

The following assumptions were made for missing data elements:

- Participants eligible for benefits reported without sex in the January 1, 2022 census data were valued using sex reported in the January 1, 2021 valuation data provided by the previous actuary.
- 45 surviving dependents who were unreported this year but confirmed by the plan sponsor to still be eligible for benefits under the plan as of January 1, 2022 were valued with the same demographic data and benefit eligibilities reported in the January 1, 2021 valuation data provided by the previous actuary.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with Southern California Edison Company's tax advisors and auditors. Willis Towers Watson used information supplied by Southern California Edison Company regarding the postretirement benefit asset, postretirement benefit liability, and amounts recognized in accumulated other comprehensive income as of the end of the 2021 fiscal year and amounts recognized in other comprehensive income in the 2021 fiscal year.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Assumptions Rationale - Significant Economic Assumptions

Discount rate(s)

As required by U.S. GAAP, the discount rate methodology was chosen by the plan sponsor based on market information on the measurement date. Based on Willis Towers Watson's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.

Expected return on plan assets

We understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions.

Willis Towers Watson's determination that this assumption does not significantly conflict with what would be reasonable is informed by Willis Towers Watson's Expected Return Estimator model.

Claims cost trend rates

Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience, informed by an analysis of recent plan experience, leading to select and ultimate assumed trend rates. We believe that the selected assumptions do not significantly conflict with what would be reasonable based on a combination of market conditions at the measurement date and future expectations reasonably consistent with other economic assumptions used, other than the discount rate.

Assumed increases on cap amounts were chosen by the plan sponsor, representing the greater of assumed inflation and 50% of the increase in the lowest cost option (no greater than inflation plus 2%). We believe that the selection assumption does not significantly conflict with what would be reasonable based on market conditions on the measurement date.

Per capita claims costs

The per capita claims cost assumptions and employer contribution caps were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience. The claims are based on composite claims and cap information that were developed by Aon for use in the development of the Net Periodic Postretirement Benefit Cost for fiscal 2021. Please see Aon's report dated November 5, 2021 for additional detail on claims cost development.

We have reviewed the claims cost methodology and believe the assumption does not significantly conflict with what would be reasonable.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality

Assumptions were selected by the plan sponsor and as required by U.S. GAAP, represent a best estimate of future experience. We believe the assumptions do not significantly conflict with what would be reasonable because they reflect recent experience, and the demographics of the plan population, and are adjusted to reflect the plan sponsor's expectations regarding future mortality improvement.

Adjustments were made to anticipated mortality for 2022 to reflect the impact of the pandemic. We believe these adjustments do not significantly conflict with what would be reasonable given recent excess mortality experience regionally and nationwide.

Termination

Termination rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe the assumptions selected do not significantly conflict with what would be reasonable.

Retirement

Retirement rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe the assumptions selected do not significantly conflict with what would be reasonable.

Benefit commencement date:

- Surviving spouse benefit Surviving spouses of active employees are assumed to begin retiree welfare coverage at the earliest permitted commencement date because experience indicates that most spouses do take the benefit as soon as it is available. We believe the assumption does not significantly conflict with what would be reasonable.
- Retiree benefit Retirees are assumed to begin benefits immediately on eligible retirement because the plan does not permit a delay without forfeiting the right to participate. For the reasons discussed above, we believe the assumption does not significantly conflict with what would be reasonable.

Percent married and Spouse Age Difference

The assumed percentage married and spouse age difference assumptions are based on an experience study conducted in 2020.

We believe the assumptions selected do not significantly conflict with what would be reasonable.

Source of Prescribed Methods**Accounting methods**

The methods used for accounting purposes as described in Appendix A, including the method of determining the market-related value of plan assets, are “prescribed methods set by another party”, as defined in the actuarial standards of practice (ASOPs). As required by U.S. GAAP, these methods were selected by the plan sponsor.

Changes in Assumptions, Methods and Estimation Techniques**Change in assumptions since prior valuation**

The discount rate changed from 2.67% to 2.95% as a result of changes to market yields since the last measurement date.

The expected return on assets was updated from 4.50% to 3.00% and from 6.00% to 5.00% in the Manangement VEBA and for other trusts, respectively.

The mortality projection scale was updated from MP-2020 to MP-2021 to reflect an additional year of data.

Change in methods since prior valuation

The valuation software was changed as a result of the change in actuary.

Change in estimation techniques since prior valuation

Prior year results were calculated by former actuary.

Model Descriptions and Disclosures in accordance with ASOP No. 56**Quantify**

Quantify is the Willis Towers Watson centrally developed, tested, and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans.

Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards, and generate client reports.

Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations.

Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected.

Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency, or probability of occurrence.

Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test, and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

Quantify FR

Quantify Financial Reporting (FR) is intended to calculate funding results, accounting results and produce the associated client reports under selected accounting standards. The calculations and reports are based on various user specified inputs including liability results and asset values.

Quantify FR develops valuation results for various accounting and funding purposes using standard actuarial techniques.

Calculation of disclosure liabilities and results are based on roll forward liabilities.

Liability roll-forwards are used in accounting scenarios where the date as of which liabilities are valued does not coincide with the fiscal year measurement date. The roll-forwards consist of adjusting liabilities for the passage of time.

The Roll Forward accounting calculations assume that applicable rules will not change during the roll-forward period. Actuaries make adjustments to the data, plan provisions and assumptions reflected in the calculation of the liabilities that are rolled forward so that the results reflect conditions at the measurement date, and/or make similar adjustments to the results of the roll forward, including reflecting any changes in applicable accounting standards.

RateCalc and RATE:Link

RateCalc is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates.

RATE:Link is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation).

The construction of RATE:Link yield curves relies on bond data collected as of the measurement date.

Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P.

Published Demographic Tables

Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise

Appendix B: Summary of principal plan provisions

Southern California Edison Postretirement Health & Life Benefits

Substantive Plan Provisions

The most recent change reflected in the following substantive plan provisions was effective January 1, 2018

Covered employees All full-time employees, part-time plus employees, and part-time employees

Participation date Date employee becomes a covered employee

Definitions

Year of Service A calendar year in which an employee completes at least 1,000 hours of service (employees whose actual hours are not recorded are credited 190 hours for each calendar month in which such employee completes at least one hour of service)

Spouse A spouse who was married to the participant both on the participant's retirement date and on the measurement date

Surviving spouse A spouse who was married to the participant both on the participant's retirement date and on the date of his or her death

Dependent A child or other legal dependent of the retiree, who was such before attaining the age of 18. Eligible dependents shall remain eligible dependents until they reach age 26

Medical Benefits

Eligibility If hired before August 1, 1983, retirement after age 55

If hired on or after August 1, 1983, retirement after age 55 with 10 years of service

Certain retirees who retired under special early retirement windows

Dependent eligibility Spouse and children under age 26

Survivor eligibility

For survivors of retirees: survivor may continue in retiree's enrolled plan coverages at time of death. If retiree dies while eligible for a health reimbursement account, survivor shall have access to health reimbursement account until depleted

For survivors of employees (for dates of death on or after January 1, 2006):

If employee passes away with between 20 and 24 years of service and was less than age 55 at death: survivor may continue participating in the plan for five years following the death of the employee

If employee passes away with 25 or more years of service or was at least age 55 at death with 10 years of service: survivor may continue participating in the plan for life (non-HRA employees) or five years following the death of the employee (HRA employees)

If employee passes away with less than 20 years of service and was less than age 55 at death: no coverage continuation

Retiree contributions

Varies by year of retirement, date of hire and service at retirement; see below

For retirees prior to 1991 ('PrimeCare'): No retiree contributions

For retirees in 1991 and 1992 ('Grandfathered Flex'): No retiree contributions

For retirees on or after January 1, 1993 who were retirement eligible (or had 25 years of service at) December 31, 2008 ('Grandfathered Flex'): 15% of lowest cost option in geographic area for retirees and 20% of lowest cost option in geographic area for dependents

For other employees and retirees who were hired prior to December 31, 2017 ('Non-Grandfathered Flex') and retire after age 60 with 15 years of service: 15% of lowest cost option in geographic area for employee coverage and 20% of lowest cost option in geographic area for dependents as of 2008, indexed annually at CPI (or if higher, 50% of the increase in cost for the lowest cost geographic option), limited to CPI + 2%

For all other Non-Grandfathered Flex employees and retirees: 50% of lowest cost option in geographic area as of 2008, indexed annually at CPI (or if higher, 50% of the increase in cost for the lowest cost option), limited to CPI + 2%

For employees and retirees hired on or January 1, 2018 ('HRA Retirees'): No retiree contributions

Medical benefits for pre-Medicare retirees***PrimeCare Retirees***

Choice of enrolling in POS (point-of-service) managed care networks and HMOs

Plans with POS providers: Comprehensive major medical; \$0 deductible; 100% coinsurance; \$1,500 member / \$3,000 family out-of-pocket limit; unlimited lifetime maximum

Plans without POS providers: Comprehensive major medical; \$0 deductible; 80% coinsurance; \$1,500 member / \$3,000 family out-of-pocket limit; unlimited lifetime maximum

Out of Area Plans: Comprehensive major medical; \$0 deductible; 90% coinsurance; \$1,500 member / \$3,000 family out-of-pocket limit; unlimited lifetime maximum

Flex Retirees

Choice of:

90/70 PPO: Comprehensive major medical; \$525 deductible per person/\$1,050 deductible per family; 90%/70% coinsurance; \$6,870 out-of-pocket limit per person/\$13,740 out-of-pocket limit per family; unlimited lifetime maximum

80/60 PPO: Comprehensive major medical; \$1,100 deductible per person/\$2,200 deductible per family; 80%/60% coinsurance; \$6,870 out-of-pocket limit per person/\$13,740 out-of-pocket limit per family; unlimited lifetime maximum

70/50 PPO: Comprehensive major medical; \$2,725 deductible per person/\$5,450 deductible per family; 70%/50% coinsurance; \$6,870 out-of-pocket limit per person/\$13,740 out-of-pocket limit per family; unlimited lifetime maximum

HMO/EPO: Comprehensive major medical; \$0 deductible; 100% coinsurance; \$3,490 out-of-pocket limit per person/\$6,980 out-of-pocket limit per family; unlimited lifetime maximum

Prescription drug benefits provided separately, subject to 10%/20% coinsurance payments for generic/brand name prescription drugs of \$1,675 / \$3,350 for single/family coverage. Deductibles, copayments, and out-of-pocket limits are indexed.

Medical benefits for Medicare-eligible retirees	Choice of: 90/70 PPO, 80/60 PPO, 70/50 PPO, UHC Senior Supplement, UHC 3500 options, various Medicare Advantage HMOs
Medicare Part B Reimbursement	For retirees who retired before January 1, 1989, Southern California Edison reimburses the retiree for their own Medicare Part B premiums, including future increases in those premiums For retirees who retired on or after January 1, 1989 and before January 1, 1993, Edison provides a reimbursement to the retiree for their own Medicare Part B premiums at the 1992 premium level. The retiree pays any increases in the Medicare Part B premium above the 1992 level For retirees who retired on or after January 1, 1993, the Medicare Part B Reimbursement is not available
Health Reimbursement Account (HRA)	Employees who were hired on or after January 1, 2018 are eligible for a notional health reimbursement account. The account is credited \$200 for each month of service upon retirement. There is no interest credited on the account. The retiree may use the account to pay for qualified medical expenses.

Dental and Vision Benefits

Eligibility	Same as eligibility for medical benefits, except retirees who were hired on or after January 1, 2018 (HRA Retirees) are not eligible for subsidized dental or vision insurance
Dependent eligibility	Same as eligibility for medical benefits, except dependents of retirees who were hired on or after January 1, 2018 (HRA Retirees) are not eligible for subsidized dental or vision insurance
Survivor eligibility	Same as eligibility for medical benefits except survivors of employees and retirees who were hired on or after January 1, 2018 (HRA Retirees) are not eligible for subsidized dental or vision insurance
Retiree contributions	Varies by year of retirement, date of hire and service at retirement; see below For retirees prior to 1991 ('PrimeCare'): No retiree contributions For retirees between 1991 and December 31, 2017 ('Flex'): retiree pays 50% of cost of coverage
Benefits	Dental PPO and Dental HMO available with differing characteristics VSP and non-VSP plans available with differing characteristics for retirees who retired before and after December 31, 2012

Life Insurance Benefits

Eligibility	<p>Covered employees who meet the following requirements:</p> <ul style="list-style-type: none"> i. a or b. <ul style="list-style-type: none"> a. Eligible for retiree medical upon retirement b. At least age 55 with 5 years of service at retirement ii. Represented employees – retired before January 1, 2016 iii. Management employees – retired before January 1, 2017
Retiree contributions	None
Benefits	<p>Retirees who retired prior to August 1, 1983: \$2,500 life insurance policy</p> <p>Retirees who retired on or after August 1, 1983: \$5,000 life insurance policy</p> <p>Certain employees are eligible for paid-up supplemental life insurance, towards which employee contributes during employment.</p>

Future Plan Changes

No future plan changes were recognized in determining postretirement welfare cost. We are not aware of any future plan changes that are required to be reflected.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Temporary Deviations

We are not aware of any temporary deviations from the substantive plan described above that occurred during the preceding year.