

Attachment 3

Revisions from the Draft TO11 Annual Update

Attachment 3

Revisions From the Draft Annual Update

This attachment lists the changes reflected in this TO11 Annual Update filing relative to the Draft TO11 Annual Update Formula Rate Spreadsheet that SCE posted on its website on June 15, 2016. SCE has annotated the Formula Rate Spreadsheet in Attachment 1 for these changes.

The revisions from the June 15, 2016 Draft Annual Update are as follows:

- (1) SCE has incorporated additional Administrative & General (“A&G”) exclusions associated with San Onofre Nuclear Generating Station (“SONGS”) related expenses. SCE discovered an error in the SONGS-related exclusions for Accounts 923 and 928 in 2012, 2013, 2014 and 2015. As a result, the amount of A&G expenses to be allocated to ISO Transmission was overstated in those periods. SCE has incorporated additional one-time adjustments of -\$227,456, -\$218,129, and -\$665,646 associated with TO8, TO9, and TO10 into Schedule 3. For TO11, the Account 928 exclusion increased from \$33.351 million to \$33.490 million. When these corrections to TO8, TO9, TO10, and TO11 are included in the TO11 draft posting, the cumulative total impact to the TO11 Base TRR is approximately \$1.2 million (decrease).
- (2) SCE has incorporated additional A&G exclusions associated with the Smart Grid American Recovery and Reinvestment Act Memorandum Account (“SGARRAMA”). SCE discovered that it inadvertently overstated \$1.27 million of A&G expenses for costs associated with the CPUC funded SGARRAMA. For TO11, the Account 930.2 exclusion increased from \$15.824 million to \$17.089 million. When this correction is made to TO11, the total impact to the TO11 Base TRR is approximately \$0.2 million (decrease).
- (3) SCE incorporated a correction in the calculation of the 2014 End of Year (“EOY”) balance for Network Upgrade Credits balance. As a result, the total 2014 EOY Outstanding Network Upgrades Credits (TO10, Schedule 22 Line 5) was overstated. This TO10 overstatement carries forward to Schedule 22, Line 1 in TO11. The impact of overstating the Network Upgrade Credit amount caused an understatement of Rate Base and thereby understating TO10 TrueUp TRR. SCE has incorporated an additional one-time adjustment of \$93,824 associated with TO10 into Schedule 3. For TO11, SCE reduced line 1 of Schedule 22 from \$38.418 million to \$36.728 million, and increased line 2 of Schedule 22 from \$147.855 million to \$149.544 million. The understatement of SCE's TO10 True-Up TRR is approximately \$0.09 million. When the appropriate corrections are made to TO11, the total impact to the TO11 Base TRR is approximately \$0.2 million (increase).

- (4) SCE has incorporated a correction to the Franchise Fees & Uncollectables (“FF&U”) factor values on Schedule 28 of the TO11 draft posting. In populating the FERC Formula Rate, the values from lines 3 and 4 of the workpapers should have been used, instead SCE mistakenly populated Schedule 28 with the values on lines 1 and 2 of the workpapers. SCE has increased line 1 from 0.91000% to 0.92057% and increased line 3 from 0.23800% to 0.24076% on Schedule 28. When the appropriate corrections are made, the total impact to the TO11 Base TRR is approximately \$0.3 million (increase).
- (5) SCE has incorporated the revised PBOPs value adopted in ER16-2433 on September 28, 2016. SCE has reduced line (a) of note 2 on Schedule 20 from \$45.759 million to \$37.715 million. Incorporating the revised PBOP value will impact the TO11 Base TRR by approximately \$0.5 million (decrease).
- (6) SCE has incorporated a reduction to the Wholesale Transmission Revenue Balancing Account Adjustment (“TRBAA”) included in SCE’s TRBAA Update filed on October 31, 2016 in FERC Docket ER17-250. SCE proposes to reduce the Wholesale TRBAA from -\$31.1 million to -\$110.4 million, thereby reducing the Wholesale Transmission Revenue Requirement by \$79.3 million. SCE reduced lines 2, 3, and 4 from -\$31.070 million, -\$30.781 million and -\$0.289 million to -\$110.369 million, -\$109.723 million, and -\$0.656 million.
- (7) SCE has incorporated additional A&G exclusions associated with the Project Development Division Memorandum Account (“PDDMA”). SCE discovered that it inadvertently overstated \$0.002 million of A&G expenses for costs associated with the CPUC funded PDDMA. For TO11, the Account 920 and 923 exclusions increased from -\$10.631 million to -\$10.628 million and \$14.9677 million to \$14.96777 million. When this correction is made to TO11, the total impact to the TO11 Base TRR is approximately \$0.0003 million (decrease).