

Schedule 3 - One-Time and Previous Period True Up Adjustment

One Time Adjustment for CWIP Balancing Account EOY 2011					One Time Adjustment for Revised 2012 True Up TRR				One Time Adjustment for 2012 Revised True Up TRR (Implementation of 2012 SONGS Litigation Costs Exclusion)			
Month	Year	Previous Period Adjustment	Monthly Interest Rate	Adjustment Excess (-) or Shortfall (+) with Interest	Monthly True Up TRR Adjustment	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 TRR Adjustment	Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month	Interest for Current Month	Cumulative Excess (-) or Shortfall (+) in Revenue with Interest
January	2012	\$1,566,107	0.27%	\$1,570,335	\$519,422	\$519,422	\$701	\$520,124	-\$9,148	-\$9,148	-\$12	-\$9,160
February	2012	\$0	0.27%	\$1,574,575	\$519,422	\$1,039,546	\$2,106	\$1,041,652	-\$9,148	-\$18,308	-\$37	-\$18,345
March	2012	\$0	0.27%	\$1,578,827	\$519,422	\$1,561,074	\$3,514	\$1,564,588	-\$9,148	-\$27,493	-\$62	-\$27,555
April	2012	\$0	0.27%	\$1,583,090	\$519,422	\$2,084,010	\$4,926	\$2,088,936	-\$9,148	-\$36,703	-\$87	-\$36,790
May	2012	\$0	0.27%	\$1,587,364	\$519,422	\$2,608,358	\$6,341	\$2,614,700	-\$9,148	-\$45,938	-\$112	-\$46,049
June	2012	\$0	0.27%	\$1,591,650	\$519,422	\$3,134,122	\$7,761	\$3,141,883	-\$9,148	-\$55,197	-\$137	-\$55,334
July	2012	\$0	0.27%	\$1,595,947	\$519,422	\$3,661,305	\$9,184	\$3,670,490	-\$9,148	-\$64,482	-\$162	-\$64,644
August	2012	\$0	0.27%	\$1,600,256	\$519,422	\$4,189,912	\$10,612	\$4,200,524	-\$9,148	-\$73,792	-\$187	-\$73,978
September	2012	\$0	0.27%	\$1,604,577	\$519,422	\$4,719,946	\$12,043	\$4,731,989	-\$9,148	-\$83,126	-\$212	-\$83,338
October	2012	\$0	0.27%	\$1,608,909	\$519,422	\$5,251,411	\$13,478	\$5,264,889	-\$9,148	-\$92,486	-\$237	-\$92,724
November	2012	\$0	0.27%	\$1,613,253	\$519,422	\$5,784,311	\$14,916	\$5,799,227	-\$9,148	-\$101,872	-\$263	-\$102,134
December	2012	\$0	0.27%	\$1,617,609	\$519,422	\$6,318,650	\$16,359	\$6,335,009	-\$9,148	-\$111,282	-\$288	-\$111,570
Total One-Time Adj:				\$1,617,609	\$6,233,069	Total One-Time Adj:		\$6,335,009	-\$109,775	Total One-Time Adj:		-\$111,570

Total One-Time Adjustment for 2012:	\$7,841,048
-------------------------------------	-------------

One Time Adjustment for CWIP Balance Account EOY 2011		
Description	Amount	Source
CWIP Dec 2011 Balance in TO8	(8,656,608)	TO8 Filing, Vol 3: WP-Schedule 3-CWIPBA Balance Page 2 of 14
Revised CWIP Dec 2011 Balance	(7,090,501)	WP-Schedule 3-CWIPBA Balance Page 1 of 1
Variance*	1,566,107	

* Variance Includes Adjustments for:

- (1) Adjustment for SWPPP costs re-classification from plant to expense.
- (2) Work Order Adjustment correcting for various incentive adjustments.
- (3) 2008 ROE Remand increasing base ROE by 101 basis points

One Time Adjustment for Revised 2012 True Up TRR (9/17/14 Update)		
Description	Amount	Source
Filed True Up TRR	620,191,084	TO8 Filing, Vol 1: Schedule 4, line 45
TO8 Revised True Up TRR	626,424,153	Revised TO8 - 2012 True Up TRR: Schedule 4, Line 45
Variance*	6,233,069	

* Variance Includes Adjustments for:

- (1) Treatment of Whirlwind Substation in the 2012 Plant Study.
- (2) Corrections to various Plant Study component classifications.
- (3) Reclassification of Post-Construction Storm Water Pollution Prevention Plan Costs.
- (4) Workorder Adjustment to Incentive Plant.

One Time Adjustment for Revised 2012 True Up TRR (SONGS Update)		
Description	Amount	Source
TO8 Revised True Up TRR	626,424,153	Revised TO8 - 2012 True Up TRR: Schedule 4, Line 45
TO8 Revised True Up TRR with SONGS Litigation Costs Exclusion	626,314,378	TO9 - WP Schedule 3 - One Time Adj True Up Adj, Page 6, Line 45.
Variance	-109,775	

Calculation of True Up TRR

A) Rate Base for True Up TRR

<u>Line</u>	<u>Rate Base Item</u>	<u>Calculation Method</u>	<u>Notes</u>	<u>FERC Form 1 Reference or Instruction</u>	<u>Amount</u>
1	ISO Transmission Plant	13-Month Avg.		6-PlantInService, Line 18	\$3,645,278,335
2	General + Elec. Misc. Intangible Plant	BOY/EOY Avg.		6-PlantInService, Line 24	\$144,597,592
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	\$5,514,000
<u>Working Capital Amounts</u>					
5	Materials and Supplies	13-Month Avg.		13-WorkCap, Line 17	\$11,870,353
6	Prepayments	13-Month Avg.		13-WorkCap, Line 33	\$1,853,022
7	Cash Working Capital	1/16 (O&M + A&G)		1-Base TRR Line 7	\$7,073,457
8	Working Capital			Line 5 + Line 6 + Line 7	\$20,796,832
<u>Accumulated Depreciation Reserve Amounts</u>					
9	Transmission Depreciation Reserve - ISO	13-Month Avg.	Negative amount	8-AccDep, Line 14, Col. 12	-\$1,016,502,799
10	Distribution Depreciation Reserve - ISO	BOY/EOY Avg.	Negative amount	8-AccDep, Line 17, Col. 5	-\$1,125,318
11	G + I Depreciation Reserve	BOY/EOY Avg.	Negative amount	8-AccDep, Line 23	-\$52,619,746
12	Accumulated Depreciation Reserve			Line 9 + Line 10 + Line 11	-\$1,070,247,863
13	Accumulated Deferred Income Taxes	BOY/EOY Avg.		9-ADIT, Line 15	-\$553,934,006
14	CWIP Plant	13-Month Avg.		14-IncentivePlant, L 12, C2	\$1,414,509,947
15	Network Upgrade Credits	BOY/EOY Avg.	Negative amount	22-NUCs, Line 9	-\$15,595,540
15a	Unfunded Reserves			34-UnfundedReserves, Line 7	-\$8,128,033
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	\$3,592,733,419

B) Return on Capital

<u>Line</u>					
18	Cost of Capital Rate		See Instruction 1	Instruction 1, Line j	7.4939%
19	Return on Capital: Rate Base times Cost of Capital Rate			Line 17 * Line 18	\$269,237,133

C) Income Taxes

20	Income Taxes = $\left[\left((RB * ER) + D \right) * \left(CTR / (1 - CTR) \right) \right] + CO / (1 - CTR)$				\$126,327,343
	Where:				
21	RB = Rate Base			Line 17	\$3,592,733,419
22	ER = Equity ROR inc. Com. and Pref. Stock	Instruction 1		Instruction 1, Line k	5.0894%
23	CTR = Composite Tax Rate			1-Base TRR L 58	39.9360%
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	\$1,923,889

D) True Up TRR Calculation

26	O&M Expense	1-Base TRR L 65	\$79,435,590
27	A&G Expense	1-Base TRR L 66	\$33,739,723
28	Network Upgrade Interest Expense	1-Base TRR L 67	\$617,891
29	Depreciation Expense	1-Base TRR L 68	\$104,188,251
30	Abandoned Plant Amortization Expense	1-Base TRR L 69	\$11,028,000
31	Other Taxes	1-Base TRR L 70	\$25,270,453
32	Revenue Credits	1-Base TRR L 71	-\$49,681,902
33	Return on Capital	Line 19	\$269,237,133
34	Income Taxes	Line 20	\$126,327,343
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	\$600,162,483
38	True Up Incentive Adder	15-IncentiveAdder L 20	\$19,216,706
39	True Up TRR without Franchise Fees and Uncollectibles Expense included:	Line 37 + Line 38	\$619,379,189

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:	Line 39	
41	Franchise Fee Factor:	28-FFU, L 5	
42	Franchise Fee Expense:	Line 40 * Line 41	
43	Uncollectibles Expense Factor:	28-FFU, L 5	
44	Uncollectibles Expense:	Line 42 * Line 43	
45	True Up TRR:	L 40 + L 42 + L 44	

Change In TO8 TUTRR
\$626,314,378
<u>\$626,424,153</u>
-\$109,775

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 In Effect	
	<u>Percentage</u>	<u>Reference:</u>	<u>From</u>	<u>To</u>		
a	ROE at end of Prior Year	9.80%	1-Base TRR L 49	Jan 1, 2012	Dec 31, 2012	366
b	ROE start of Prior Year	9.80%	See Line e below	NA	NA	0
c					Total days in year:	366
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	2.4045%	1-Base TRR L 50
h Wtd. Cost of Preferred Stock	0.4729%	1-Base TRR L 51
i Wtd. Cost of Common Stock	4.6165%	1-Base TRR L 46 * Line d
j Cost of Capital Rate	7.4939%	Sum of Lines f to h

Calculation of Equity Rate of Return Including Common and Preferred Stock:

	<u>Percentage</u>	<u>Reference:</u>
k	5.0894%	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.

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	\$536,918,160	FF1 323.181b	\$153,351,483	\$383,566,677	
2	921	Office Supplies and Expenses	\$106,486,299	FF1 323.182b	\$582,736	\$105,903,563	
3	922	A&G Expenses Transferred	-\$123,052,542	FF1 323.183b	-\$45,644,534	-\$77,408,008	Credit
4	923	Outside Services Employed	\$67,510,845	FF1 323.184b	\$10,088,808	\$57,422,037	
5	924	Property Insurance	\$18,713,258	FF1 323.185b	\$0	\$18,713,258	
6	925	Injuries and Damages	\$88,220,482	FF1 323.186b	\$117,813	\$88,102,669	
7	926	Employee Pensions and Benefits	\$293,595,750	FF1 323.187b	\$33,969,913	\$259,625,837	
8	927	Franchise Requirements	\$100,359,146	FF1 323.188b	\$100,359,146	\$0	
9	928	Regulatory Commission Expenses	\$16,645,461	FF1 323.189b	\$9,777,614	\$6,867,847	
10	929	Duplicate Charges	\$0	FF1 323.190b	\$0	\$0	
11	930.1	General Advertising Expense	\$163,377	FF1 323.191b	\$67,884	\$95,493	
12	930.2	Miscellaneous General Expense	\$4,026,668	FF1 323.192b	\$9,668,385	-\$5,641,717	
13	931	Rents	\$24,059,237	FF1 323.193b	\$75,291	\$23,983,946	
14	935	Maintenance of General Plant	\$11,685,945	FF1 323.196b	\$2,273,674	\$9,412,271	
15			\$1,145,332,086		Total A&G Expenses:	\$870,643,873	

		Amount	Source
16	Remaining A&G after exclusions & NOIC Adjustment:	\$870,643,873	Line 15
17	Less Account 924:	\$18,713,258	Line 5
18	Amount to apply the Transmission W&S AF:	\$851,930,615	Line 16 - Line 17
19	Transmission Wages and Salaries Allocation Factor:	3.7194%	27-Allocators, Line 9
20	Transmission W&S AF Portion of A&G:	\$31,686,456	Line 18 * Line 19
21	Transmission Plant Allocation Factor:	10.9723%	27-Allocators, Line 22
22	Property Insurance portion of A&G:	\$2,053,267	Line 5 Col 4 * Line 21
23	Administrative and General Expenses:	\$33,739,723	Line 20 + Line 22

Added 2012 SONGS litigation costs exclusion of \$2,899,052.37. See Six Cities 005.

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	\$153,351,483	\$18,663,632	\$134,687,852		See Instructions 2b, 3, and Note 2
25	921	\$582,736	\$582,736			
26	922	-\$45,644,534	-\$12,079,206	-\$33,565,328		
27	923	\$10,088,808	\$10,088,808			
28	924	\$0				
29	925	\$117,813	\$117,813			
30	926	\$33,969,913	\$35,400,913		-\$1,431,000	See Note 3
31	927	\$100,359,146	\$0	\$100,359,146	\$0	See Note 4
32	928	\$9,777,614	\$9,777,614			
33	929	\$0				
34	930.1	\$67,884	\$67,884			
35	930.2	\$9,668,385	\$9,668,385			
36	931	\$75,291	\$75,291			
37	935	\$2,273,674	\$2,273,674			

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:	\$169,521,859	SCE Records
b	Actual A&G NOIC payout:	\$34,834,007	Note 2, d
c	Adjustment:	\$134,687,852	
Actual non-capitalized NOIC Payouts:			
	<u>Department</u>	<u>Amount</u>	<u>Source</u>
d	A&G	\$34,834,007	SCE Records and Workpapers
e	Other	\$29,719,729	SCE Records and Workpapers
f	Trans. And Dist. Business Unit	\$31,528,841	SCE Records and Workpapers
g	Total:	\$96,082,578	Sum of d to f

Note 3: PBOPs Exclusion Calculation

	<u>Amount</u>	<u>Note:</u>
a	Authorized PBOPs expense amount:	\$52,707,000 See instruction #4
b	Prior Year FF1 PBOPs expense:	\$51,276,000 SCE Records
c	PBOPs Expense Exclusion:	-\$1,431,000 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:
 - 5) SCE shall make no adjustments to recorded labor amounts related to non-labor labor and/or Indirect labor in Schedule 20.

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

DATA REQUEST SET Six Cities-SCE-001

**To: SIX CITIES
Prepared by: Antonio Ocegueda
Title: Project Manager
Dated: 10/02/2014**

Received Date: 10/02/2014

Question 005:

In reference to SCE's response to M-S-R Q.4.009 (which relates to Regulatory Commission Expenses), Schedule 20 – A&G, line 9 includes total Regulatory Commission Expenses of \$37,629,040 less \$11,798,858 for adjustments for ERRR, ESMA and PPPAM only. Please explain why SCE did not also exclude the \$16,380,510 of CPUC Regulatory Commission Expenses associated with the Reasonableness Determination of 2012 Costs Recorded in the San Onofre Nuclear Generating Station Memorandum Account that is included in the Songs RSG Reg/Comm Lit/Insurance A.13-03-013 expense recorded in FERC Account 928.

Response to Question 005:

The referenced amount relates to litigation expenses associated with the SONGS shutdown, which are currently being tracked in the SONGS Outage Memorandum Account (SONGSOMA). The disposition of any amounts recorded in the SONGSOMA will be established by the CPUC in a decision in I.12-10-013. SCE did not make an exclusion for this item in the TO9 Draft Annual Update because the disposition of any amounts recorded to this memorandum account has not yet been established. The SONGS Settlement would require SCE to recover certain litigation costs booked in the SONGSOMA from any future payments received from 3rd parties resulting out of the litigation efforts. Accordingly, if the SONGS Settlement is approved by the CPUC, SCE intends to make an adjustment in the formula rate to exclude such litigation costs from transmission rates. If the CPUC approves the SONGS Settlement by November 20th, SCE will reflect an adjustment in the TO9 Annual Update. If CPUC approval occurs at a later date, SCE will make an adjustment in the subsequent formula rate annual update.

Approximately \$16.4 million in applicable litigation costs is reflected in the SONGSOMA for 2013, and \$2.9 million is reflected for 2012. Thus, SCE anticipates that the A&G exclusion to the formula rate for 2012 and 2013 expenses would total just over \$19 million, assuming that the SONGS Settlement is adopted by the CPUC. There are also likely to be further adjustments required in the formula rate for expenses incurred in 2014 and beyond, for the same reason.