

## **Attachment 3**

**Revisions from the Draft TO9 Annual Update**

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This attachment lists the changes reflected in this TO9 Annual Update filing relative to the Draft TO9 Annual Update Formula Rate Spreadsheet that SCE posted on its website on June 13, 2014<sup>1</sup>. SCE has annotated the Formula Rate Spreadsheet in Attachment 1 for these changes. The revisions from the June 13, 2014 Draft Annual Update are as follows:

- 1) SCE posted a revised Draft TO9 Annual Update on July 16, 2014, reflecting the Base TRR impact associated with the June 19, 2014 Order on Remand relating to ROE in FERC Docket No. ER08-375-006. This order results in a \$2 million increase in the end of year 2011 CWIP balance and is reflected in the TO9 Annual Update as a One Time True Up Adjustment in Schedule 3.
- 2) SCE has revised its Formula Rate Protocols and Formula Rate Spreadsheet for the TO9 Annual Update to incorporate the impacts of the PBOPs filing in FERC Docket No. ER14-2788, as accepted by the Commission on October 22, 2014. The PBOPs filing modifies Schedules 4, 20 and 35 in the Formula Rate Spreadsheet.

On Schedule 4, a new line 27a was added to incorporate the “PBOPs True Up TRR Adjustment” amount calculated on Schedule 35, line 14. This new line in Schedule 4, also changes the calculation of the “Total without True Up Incentive Adder”, line 37 to incorporate in the summation the newly added line 27a.

There are two changes to Schedule 20 from the Draft TO9 Annual Update. The first change is the Authorized PBOPs expense amount shown on Note 3, line a, which changed from \$52,707,000 in the Draft Annual Update to -\$7,105,091. The second change is to Instruction 4 at the bottom of Schedule 20 which now includes a reference to the order in the PBOPs filing, FERC Docket No. ER14-2788.

The changes in Schedule 35 adopted by the Commission in the PBOPs Docket are shown in annotated form in the Formula Rate Spreadsheet in Attachment 1.

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<sup>1</sup>Note that the approximately \$6 million Base TRR impact associated with the Amended TO8 Annual Update, filed by SCE on September 17, 2014, and subsequently effective since there were no comments or protests filed, was already reflected in the June 13, 2014 Draft Annual Update.

- 3) SCE has updated in the TO9 Annual Update the wholesale TRBAA amounts utilized in the calculation of the Wholesale TRRs on Schedule 29, Lines 2-4. The wholesale TRBAA amounts used in the Draft TO9 Annual Update were the amounts for 2014 from FERC Docket No. ER14-464. The updated wholesale TRBAA amounts correspond to SCE's filing to revise the TRBAA in FERC Docket No. ER15-259, effective January 1, 2015. A Commission order is pending. However, no party filed comments or protests to the filing. The initial and revised wholesale TRBAA amounts are as follows:

<b>TRBAA Component</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
Total	-\$50,111,127	-\$9,660,398
HV TRBAA	-\$49,204,726	-\$9,556,992
LV TRBAA	-\$906,401	-\$103,406

- 4) Since the Draft TO9 Annual Update, SCE has revised Schedule 5-ROR-2 to correct the monthly Unamortized Issuance Costs located on line 19, Cols 2 through 14, as reflected in its data request response to Six Cities Question 20. The initial and revised Unamortized Issuance Costs (line 19) are as follows:

<b>Monthly Unamortized Issuance Costs</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
December 2012	-\$28,381,055	-\$28,373,512
January	-\$41,355,419	-\$41,347,876
February	-\$41,199,072	-\$41,191,529
March	-\$41,042,725	-\$41,035,182
April	-\$40,886,377	-\$40,878,834
May	-\$40,730,030	-\$40,722,487
June	-\$40,573,683	-\$40,566,140
July	-\$40,417,336	-\$40,409,793
August	-\$40,260,989	-\$40,253,446
September	-\$40,104,641	-\$40,097,098
October	-\$39,948,294	-\$39,940,751
November	-\$39,791,947	-\$39,784,404
December 2013	-\$39,635,600	-\$39,628,057

In addition, SCE is modifying Note 9 at the bottom of Schedule 5-ROR-2 to change the Series A Preferred Securities' Face Amount and Issuance Costs as reflected in the Amended TO8 Filing. This change has no impact on the TRR. The initial and revised Note 9 values are as follows:

<b>Series A Pref., 5.349% initial rate</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
Face Amount	\$400,000,000	\$325,000,000
Issuance Costs	\$5,426,936	\$4,409,385

- 5) Schedule 9-ADIT of the Formula Rate Spreadsheet, has been revised since the Draft TO9 Annual Update to correctly classify certain ADIT categories from Gas and Other to Electric as described in SCE's TO9 data request response to MSR Question 7.004. These changes result in a minor reduction to TRR.

Deleted line 304 because it was incorrectly classified as Gas and Other. This amount should have been included as Electric on lines 120 and 122 instead. The changes are as follows:

<b>Line</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
120	\$18,816,855	\$18,875,703
122	\$740,744,415	\$751,363,312

Deleted line 706 because it was misclassified as Gas and Other. This amount should have been reflected as Electric on lines 508, 511 and 513. The changes are as follows:

<b>Line</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
508	-\$771,930,083	-\$769,731,190
511	\$0	-\$32,119,693
513	\$0	-\$2,816,194 (Col 2) \$4,909 (Col 3)

- 6) Since the Draft TO9 Annual Update, SCE has identified needed changes to Schedule 19-O&M of the Formula Rate Spreadsheet, as described in its TO9 Annual Update revised data request responses to MSR Questions 5.012 and 6.004. In the Draft TO9 Annual Update, SCE failed to make an adjustment to line 1 of Schedule 19 to remove the cost of towers written off related to the TRTP Segment 8 FAA issue near Chino Airport, as provided for in the Formula Rate Settlement. In this TO9 Annual Update, SCE has updated Schedule 19, line 1, column 5 to include the new O&M exclusion code J, as described in Note 2, line J, at the bottom of Schedule 19, and the Non-Labor O&M adjustment on line 1, column 8 of (\$1,462,118).

- 7) Given the CPUC’s Approval of the SONGS OII AMENDED AND RESTATED SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, THE OFFICE OF RATEPAYER ADVOCATES, THE UTILITY REFORM NETWORK, FRIENDS OF THE EARTH AND THE COALITION OF CALIFORNIA UTILITY EMPLOYEES (“SONGS Settlement”) on November 20, 2014, SCE has updated for the TO9 Annual Update the Schedule 20-A&G amounts reflected in the Draft TO9 Annual Update to exclude the SONGS litigation expenses that are fully addressed in CPUC ratemaking mechanisms. SONGS litigation expenses in the amount of \$38,352 were originally included in FERC Account 923, line 27, Col 1, and litigation expenses in the amount of \$16,364,080 were originally included in FERC Account 928, line 32, Col 1. The initial and revised Shareholder Exclusions or Other Adjustments (Col 1) are as follows:

<b>FERC Account</b>	<b>Draft TO9 Annual Update</b>	<b>TO9 Annual Update</b>
923	\$8,563,002	\$8,601,354
928	\$11,798,858	\$28,162,938

In addition, SCE is including a One Time True Up Adjustment to reflect a change in the 2012 True Up TRR resulting from the removal of SONGS litigation expenses from 2012. SCE is providing an updated Schedule 3-True Up TRR Adjustment workpaper showing the derivation of the One Time True Up Adjustment associated with the SONGS Settlement.

- 8) Since the Draft TO9 Annual Update, SCE has revised the workpapers for Schedule 27-ISO Allocators to correct a typographical error on page 13 contained on excel line 27 which stated "Equipment Counts of December 2012" for Distribution Account 592, and was corrected to "Equipment Counts of December 2013".