

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

		TO2024/TO2025	TO2026
		TUTRR Change	One-Time Adj*
<b>Changes to 2022</b>			
1. In preparing the TO2025 Draft Annual Update, SCE discovered that it had inadvertently mistated the balance for vacation and personal time accruals utilized in the Unfunded Reserve calculation for recorded years 2022 and 2023. The amount of expenses were understated by \$1,113,695 and should have been included. SCE has incorporated this correction that changes the Unfunded Reserve Calculation and the impact of this change is an increase in the 2022 True Up TRR of \$3,056.	A	\$3,056	\$3,364
2. In the TO2024 Annual Update the FERC Uncollectible expense was \$10,629,651 for calendar year 2022. To hold this value constant, SCE has incorporated a decrease in the 2022 True Up TRR of \$26.	B	-\$26	-\$28
<b>Total One-Time Adjustment for 2022 Reflected in the June TO2026 Draft Annual Update Filing</b>	<b>C = A + B</b>	<b>\$3,030</b>	<b>\$3,336</b>
<b>Changes to 2023</b>			
3. In preparing the TO2025 Draft Annual Update, SCE discovered that it had inadvertently mistated the balance for vacation and personal time accruals utilized in the Unfunded Reserve calculation for recorded years 2022 and 2023. The amount of expenses were understated by \$1,213,880 and should have been included. SCE has incorporated this correction that changes the Unfunded Reserve Calculation and the impact of this change is an increase in the 2023 True Up TRR of \$6,387.	D	\$6,387	\$6,649
4. In the TO2025 Annual Update the FERC Uncollectible expense was \$9,600,809 for calendar year 2023. To hold this value constant, SCE has incorporated a decrease in the 2023 True Up TRR of \$48.	E	-\$48	-\$50
<b>Total One-Time Adjustment for 2023 Reflected in the June TO2026 Draft Annual Update Filing</b>	<b>F = D + E</b>	<b>\$6,339</b>	<b>\$6,599</b>
<b>Total One-Time Adjustment for 2022 through 2023 Reflected in the June TO2026 Draft Annual Update Filing</b>	<b>G = C + F</b>	<b>\$9,369</b>	<b>\$9,935</b>

\* The TO2026 One-Time Adjustment is equal to the TO2024/ TO2025 TUTRR Change, plus interest through December 31, 2023.

Schedule 3 - One-Time and Previous Period True Up Adjustment										
One Time Adjustment for Revised 2022 True Up TRR							One Time Adjustment for Revised 2023 True Up TRR			
		Monthly Interest	Monthly True Up	Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month	Interest for Current Month	Cumulative Excess (-) or Shortfall (+) in Revenue with Interest		Cumulative Excess (-) or Shortfall (+) in Revenue wo Interest for Current Month	Interest for Current Month	Cumulative Excess (-) or Shortfall (+) in Revenue with Interest
Month	Year	Rate	TRR Adjustment				TRR Adjustment			
January	2022	0.27%	\$253	\$253	\$0	\$253	\$0	\$0	\$0	\$0
February	2022	0.27%	\$253	\$505	\$1	\$506	\$0	\$0	\$0	\$0
March	2022	0.27%	\$253	\$759	\$2	\$761	\$0	\$0	\$0	\$0
April	2022	0.27%	\$253	\$1,013	\$2	\$1,016	\$0	\$0	\$0	\$0
May	2022	0.27%	\$253	\$1,268	\$3	\$1,271	\$0	\$0	\$0	\$0
June	2022	0.27%	\$253	\$1,524	\$4	\$1,527	\$0	\$0	\$0	\$0
July	2022	0.30%	\$253	\$1,780	\$5	\$1,785	\$0	\$0	\$0	\$0
August	2022	0.30%	\$253	\$2,037	\$6	\$2,043	\$0	\$0	\$0	\$0
September	2022	0.30%	\$253	\$2,296	\$7	\$2,302	\$0	\$0	\$0	\$0
October	2022	0.41%	\$253	\$2,555	\$10	\$2,565	\$0	\$0	\$0	\$0
November	2022	0.41%	\$253	\$2,817	\$11	\$2,828	\$0	\$0	\$0	\$0
December	2022	0.41%	\$253	\$3,081	\$12	\$3,093	\$0	\$0	\$0	\$0
January	2023	0.53%	\$0	\$3,093	\$16	\$3,109	\$528	\$528	\$1	\$530
February	2023	0.53%	\$0	\$3,109	\$16	\$3,126	\$528	\$1,058	\$4	\$1,062
March	2023	0.53%	\$0	\$3,126	\$17	\$3,142	\$528	\$1,590	\$7	\$1,597
April	2023	0.63%	\$0	\$3,142	\$20	\$3,162	\$528	\$2,126	\$12	\$2,137
May	2023	0.63%	\$0	\$3,162	\$20	\$3,182	\$528	\$2,666	\$15	\$2,681
June	2023	0.63%	\$0	\$3,182	\$20	\$3,202	\$528	\$3,209	\$19	\$3,228
July	2023	0.67%	\$0	\$3,202	\$21	\$3,223	\$528	\$3,756	\$23	\$3,779
August	2023	0.67%	\$0	\$3,223	\$22	\$3,245	\$528	\$4,308	\$27	\$4,335
September	2023	0.67%	\$0	\$3,245	\$22	\$3,267	\$528	\$4,863	\$31	\$4,894
October	2023	0.70%	\$0	\$3,267	\$23	\$3,290	\$528	\$5,422	\$36	\$5,458
November	2023	0.70%	\$0	\$3,290	\$23	\$3,313	\$528	\$5,986	\$40	\$6,027
December	2023	0.70%	\$0	\$3,313	\$23	\$3,336	\$528	\$6,555	\$44	\$6,599
			\$3,030	Subtotal One-Time Adj:		\$3,336	\$6,339	Subtotal One-Time Adj:		\$6,599
Total One-Time Adj with Interest:										\$9,935

One Time Adjustment for Revised 2022 True Up TRR		
Description	Amount	Source
Updated TO2024 True Up TRR in TO2026 Draft Annual Update	\$1,254,641,387	TO2026 Draft Annual Update - WP Schedule 3 - One Time Adj-Prior Period, Page 5, Line 46
Revised TO2022 True Up TRR in TO2026 Draft Annual Update	\$1,254,638,357	TO2025 Annual Update Filing - WP Schedule 3 - One Time Adj-Prior Period, Page 171, Line 46
<b>Variance*</b>	<b>\$3,030</b>	

\* Variance Includes Adjustment for:

- (1) 2022 Unfunded Reserve Adjustment
- (2) 2022 Uncollectibles Expense Factor Adjustment

Calculation of True Up TRR

A) Rate Base for True Up TRR					
Line	Rate Base Item	Calculation Method	Notes	FERC Form 1 Reference or Instruction	Amount
1	ISO Transmission Plant	13-Month Avg.		6-PlantInService, Line 18	\$10,684,096,594
2	General + Elec. Misc. Intangible Plant	BOY/EOY Avg.		6-PlantInService, Line 24	\$362,353,167
3	Transmission Plant Held for Future Use	BOY/EOY Avg.		11-PHFU, Line 9	\$7,762,115
4	Abandoned Plant	BOY/EOY Avg.		12-AbandonedPlant Line 4	\$0
Working Capital Amounts					
5	Materials and Supplies	13-Month Avg.		13-WorkCap, Line 17	\$25,676,658
6	Prepayments	13-Month Avg.		13-WorkCap, Line 33	\$15,223,769
7	Cash Working Capital	1/8 (O&M + A&G)		1-Base TRR Line 7	\$31,207,356
8	Working Capital			Line 5 + Line 6 + Line 7	\$72,107,784
Accumulated Depreciation Reserve Amounts					
9	Transmission Depreciation Reserve - ISO	13-Month Avg.	Negative amount	8-AccDep, Line 14, Col. 12	-\$2,326,263,471
10	Distribution Depreciation Reserve - ISO	BOY/EOY Avg.	Negative amount	8-AccDep, Line 17, Col. 5	\$0
11	G + I Depreciation Reserve	BOY/EOY Avg.	Negative amount	8-AccDep, Line 23	-\$125,073,299
12	Accumulated Depreciation Reserve			Line 9 + Line 10 + Line 11	-\$2,451,336,770
13	Accumulated Deferred Income Taxes	BOY/EOY Avg.		9-ADIT-1, Line 15	-\$1,441,574,972
14	CWIP Plant	13-Month Avg.		14-IncentivePlant, L 13, C2	\$346,163,361
15	Network Upgrade Credits	BOY/EOY Avg.	Negative amount	22-NUCs, Line 7	-\$35,731,273
16	Unfunded Reserves			34-UnfundedReserves, Line 7	-\$89,370,039
17	Other Regulatory Assets/Liabilities	BOY/EOY Avg.		23-RegAssets, Line 15	\$0
18	Rate Base			L1+L2+L3+L4+L8+L12+ L13+L14+L15+L16+L17	\$7,454,469,967
B) Return on Capital					
Line					
19	Cost of Capital Rate		See Instruction 1	Instruction 1, Line j	7.0085%
20	Return on Capital: Rate Base times Cost of Capital Rate			Line 18 * Line 19	\$522,443,960
C) Income Taxes					
21	Income Taxes = [((RB * ER) + D) * (CTR/(1 – CTR))] + CO/(1 – CTR)				\$137,401,965
Where:					
22	RB = Rate Base			Line 18	\$7,454,469,967
23	ER = Equity ROR inc. Com. and Pref. Stock	Instruction 1		Instruction 1, Line k	5.1480%
24	CTR = Composite Tax Rate			1-Base TRR L 59	27.9836%
25	CO = Credits and Other			1-Base TRR L 63	-\$8,591,785
26	D = Book Depreciation of AFUDC Equity Book Basis			1-Base TRR L 65	\$551,490

**D) True Up TRR Calculation**

27	O&M Expense	1-Base TRR L 66	\$100,214,567
28	A&G Expense	1-Base TRR L 67	\$149,444,285
29	Network Upgrade Interest Expense	1-Base TRR L 68	\$2,083,731
30	Depreciation Expense	1-Base TRR L 69	\$315,966,081
31	Abandoned Plant Amortization Expense	1-Base TRR L 70	\$0
32	Other Taxes	1-Base TRR L 71	\$83,394,361
33	Revenue Credits	1-Base TRR L 72	-\$66,198,997
34	Return on Capital	Line 20	\$522,443,960
35	Income Taxes	Line 21	\$137,401,965
36	Gains and Losses on Transmission Plant Held for Future Use -- Land	1-Base TRR L 75	\$0
37	Amortization and Regulatory Debits/Credits	1-Base TRR L 76	\$0
38	Total without True Up Incentive Adder	Sum Line 27 to Line 37	\$1,244,749,953
39	True Up Incentive Adder	15-IncentiveAdder L 20	\$24,404,721
39a	True Up Incentive Adder Reversal	Negative of Line 39, Note 1	-\$24,404,721
40	True Up TRR without Franchise Fees and Uncollectibles Expense included:	Sum of Lines 38 to 39a	\$1,244,749,953

**E) Calculation of final True Up TRR with Franchise Fees and Uncollectibles Expenses**

<u>Line</u>		<u>Reference:</u>	<b>Change In TO2024 TUTRR</b>
41	True Up TRR wo FF: \$1,244,749,953	Line 40	\$1,254,641,387
42	Franchise Fee Factor: 0.936%	28-FFU, L 5	
43	Franchise Fee Expense: \$11,656,563	Line 41 * Line 42	\$1,254,638,357
44	Uncollectibles Expense Factor: 0.854%	28-FFU, L 5	\$3,030
45	Uncollectibles Expense: \$10,629,651	Line 41 * Line 44	
45a	O&M Services Formula Revenues <u>-\$12,394,780</u>	Negative of 35-Other Formula Revenue, L 80	
46	True Up TRR: \$1,254,641,387	L 41 + L 43 + L 45+ L 45a	

TO2025 Annual Update, WP Schedule 3 -  
One Time Adj-Prior Period, Page 171,  
Line 46

Unfunded Reserve  
\$3,056 Adjustment

Schedule 4  
True Up TRR  
(Revised 2022 True Up TRR)

TO2026 Draft Annual Update  
Attachment 4  
WP-Schedule 3-One Time Adj Prior Period  
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**Instructions:**

1) Use weighted average (by time) of the Return on Equity in effect during the Prior Year in determining the "Cost of Capital Rate" on Line 19 and the "Equity Rate of Return Including Preferred Stock" on Line 23 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.

-\$26 Uncollectible Adjustment  
\$3,030 Total Adjustment

Calculation of weighted average Cost of Capital Rate in Prior Year:

If ROE does not change during year, then attribute all days to Line a "ROE at end of Prior Year" and none to "ROE at start of PY"

					Days ROE	
	<u>Percentage</u>	<u>Reference:</u>	<u>From</u>	<u>To</u>	<u>In Effect</u>	
a	ROE at end of Prior Year	10.30%	See Line e below	Jan 1, 2022	Dec 31, 2022	365
b	ROE start of Prior Year		See Line f below			
c				Total days in year:		365
d	Wtd. Avg. ROE in Prior Year	10.30% ((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 of TO2019A (ER19-1553)
f Beginning of Prior Year	169 FERC ¶ 61,177

	<u>Percentage</u>	<u>Reference:</u>
g Wtd. Cost of Long Term Debt	1.8604%	1-Base TRR L 51
h Wtd. Cost of Preferred Stock	0.2555%	1-Base TRR L 52
i Wtd. Cost of Common Stock	4.8925%	1-Base TRR L 47 * Line d
j Cost of Capital Rate	7.0085%	Sum of Lines g to i

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

	<u>Percentage</u>	<u>Reference:</u>
k	5.1480%	Sum of Lines h to i

**Notes:**

1) True Up TRR Incentive Adder Reversal backs out the revenue requirement associated with any project-specific Incentive Adders (Line 39) for True Up Years during the term of the settlement of ER19-1553.

**Franchise Fees and Uncollectibles Expense Factors**

Workpaper: WP Schedule 28 FFU

**1) Approved Franchise Fee Factor(s)**

Inputs are shaded yellow

Line	From	To	Days in Prior Year	FF Factor	Reference
1	2022	Present	365	0.9365%	Schedule 28 - Workpaper Line 10
2					

**2) Approved Uncollectibles Expense Factor(s)**

	From	To	Days in Prior Year	U Factor	Reference
3	2022	Present	365	0.853959%	Schedule 28 - Workpaper Line 11
4					

Changed from 0.853961% to 0.853959%  
to keep Uncollectible expense amount  
constant at \$10,629,651

**3) FF and U Factors**

	Prior Year	FF Factor	U Factor	Notes
5	2022	0.93646%	0.85396%	Calculated according to Instruction 3

**Notes:**

1) Franchise Fees represent payments that SCE makes to municipal entities for the right to locate facilities within the municipality.

**Instructions:**

1) Enter Franchise Fee and Uncollectibles Factors as approved by the California Public Utilities Commission ("CPUC") in modules 1 and 2 above pursuant to Instruction 2. If approved factors changed during Prior Year, enter both, and note period of time for which each applies in "From" and "To" columns, and number of days each was in effect during the Prior Year in "Days in Prior Year" Column.

2) Franchise Fees Factor is calculated from CPUC Decision by dividing adopted Franchise Fees by Total Operating Revenues less Franchise Fees. Uncollectibles Factor is calculated by dividing adopted Uncollectibles expense by Total Operating revenues less Uncollectibles Expense. Resulting FF & U Factors represent factors that, when applied to TRR without FF and U will correctly determine FF and U expense.

3) Calculate in module 3 the weighted average FF and U factors from the factors in modules 1 and 2 based on the number of days each FF and U factor was in effect during the Prior Year at issue.

	Percent	Calculation
Prior Year FF Factor:	0.93646%	$((L1 \text{ FF Factor} * L1 \text{ Days}) + (L2 \text{ FF Factor} * L2 \text{ Days})) / (L1 + L2 \text{ Days})$
Prior Year U Factor:	0.85396%	$((L3 \text{ U Factor} * L3 \text{ Days}) + (L4 \text{ U Factor} * L4 \text{ Days})) / (L3 + L4 \text{ Days})$

Schedule 34  
Unfunded Reserves  
(Revised 2022 True Up TRR)

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**Determination of Unfunded Reserves**

**Workpaper:** WP Schedule 34 Unfunded Reserve and Wildfire

Line		Reference	Col 1 Prior Year BOY Unfunded Reserves	Col 2 Prior Year EOY Unfunded Reserves	Prior Year Amount Col 3 Prior Year Average Unfunded Reserves
1					
2					
3					
4					
5					
6	<b>Unfunded Reserves (EOY):</b>	(Line 17, Col 2)			-\$71,775,363
7	<b>Unfunded Reserves (Average BOY/EOY):</b>	(Line 17, Col 3)			-\$89,370,039
8					
9					
10					
11					
12	<b>Description of Issue</b>				
13	<b>Unfunded Reserves</b>				
14	Provision for Injuries and Damages	(Line 24)	-\$100,087,605	-\$66,229,484	-\$83,158,544
15	Provision for Vac/Sick Leave	(Line 29)	-\$6,361,022	-\$5,020,096	-\$5,690,559
16	Provision for Supplemental Executive Retirement Plan	(Line 36)	-\$516,089	-\$525,784	-\$520,936
17	Totals:	(Line 14 + Line 15 + Line 16)	-\$106,964,716	-\$71,775,363	-\$89,370,039
18					
19	<b>Calculations</b>				
20					
21	<b>Injuries and Damages</b>		BOY	EOY	Average BOY/EOY
22	Injuries and Damages - See Note 1 and Note 2	Company Records - Input (Negative)	-\$1,672,516,782	-\$1,106,729,684	
23	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.9843%	5.9843%	
24	ISO Transmission Rate Base Applicable	(Line 22 x Line 23)	-\$100,087,605	-\$66,229,484	-\$83,158,544
25					
26	<b>Vacation Leave</b>				
27	Vacation and Personal Time Accruals - Acct. 2350080	Company Records - Input (Negative)	-\$106,296,034	-\$83,888,452	
28	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.9843%	5.9843%	
29	ISO Transmission Rate Base Applicable	(Line 27 x Line 28)	-\$6,361,022	-\$5,020,096	-\$5,690,559
30					
31	<b>Supplemental Executive Retirement Plan</b>				
32	Supplemental Executive Retirement Plan	Company Records - Input (Negative)	-\$17,248,243	-\$17,572,243	
33	Times:	Applicable Rate Base Percentage	50%	50%	
34	Sub-Total Supplemental Executive Retirement Plan	(Line 32 x Line 33)	-\$8,624,122	-\$8,786,122	
35	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.9843%	5.9843%	
36	ISO Transmission Rate Base Applicable	(Line 34 x Line 35)	-\$516,089	-\$525,784	-\$520,936

**Changed from  
(85,002,147) to  
(83,888,452) due to  
inadvertent error.**

**Notes:**

- 1) Includes any Unfunded Reserves relating to accrued expenses included in Account 925 "Injuries and Damages", reduced for any expected offsetting payments.
- 2) No Unfunded Reserve shall be included in Schedule 34 associated with any wildfire other than the 2017/18 Wildfire/Mudslide Events. Associated costs for other wildfire events are reflected in Schedule 20 "A&G" and recovered on a cash basis (see Instruction 6 of Schedule 20).



One Time Adjustment for Revised 2023 True Up TRR		
Description	Amount	Source
Updated TO2025 True Up TRR in TO2026 Draft Annual Update	\$1,263,900,318	TO2026 Draft Annual Update - WP Schedule 3 One Time Adj-Prior Period, Page 11, Line 46
TO2025 True Up TRR in TO2025 Annual Update	\$1,263,893,979	TO2025 Annual Update Filing - Schedule 4, Line 46
<b>Variance*</b>	<b>\$6,339</b>	

\* Variance Includes Adjustment for:

- (1) 2022 Unfunded Reserve Adjustment
- (2) 2022 Uncollectibles Expense Factor Adjustment

Calculation of True Up TRR

A) Rate Base for True Up TRR

Line	Rate Base Item	Calculation Method	Notes	FERC Form 1 Reference or Instruction	Amount
1	ISO Transmission Plant	13-Month Avg.		6-PlantInService, Line 18	\$10,990,492,370
2	General + Elec. Misc. Intangible Plant	BOY/EOY Avg.		6-PlantInService, Line 24	\$366,108,685
3	Transmission Plant Held for Future Use	BOY/EOY Avg.		11-PHFU, Line 9	\$9,132,043
4	Abandoned Plant	BOY/EOY Avg.		12-AbandonedPlant Line 4	\$0
<u>Working Capital Amounts</u>					
5	Materials and Supplies	13-Month Avg.		13-WorkCap, Line 17	\$28,944,243
6	Prepayments	13-Month Avg.		13-WorkCap, Line 33	\$10,073,771
7	Cash Working Capital	1/8 (O&M + A&G)		1-Base TRR Line 7	<u>\$25,717,913</u>
8	Working Capital			Line 5 + Line 6 + Line 7	\$64,735,927
<u>Accumulated Depreciation Reserve Amounts</u>					
9	Transmission Depreciation Reserve - ISO	13-Month Avg.	Negative amount	8-AccDep, Line 14, Col. 12	-\$2,542,373,549
10	Distribution Depreciation Reserve - ISO	BOY/EOY Avg.	Negative amount	8-AccDep, Line 17, Col. 5	\$0
11	G + I Depreciation Reserve	BOY/EOY Avg.	Negative amount	8-AccDep, Line 23	<u>-\$137,179,640</u>
12	Accumulated Depreciation Reserve			Line 9 + Line 10 + Line 11	-\$2,679,553,189
13	Accumulated Deferred Income Taxes	BOY/EOY Avg.		9-ADIT-1, Line 15	-\$1,471,828,068
14	CWIP Plant	13-Month Avg.		14-IncentivePlant, L 15, C2	\$296,319,924
15	Network Upgrade Credits	BOY/EOY Avg.	Negative amount	22-NUCs, Line 7	-\$39,117,002
16	Unfunded Reserves			34-UnfundedReserves, Line 7	<u>-\$60,253,171</u>
17	Other Regulatory Assets/Liabilities	BOY/EOY Avg.		23-RegAssets, Line 15	\$0
18	Rate Base			L1+L2+L3+L4+L8+L12+ L13+L14+L15+L16+L17	<u>\$7,476,037,520</u>

B) Return on Capital

Line					
19	Cost of Capital Rate		See Instruction 1	Instruction 1, Line j	7.1706%
20	Return on Capital: Rate Base times Cost of Capital Rate			Line 18 * Line 19	<u>\$536,078,809</u>

C) Income Taxes

21	Income Taxes = [(((RB * ER) + D) * (CTR/(1 – CTR))) + CO/(1 – CTR)]				\$152,317,353
	Where:				
22	RB = Rate Base		Line 18	\$7,476,037,520	
23	ER = Equity ROR inc. Com. and Pref. Stock	Instruction 1	Instruction 1, Line k	5.1611%	
24	CTR = Composite Tax Rate		1-Base TRR L 59	27.9836%	
25	CO = Credits and Other		1-Base TRR L 63 + Line 25a	\$282,670	
25a	Adjustments to CO term for the True Up TRR	Note 2 Wkpaper:	WP Schedule 4	\$2,606,000	
26	D = Book Depreciation of AFUDC Equity Book Basis		1-Base TRR L 65	\$5,139,283	

Schedule 4  
True Up TRR  
(Revised 2023 True Up TRR)

TO2026 Draft Annual Update  
Attachment 4  
WP-Schedule 3-One Time Adj Prior Period  
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**D) True Up TRR Calculation**

27	O&M Expense	1-Base TRR L 66	\$105,996,729
28	A&G Expense	1-Base TRR L 67	\$99,746,579
29	Network Upgrade Interest Expense	1-Base TRR L 68	\$4,204,158
30	Depreciation Expense	1-Base TRR L 69	\$322,943,232
31	Abandoned Plant Amortization Expense	1-Base TRR L 70	\$0
32	Other Taxes	1-Base TRR L 71	\$91,431,839
33	Revenue Credits	1-Base TRR L 72	-\$58,664,881
34	Return on Capital	Line 20	\$536,078,809
35	Income Taxes	Line 21	\$152,317,353
36	Gains and Losses on Transmission Plant Held for Future Use -- Land	1-Base TRR L 75	\$0
37	Amortization and Regulatory Debits/Credits	1-Base TRR L 76	\$0
38	Total without True Up Incentive Adder	Sum Line 27 to Line 37	\$1,254,053,819
39	True Up Incentive Adder	15-IncentiveAdder L 20	\$23,620,314
39a	True Up Incentive Adder Reversal	Negative of Line 39, Note 1	-\$23,620,314
40	True Up TRR without Franchise Fees and Uncollectibles Expense included:	Sum of Lines 38 to 39a	\$1,254,053,819

**E) Calculation of final True Up TRR with Franchise Fees and Uncollectibles Expenses**

<u>Line</u>			<u>Reference:</u>	
41	True Up TRR wo FF:	\$1,254,053,819	Line 40	
42	Franchise Fee Factor:	0.936%	28-FFU, L 5	
43	Franchise Fee Expense:	\$11,743,689	Line 41 * Line 42	
44	Uncollectibles Expense Factor:	0.76558%	28-FFU, L 5	
45	Uncollectibles Expense:	\$9,600,809	Line 41 * Line 44	
45a	O&M Services Formula Revenues	<u>-\$11,498,000</u>	Negative of 35-Other Formula Revenue, L 80	
46	True Up TRR:	\$1,263,900,318	L 41 + L 43 + L 45+ L 45a	

<b>Change In</b>
<b>TO2025 TUTRR</b>
\$1,263,900,318
<u>\$1,263,893,979</u>
\$6,339

TO2025 Annual Update,  
Schedule 4, Line 46

Schedule 4  
True Up TRR  
(Revised 2023 True Up TRR)

TO2026 Draft Annual Update  
Attachment 4  
WP-Schedule 3-One Time Adj Prior Period  
Page 12 of 14

**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 19 and the "Equity Rate of Return Including Preferred Stock" on Line 23 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.

Unfunded Reserve  
\$6,387 Adjustment  
Uncollectible  
-\$48 Adjustment  
\$6,339 Total Adjustment

Calculation of weighted average Cost of Capital Rate in Prior Year:

If ROE does not change during year, then attribute all days to Line a "ROE at end of Prior Year" and none to "ROE at start of PY"

	<u>Percentage</u>	<u>Reference:</u>	<u>From</u>	<u>To</u>	<u>Days ROE In Effect</u>
<b>a</b> ROE at end of Prior Year	10.30%	See Line e below	Jan 1, 2023	Dec 31, 2023	365
<b>b</b> ROE start of Prior Year		See Line f below			
<b>c</b>				Total days in year:	365
<b>d</b> Wtd. Avg. ROE in Prior Year	10.30%	((Line a ROE * Line a days) + (Line b ROE * Line b days)) / Total Days in Year			

Commission Decisions approving ROE:

	<u>Reference:</u>
<b>e</b> End of Prior Year	Settlement of TO2019A (ER19-1553)
<b>f</b> Beginning of Prior Year	169 FERC ¶ 61,177

	<u>Percentage</u>	<u>Reference:</u>
<b>g</b> Wtd. Cost of Long Term Debt	2.0096%	1-Base TRR L 51
<b>h</b> Wtd. Cost of Preferred Stock	0.2686%	1-Base TRR L 52
<b>i</b> Wtd. Cost of Common Stock	4.8925%	1-Base TRR L 47 * Line d
<b>j</b> Cost of Capital Rate	7.1706%	Sum of Lines g to i

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

	<u>Percentage</u>	<u>Reference:</u>
<b>k</b>	5.1611%	Sum of Lines h to i

**Notes:**

- 1) True Up TRR Incentive Adder Reversal backs out the revenue requirement associated with any project-specific Incentive Adders (Line 39) for True Up Years during the term of the settlement of ER19-1553.
- 2) Include any amount appropriate for the True Up TRR calculation for the Prior Year not already included in Line 63 of Schedule 1. Such amounts will specifically include an amount of the South Georgia Adjustment applicable to the 2023 Prior Year of \$2,606,000 in SCE's Annual Update setting transmission rates for 2025 and, for the 2024 Prior Year, an amount of \$1,303,000 in SCE's Annual Update setting transmission rates for 2026. No further amounts relating to the current SGA amount shall be included in SCE's Formula Rate, as the SGA will be fully amortized after 2024.

**Franchise Fees and Uncollectibles Expense Factors**

Workpaper: WP Schedule 28 FFU

**1) Approved Franchise Fee Factor(s)**

Inputs are shaded yellow

<u>Line</u>	<u>From</u>	<u>To</u>	<u>Days in Prior Year</u>	<u>FF Factor</u>	<u>Reference</u>
1	2023	Present	365	0.9365%	Schedule 28 - Workpaper Line 10
2					

**2) Approved Uncollectibles Expense Factor(s)**

Changed from 0.76559% to 0.76558% keep uncollectible expense amount constant at \$9,600,809

	<u>From</u>	<u>To</u>	<u>Days in Prior Year</u>	<u>U Factor</u>	<u>Reference</u>
3	2023	Present	365	0.76558%	
4					

**3) FF and U Factors**

	<u>Prior Year</u>	<u>FF Factor</u>	<u>U Factor</u>	<u>Notes</u>
5	2023	0.93646%	0.76558%	Calculated according to Instruction 3

**Notes:**

1) Franchise Fees represent payments that SCE makes to municipal entities for the right to locate facilities within the municipality.

**Instructions:**

1) Enter Franchise Fee and Uncollectibles Factors as approved by the California Public Utilities Commission ("CPUC") in modules 1 and 2 above pursuant to Instruction 2. If approved factors changed during Prior Year, enter both, and note period of time for which each applies in "From" and "To" columns, and number of days each was in effect during the Prior Year in "Days in Prior Year" Column.

2) Franchise Fees Factor is calculated from CPUC Decision by dividing adopted Franchise Fees by Total Operating Revenues less Franchise Fees. Uncollectibles Factor is calculated by dividing adopted Uncollectibles expense by Total Operating revenues less Uncollectibles Expense. Resulting FF & U Factors represent factors that, when applied to TRR without FF and U will correctly determine FF and U expense.

3) Calculate in module 3 the weighted average FF and U factors from the factors in modules 1 and 2 based on the number of days each FF and U factor was in effect during the Prior Year at issue.

	<u>Percent</u>	<u>Calculation</u>
Prior Year FF Factor:	0.93646%	$((L1 \text{ FF Factor} * L1 \text{ Days}) + (L2 \text{ FF Factor} * L2 \text{ Days})) / (L1 + L2 \text{ Days})$
Prior Year U Factor:	0.76558%	$((L3 \text{ U Factor} * L3 \text{ Days}) + (L4 \text{ U Factor} * L4 \text{ Days})) / (L3 + L4 \text{ Days})$

Determination of Unfunded Reserves

Workpaper: WP Schedule 34 Unfunded Reserve and Wildfire

Line		Reference			Prior Year Amount
1					
2					
3					
4					
5					
6	Unfunded Reserves (EOY):	(Line 17, Col 2)			-\$49,967,383
7	Unfunded Reserves (Average BOY/EOY):	(Line 17, Col 3)			-\$60,253,171
8					
9			Col 1	Col 2	Col 3
10			Prior Year	Prior Year	Prior Year
11			BOY	EOY	Average
12	Description of Issue		Unfunded	Unfunded	Unfunded
13	Unfunded Reserves		Reserves	Reserves	Reserves
14	Provision for Injuries and Damages	(Line 24)	-\$65,088,613	-\$44,802,998	-\$54,945,806
15	Provision for Vac/Sick Leave	(Line 29)	-\$4,933,619	-\$4,749,758	-\$4,841,689
16	Provision for Supplemental Executive Retirement Plan	(Line 36)	-\$516,726	-\$414,627	-\$465,677
17	Totals:	(Line 14 + Line 15 + Line 16)	-\$70,538,959	-\$49,967,383	-\$60,253,171
18					
19	Calculations				
20					
21	Injuries and Damages		BOY	EOY	Average BOY/EOY
22	Injuries and Damages - See Note 1 and Note 2	Company Records - Input (Negative)	-\$1,106,729,684	-\$761,804,640	
23	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.8812%	5.8812%	
24	ISO Transmission Rate Base Applicable	(Line 22 x Line 23)	-\$65,088,613	-\$44,802,998	-\$54,945,806
25					
26	Vacation Leave				
27	Vacation and Personal Time Accruals - Acct. 2350080	Company Records - Input (Negative)	-\$83,888,452	-\$80,762,180	
28	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.8812%	5.8812%	
29	ISO Transmission Rate Base Applicable	(Line 27 x Line 28)	-\$4,933,619	-\$4,749,758	-\$4,841,689
30					
31	Supplemental Executive Retirement Plan				
32	Supplemental Executive Retirement Plan	Company Records - Input (Negative)	-\$17,572,243	-\$14,100,152	
33	Times:	Applicable Rate Base Percentage	50%	50%	
34	Sub-Total Supplemental Executive Retirement Plan	(Line 32 x Line 33)	-\$8,786,122	-\$7,050,076	
35	Transmission Wages and Salary Allocation Factor	(27-Allocators, Line 9)	5.8812%	5.8812%	
36	ISO Transmission Rate Base Applicable	(Line 34 x Line 35)	-\$516,726	-\$414,627	-\$465,677

Changed from (85,002,147) to (83,888,452) due to inadvertent input error.

Changed from (81,976,060) to (80,762,180) due to inadvertent input error.

Notes:

- 1) Includes any Unfunded Reserves relating to accrued expenses included in Account 925 "Injuries and Damages", reduced for any expected offsetting payments.
- 2) No Unfunded Reserve shall be included in Schedule 34 associated with any wildfire other than the 2017/18 Wildfire/Mudslide Events. Associated costs for other wildfire events are reflected in Schedule 20 "A&G" and recovered on a cash basis (see Instruction 6 of Schedule 20).