

Attachment 3

Revisions to Formula Rate Inputs as Compared to the Draft Annual Update

This attachment lists the changes reflected in this TO2019 Annual Update filing relative to the Draft TO2019 Annual Update Formula Rate Spreadsheet that SCE posted on its website by June 15, 2017.

The revisions from the June 15, 2018 Draft Annual Update are as follows:

- (1) This TO2019 Annual Update reflects changes associated with SCE's September 17, 2018 filing of changes to SCE's Formula Rate Protocols and Formula Rate Spreadsheet (Attachment 1 and 2 to Appendix IX of SCE's Transmission Owner Tariff, respectively) that are required to appropriately incorporate the eventual implications to SCE's Base Transmission Revenue Requirement ("Base TRR") as a result of the Tax Cuts and Jobs Act ("TCJA"). While most of these changes were reflected in the TO2019 Draft Annual Update, the following two changes were not:
 - a. Schedule 9: The Source reference for the new line 4 was changed to eliminate the FERC Form 1 row and column reference.
 - b. Schedule 26: The Source reference on line 1 was changed to add reference to Note 4. The word "effectively" in the fifth line of the newly added Note 4 was deleted.
- (2) Schedule 3: SCE increased the One-Time Adjustment associated with the 2017 True Up TRR by \$339,491 on Line 23, Column 4, of Schedule 3 in the TO2019 Annual Updated. This Adjustment is the result of SCE correcting input errors in the Authorized NOIC Expense, Authorized OEIC Expense and Authorized SERP Expense amounts which were included in the calculation of the 2017 True Up TRR, Attachment 5 to SCE's draft posting (TO13 Formula and associated incremental workpapers). In calculating the 2017 True Up TRR, the incentive compensation recovery limits for NOIC, OEIC and SERP were inadvertently not updated from the prior year (WP Schedule 20 A&G in the TO13 workpapers). The CPUC authorized cap on NOIC, OEIC and SERP expense changes each year. SCE has corrected this error, by increasing the NOIC authorized payout from \$104,319,775 to \$107,449,628, increasing the authorized OEIC payout from \$3,037,482 to \$3,128,607, and increasing the Authorized SERP expense from \$8,541,571 to \$8,797,679 (Attachment 5 – WP-TO13-Schedule 20). These corrections decrease the A&G exclusions on Schedule 20 and increase the 2017 True Up TRR, resulting in the increase of the One-Time Adjustment associated with the 2017 TRR. The net impact of this change is an increase in the 2019 Base TRR of \$361,511. SCE is providing an updated Schedule 3-True Up TRR Adjustment workpaper showing the derivation of the

One-Time True Up Adjustment associated with these NOIC, OEIC and SERP corrections, along with a revised Attachment 5 showing the increased 2017 True-Up TRR.

- (3) Schedule 29: SCE has incorporated an increase to the Wholesale Transmission Revenue Balancing Account Adjustment (“TRBAA”) included in SCE’s TRBAA Update filed on October 30, 2017 in FERC Docket ER19-220. SCE proposes to increase the Wholesale TRBAA from -\$121.4 million to -\$73.0 million, thereby increasing the Wholesale Transmission Revenue Requirement by \$48.4 million. SCE changed lines 2, 3, and 4 of Schedule 29 from -\$121.379 million, -\$120.967 million and -\$0.0412 million, to -\$72.958 million, -\$72.645 million, and -\$0.313 million.