

Attachment 3

Revisions to Formula Rate Inputs from the Draft Annual Update

This attachment lists the changes reflected in this TO2023 Annual Update filing relative to the TO2023 Draft Annual Update Formula Rate Spreadsheet that SCE posted on its website on June 15, 2022.

The revisions from the Draft Annual Update are as follows:

- (1) In compliance with FERC's June 3, 2022 Order on Annual Formula Rate Information Update and Directing Compliance Filing under ER19-1553, SCE has revised the TO2023 Formula Rate Spreadsheet and has reflected \$4.6 million of environmental restoration costs as Transmission O&M rather than capital. Additionally, SCE has updated the Incremental Forecast Period Transmission Revenue Requirement (IFPTRR) such that it does not include environmental restoration costs that would now be considered O&M. Such revisions are reflected in Schedules 10-CWIP, 16-Plant Additions, and 19-O&M. SCE has also revised the following supporting workpapers:

- WP Schedule 10 FERC CWIP Capital Expenditure Plan
- WP Schedule 10 Forecast CWIP Capital Expenditures by PIN and Activity
- WP Schedule 10 Recorded CWIP Expenditures
- WP Schedule 10 Summary of ISO Cap Exp Forecast – Incentive Projects
- WP Schedule 10&16 Identification of ISO Projects Above \$5M
- WP Schedule 10&16
- WP Schedule 16 Summary of ISO Cap Expenditures Non-Inc Projects
- WP Schedule 19 FERC Account Summary & Adj
- WP Schedule 19 O&M Cost Detail

In addition to the workpapers above, SCE is also revising WP Material Accounting Changes to remove item 1, which previously described SCE's 2021 change related to the treatment of environmental restoration costs as capital rather than O&M. These adjustments increase the TO2023 Retail Base TRR by \$8,635,748.

- (2) Schedule 1 – Base TRR: SCE is including an additional Cost Adjustment pursuant to the Formula Rate Protocols, Section 1. This second Cost Adjustment is in the amount of \$74,165,674 and is associated with two expense accruals, one in the first quarter and a second in the third quarter of 2022, reflecting an upward adjustment to the reserve related to the 2017/18 wildfires/mudslides in the amount of \$1.296 billion. SCE has also revised the associated WP Schedule 1 Cost Adjustment. This adjustment increases the TO2023 Retail Base TRR by \$74,165,674 million.

- (3) Schedule 3-True Up Adjustment: SCE has updated the Morongo Rate Consistency One-Time adjustment to reflect the changes in the True Up TRR since the Draft Annual Update. This adjustment, found on Line 23, Column 4, was revised from \$65,423 to \$65,217. SCE has also revised the associated WP Schedule 3 One Time Adj Morongo Rate Consistency. This update reduces the TO2023 Retail Base TRR by \$216.
- (4) Schedule 9-ADIT-2: SCE corrected the placement of input adjustments entered on Lines 2 and 3 related to the exclusion of cost of removal from book depreciation expense in the computation of ARAM. SCE moved the amount of (\$333,389) from Column 4 “Other Deficient ADIT Adjustments to FERC account 182.3” on Line 3, Protected- Property Related CPI of Schedule 9-ADIT-2, to Column 6 “Amortization of Deficient ADIT to FERC account 410.1” of the same line. Additionally, SCE moved the amount of (\$4,896,281) from Column 5 “Other (Excess) ADIT Adjustments to FERC account 254” on Line 2, Protected-Property Related Method/Life of Schedule 9-ADIT-2, to Column 7 “Amortization of (Excess) ADIT to FERC account 411.1” of the same line. SCE has also revised the associated WP Schedule 9 EDIT and Amortization. This correction increases the TO2023 Retail Base TRR by \$16,073,429.
- (5) WP Schedule 16 Summary of ISO Cap Expenditures Non-Inc Projects: SCE has corrected labeling errors. First, the PIN associated with project “Pole Loading Transmission Pole Replacements” should be 4057, not 3364. Second, the PIN for projects “Transmission Maintenance Planned - Overhead Conductor” and “Transmission Maintenance Planned - Pole Replacement” should be 3364, not 7890 and 7891 respectively. Third, the C-WBS identifier for project “Transmission Maintenance Planned - Overhead Conductor” should be CET-PD-IR-TP-789000, not CET-PD-IR-TP. These errors do not impact the TO2023 Retail Base TRR.
- (6) WP Sch 32 Gross and Pump Load: SCE has corrected a labeling error. The 2021 Eastwood True-Up, Excel Line 3, Col B has been relabeled from MW to MWh. This error does not impact the TO2023 Retail Base TRR.
- (7) Schedule 29 – Wholesale TRRs: SCE has incorporated into lines 2, 3, and 4 a change to the Wholesale Transmission Revenue Balancing Account Adjustment (“TRBAA”) inputs to be consistent with SCE’s TRBAA Update filed on October 31, 2022 in FERC Docket ER23-297.
- (8) WP Sch 28 FFU: Based on discussions with the CPUC, in the TO2023 Draft Annual Update SCE has calculated the uncollectibles factor under Schedule 28 of the formula rate utilizing the total 2021 uncollectible amounts. To hold the amount to be collected in

the 2021 True Up TRR constant (\$11,953,557), SCE has revised the uncollectible factor from 0.9970% to 0.9873%. SCE has also revised WP Schedule 28 FFU. This revision does not impact the 2021 True Up TRR. As stated above, the uncollectible amount remains constant.