November 1, 2016

Advice Letter 3314-E, 3314-E-A, 3314-E-B

Russell G. Worden
Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

SUBJECT: Energy Division staff disposition of SCE’s Advice Letter 3314E, 3314E-A, and 3314E-B

Dear Mr. Worden:


Energy Division approves SCE’s AL 3314E, 3314E-A, and AL 3314E-B with one modification.

In the proposed tariff language for Safety and Reliability Investment Incentive Mechanism (SRIIM), under Preliminary Statement L.L., on Sheet 3, under Section 2 Definitions, d. Recorded SRIIM Capital Additions Adjustment, SCE states that:

"The difference between the authorized High Priority exception Capital Additions and recorded High Priority categories Capital Additions can be used to offset underspending the SRIIM Capital Additions. Overspending in High Priority categories can offset underspending in SRIIM categories if two conditions are true.
(1) Overspending in High Priority categories exceed 10% of the adopted forecast for those categories
(2) SCE’s rate of return on rate base for the period does not exceed the authorized rate of return

That is, if recorded High Priority Capital Additions exceed amounts authorized by the Commission and subject to satisfying Conditions 1 and 2
described above (Section 2.d.), the SRIM capital target would be adjusted by this amount.”

In the language above, SCE fails to mention that the first 10% of overspending on High Priority categories cannot be used to offset underspending in the core SRIIM categories. D.15-11-021, on pages 40-41, says:

“The first 10% of overspending on High Priority categories cannot be used to offset underspending in the core SRIIM categories under any circumstance. These modifications are designed to ensure that SCE will look to other sources of funding before reducing core SRIIM spending in the event of overspending on the High Priority categories.”

Omitting this condition does not accurately reflect the SRIIM mechanism as the Commission ordered it in the 2015 SCE Decision. Therefore, SCE shall modify its “Safety and Reliability Investment Incentive Mechanism (SRIIM)”, under Preliminary Statement L.L., Section 2.d. Recorded SRIIM Capital Additions Adjustment, to include this condition.

Energy Division approves SCE’s AL 3314E, AL 3314E-A, and AL 3314E-B, with the modification above. SCE’s AL 3314E, AL 3314E-A, and AL 3314E-B shall be effective November 25, 2015.

Sincerely,

[Signature]

Edward Randolph
Director, Energy Division
March 18, 2016

ADVICE 3314-E-B
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplemental to Advice 3314-E, Implementation of the Test Year 2015 General Rate Case (GRC) Adopted Revenue Requirement, 2016 GRC Post Test Year Revenue Requirement and Ratemaking Mechanisms in Accordance with Decision 15-11-021

Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariffs. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

The purpose of this advice filing is to make a correction to Preliminary Statement, Part J, Pole Loading and Deteriorated Pole Programs Balancing Account (PLDPBA) and make modifications to Preliminary Statement, Part N.38., Tax Accounting Memorandum Account (TAMA), originally contained within Advice 3314-E, filed on November 25, 2015. These changes are made in accordance with General Order (GO) 96-B, General Rule 7.5.1, which authorizes utilities to make additional changes to an advice filing through the filing of a supplemental advice letter.

This advice filing supplements in part and does not change the substance of the original Advice 3314-E or Advice 3314-E-A.

PROPOSED TARIFF CHANGES

In this advice filing, SCE implements the following tariff changes:

1. Subsection 2.a. of the PLDPBA is revised to correct the Annual Authorized Pole Programs Revenue Requirements to reflect the proper rate base impact of
Retirement Work in Progress (RWIP) in the revenue requirement. The Annual Authorized Revenue Requirement for January 1, 2015 in the amount of ($54.150) million is corrected to ($59.146) million and the January 1, 2016 amount of $15.246 million is corrected to $8.769 million; and

2. At the direction of the Commission’s Energy Division, the TAMA is modified as follows:
   a. Subsection a is revised to state that: (1) any changes in Federal or California tax law, final or temporary regulations or other administrative guidance that impacts the determination of depreciation and/or repair deductions for tax years 2015-2017 include the impact from the Tax Increase Prevention Act of 2014 on years 2015-2017 and the impact from the Protecting Americans from Tax Hikes Act (PATH) of 2015, and (2) the TAMA may only be closed upon Commission approval of such a request;
   b. Subsection d is revised to clarify that SCE shall transfer the annual TAMA balance to the generation and distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) only upon Commission approval; and
   c. Subsection e is revised to state that: (1) the annual advice letter SCE shall submit by the end of May shall have a Tier 2 designation, and (2) in SCE’s 2018 GRC, SCE shall propose how to address the future activities in the TAMA.

TIER DESIGNATION

Pursuant to GO 96-B, Energy Industry Rule 5.1(1), this advice letter is submitted with a Tier 1 designation, which is the same Tier designation as the original filing, Advice 3314-E.

EFFECTIVE DATE

This supplemental advice filing will become effective on the same day as the original filing, Advice 3314-E, which is November 25, 2015, subject to a finding of compliance by the Commission’s Energy Division. Unless otherwise noted, tariffs will be marked with an effective date consistent with their actual implementation date.

PROTESTS

SCE asks that the Commission, pursuant to GO 96-B, General Rule 7.5.1, maintain the original protest and comment period designated in Advice 3314-E and not reopen the

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1 The RWIP reductions to rate base were inadvertently calculated as beginning of year balances. This update properly reflects RWIP as a weighted average amount.
protest period. The modifications included in this supplemental advice filing do not make substantive changes that would affect the overall evaluation of the filing.

NOTICE

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and A.13-11-003 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission’s Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE’s corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE’s web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Douglas Tessler at (626) 302-1108 or by electronic mail at Douglas.Tessler@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

RGW:ds/ll:jm
Enclosures
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:
- ELC
- PLC
- GAS
- HEAT
- WATER

Contact Person: Darrah Morgan
Phone #: (626) 302-2086
E-mail: Darrah.Morgan@sce.com
E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE
ELC = Electric
GAS = Gas
PLC = Pipeline
HEAT = Heat
WATER = Water

Advice Letter (AL) #: 3314-E-B
Tier Designation: 1
Subject of AL: Supplemental to Advice 3314-E, Implementation of the Test Year 2015 General Rate Case (GRC) Adopted Revenue Requirement, 2016 GRC Post Test Year Revenue Requirement and Ratemaking Mechanisms in Accordance with Decision 15-11-021

Keywords (choose from CPUC listing): Compliance, GRC

AL filing type: ☑ One-Time

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
Decision 15-11-021

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☑ Yes ☐ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☑ Yes ☐ No

Requested effective date: 11/25/15
No. of tariff sheets: -3-

Estimated system annual revenue effect (%): 

Estimated system average rate effect (%): 

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statements Part J and N

Service affected and changes proposed:

Pending advice letters that revise the same tariff sheets: None

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1 Discuss in AL if more space is needed.
All other correspondence regarding this AL, unless otherwise authorized by the Commission, shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Michael R. Hoover
Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@sce.com
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<tr>
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<td>Revised 57960-E</td>
<td>Preliminary Statement Part N</td>
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J. Pole Loading and Deteriorated Pole Programs Balancing Account

1. Purpose:

SCE’s Pole Programs are comprised of the Pole Loading Program and the Deteriorated Pole Program. The purpose of the two-way Pole Loading and Deteriorated Pole Balancing Account (PLDPBA) is to record the difference between: (1) recorded Capital-related revenue requirements for the Pole Loading and the Deteriorated Pole programs, (2) Operating Expenses for the Pole Loading Program, and (3) the Authorized Pole Programs Revenue Requirement as adopted in Decision (D.)15-11-021. All entries in the PLDPBA will be recorded on a CPUC-jurisdictional basis. Pursuant to D.15-11-021, the level of expenditures to be recovered in the PLDPBA in 2016 and 2017 is capped at 15% above authorized levels. The PLDPBA shall remain open until the Internal Revenue Service (IRS) and California Franchise Tax Board (CFTB) audit periods for tax years 2015-2017 are closed statutorily.

2. Definitions:

a. Authorized Pole Programs Revenue Requirement

The authorized Pole Programs Revenue Requirement is the amount adopted by the Commission in SCE’s 2015 General Rate Case D.15-11-021. The post test year revenue requirement amounts shall be set forth in the Post Test Year (PTYR) Ratemaking advice letter submitted annually to the Commission by December 1.

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<tr>
<td>January 1, 2015</td>
<td>$ (59,146)</td>
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<td>January 1, 2016</td>
<td>$ 8,769</td>
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</table>
N. MEMORANDUM ACCOUNTS (Continued)

38. Tax Accounting Memorandum Account (TAMA) (Continued)

c. Operation of the TAMA: (Continued)

(4) Authorized Revenue Adjustment, if Any, from Compliance with IRS Normalization Regulations

-Entry equal to the change in the authorized revenue requirement less a provision for FF&U based on the FF&U rate adopted in D.15-11-021, as determined by the CPUC, as a result of an IRS private letter ruling regarding compliance with the IRS normalization regulations.

(5) (Over)/Under Collection. The sum of the annual amounts calculated in parts (1) through (4) shall be multiplied by the applicable MDP and the resulting amounts will be used to compute the monthly over (under) collection for purposes of calculating interest accrued to the TAMA. Interest shall accrue monthly to the TAMA by applying the Interest Rate to the average of the beginning of month and end of month balance in the TAMA.

d. Disposition:

Upon Commission approval, SCE shall transfer on an annual basis any (over)/under-collection in the TAMA to the generation and distribution subaccount, as appropriate, in the Base Revenue Requirement Balancing Account as of December 31st to be returned to or recovered from customers.

e. Review Procedures

SCE shall submit, by the end of May, an annual Tier 2 Advice Letter to the Commission that reports the recorded operation of the TAMA. The advice letter will include all necessary information and supporting workpapers for the Commission to review and approve the recorded operation of the TAMA.

The cumulative recorded activity in the TAMA will be reviewed in SCE’s future General Rate Cases (GRC) and will include the cumulative revenue requirement associated with changes in income tax expense (reflecting the tax gross-up). In the 2018 GRC application, SCE shall propose how to address future activities in this account.
N. MEMORANDUM ACCOUNTS (Continued)

38. Tax Accounting Memorandum Account (TAMA) (Continued)  
   
   a. Purpose:
   
   The purpose of the two-way Tax Accounting Memorandum Account (TAMA) is to track the impact on the Authorized CPUC Jurisdictional Revenue Requirement as adopted in Decision (D.)15-11-021 resulting from: (1) any income tax accounting method change associated with the Internal Revenue Service (IRS) or California Franchise Tax Board (CFTB) for tax years 2015 through 2017, (2) any changes in Federal or California tax law, final or temporary regulations or other administrative guidance that impacts the determination of depreciation and/or repair deductions for tax years 2015-2017 (including, but not limited to, the impact from the Tax Increase Prevention Act of 2014 on years 2015-2017 and the impact from the Protecting Americans from Tax Hikes Act (PATH) of 2015), (3) the difference between authorized and recorded Federal and California non-pole loading net repair deductions for 2015-2017, (4) any adjustments arising from audits, administrative appeals proceeding or litigation impacting items 1-3 above and (5) a change in authorized revenue requirements as determined by the CPUC, if any, resulting from an IRS private letter ruling regarding compliance with normalization regulations. The TAMA shall remain open until the IRS and CFTB audit periods for tax years 2015 – 2017 are closed statutorily. The account may only be closed upon Commission approval of such a request.

   b. Definitions:
   
   (1) CPUC Jurisdictional Authorized TAMA Revenue Requirement
   

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<td>$5,385,537</td>
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