PP. Post Employment Benefits Other Than Pensions (PBOP) Costs Balancing Account

1. Purpose:

The purpose of the Post Employment Benefits Other than Pensions (PBOP) Costs Balancing Account (PBOP BA) is to record the difference between: 1) PBOP Costs authorized by the Commission, and 2) recorded PBOP expenses. The PBOP BA is established in accordance with D.06-05-016.

2. Definitions:

a. Authorized PBOP Costs:

The authorized PBOP costs are the annual amount of CPUC Authorized PBOP expenses adopted in D.19-05-020. Such amount shall exclude Franchise Fees and Uncollectible Expense (FF&U). The 2020 amount shall be determined in the annual Post Test Year Ratemaking advice letter to be submitted to the Commission by December 1st.

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Authorized Level</th>
<th>Generation Level</th>
<th>Total Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2015</td>
<td>$35,094</td>
<td>$6,448</td>
<td>$41,542</td>
</tr>
<tr>
<td>January 1, 2015</td>
<td>$21,127</td>
<td>$3,882</td>
<td>$25,009</td>
</tr>
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<td>January 1, 2016</td>
<td>$37,901</td>
<td>$6,964</td>
<td>$44,865</td>
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<tr>
<td>January 1, 2016</td>
<td>$22,816</td>
<td>$4,192</td>
<td>$27,008</td>
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<td>January 1, 2017</td>
<td>$40,934</td>
<td>$7,521</td>
<td>$48,455</td>
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<tr>
<td>January 1, 2017</td>
<td>$24,642</td>
<td>$4,528</td>
<td>$29,170</td>
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<td>January 1, 2018</td>
<td>$2,869</td>
<td>$747</td>
<td>$3,616</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>$(8,648)</td>
<td>$(1,187)</td>
<td>$(9,825)</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$3,029</td>
<td>$792</td>
<td>$3,821</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$(9,274)</td>
<td>$(1,273)</td>
<td>$(10,547)</td>
</tr>
</tbody>
</table>

1/ Non-Service Costs are not capitalized.

b. Effective Date:

The Effective Date of the PBOP BA is January 12, 2006

c. Interest Rate:

The Interest Rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages:

The Monthly Distribution Percentages (MDPs) applicable to the distribution and generation related authorized PBOP costs shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)
(Continued)

2. Definitions: (Continued)
   e. Capitalization Rate:
      The Pensions and Benefits Capitalization Rate is 45.5% as adopted in
      D.19-05-020.
   f. PBOP Costs:
      i. Service Cost: PBOP costs related to the amount of benefit obligation
         accumulated by active employees in the current year. Service costs are
         capitalized in the PBOP's balancing account.
      ii. Non-Service Cost: the difference between the sum of the PBOP plans’
          contributions for the current year and the amount of benefit obligation
          accumulated by active employees in the current year.

3. Operation of PBOP BA:
   The PBOP BA consists of the Distribution Sub-Account and the Generation Sub-
   Account. Entries shall be made on a monthly basis as described below in each sub-
   account and each sub-accounts ending balance shall be summed together to
determine the PBOP BA balance.
   a. Distribution Sub-Account:
      i. Recorded CPUC-jurisdictional distribution-related PBOP expenses
         (before capitalization);
      ii. Less: an entry equal to the result of multiplying the distribution authorized
         PBOP costs (before capitalization) by the applicable distribution MDPs;
      iii. Equals: Distribution PBOP Costs (over)/undercollection before
         capitalization;
      iv. Less: the amount capitalized determined by multiplying (iii) above by the
         Capitalization Rate;
      v. Equals: Distribution PBOP Costs (over)/undercollection after
         capitalization.

Interest shall accrue monthly to the distribution sub-account of the PBOP BA by
applying the Interest Rate to the average of the beginning-of-month and end-of-month
balances in the distribution sub-account of the PBOP BA.

(Continued)
3. Operation of PBOP BA: (Continued)  
   b. Generation Sub-Account:  
      i. Recorded CPUC-jurisdictional generation-related PBOP expenses (before capitalization);  
      ii. Less: an entry equal to the result of multiplying the generation authorized PBOP costs (before capitalization rate) by the applicable generation MDPs;  
      iii. Equal: Generation PBOP Costs (over)/undercollection before capitalization;  
      iv. Less: the amount capitalized determined by multiplying (iii) above by the Capitalization Rate;  
      v. Equals: Generation PBOP Costs (over)/undercollection after capitalization.

Interest Expense shall accrue monthly to the generation sub-account of the PBOP BA by applying the Interest Rate to the average of the beginning-of-month and end-of-month balances in the generation sub-account of the PBOP BA.

4. Disposition of the PBOP BA Balance  
   SCE shall transfer on an annual basis any (over) undercollection recorded in the PBOP BA to the Base Revenue Requirement Balancing Account as of December 31rd to be recovered from or returned to customers. The operation of the PBOP BA shall be reviewed in the annual ERRA reasonableness proceeding.