VV. Medical Programs Balancing Account

1. Purpose:

The purpose of the Medical Programs Balancing Account (MPBA) is to record the difference between: 1) Medical, Dental and Vision expenses authorized by the Commission, and 2) recorded Medical, Dental and Vision Service Plan expenses. The MPBA is established in accordance with D.09-03-025.

2. Definitions:

a. Authorized Medical Programs Expense:

The authorized Medical Program Expense is the annual amount of CPUC Authorized expenses adopted in D.19-05-020 for medical, dental and vision expenses. 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>Distribution Authorized Level ($000)</th>
<th>Generation Authorized Level ($000)</th>
<th>Total Authorized Level ($000)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2015</td>
<td>$113,942</td>
<td>$20,936</td>
<td>$134,878</td>
<td>Before Capitalization</td>
</tr>
<tr>
<td>January 1, 2015</td>
<td>$68,593</td>
<td>$12,603</td>
<td>$81,196</td>
<td>After Capitalization</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>$122,514</td>
<td>$22,511</td>
<td>$145,025</td>
<td>Before Capitalization</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>$73,753</td>
<td>$13,552</td>
<td>$87,305</td>
<td>After Capitalization</td>
</tr>
<tr>
<td>January 1, 2017</td>
<td>$131,746</td>
<td>$24,207</td>
<td>$155,953</td>
<td>Before Capitalization</td>
</tr>
<tr>
<td>January 1, 2017</td>
<td>$79,311</td>
<td>$14,573</td>
<td>$93,884</td>
<td>After Capitalization</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>$99,961</td>
<td>$16,781</td>
<td>$116,742</td>
<td>Before Capitalization</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>$54,479</td>
<td>$9,146</td>
<td>$63,625</td>
<td>After Capitalization</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$106,149</td>
<td>$17,820</td>
<td>$123,969</td>
<td>Before Capitalization</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$57,851</td>
<td>$9,712</td>
<td>$67,563</td>
<td>After Capitalization</td>
</tr>
</tbody>
</table>

b. Effective Date:

The Effective Date of the MPBA is January 1, 2009

c. Interest Rate:

The Interest Rate shall be the most recent annual interest rate on three months Financial or Non-financial Commercial Paper, (prime, three months) published in the Federal Reserve Statistical Release, H.15, whichever is available on the first day of the month.

(Continued)
VV. Medical Programs Balancing Account (Continued)

2. Definitions: (Continued)
   d. Monthly Distribution Percentages:

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

e. Capitalization Rate:

   The MPBA Capitalization Rate is 45.5% as adopted in D.19-05-020.

3. Operation of MPBA:

   The MPBA 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
MPBA balance.

   a. Distribution Sub-Account:

      i. Recorded CPUC-jurisdictional distribution-related medical, dental and
         vision expense (before capitalization);
   ii. Less: an entry equal to the result of multiplying the distribution
        authorized medical, dental and vision expense (before capitalization)
        by the applicable distribution MDP’s;
   iii. Equals: Distribution medical, dental and vision expense
        (over)/undercollection before capitalization.
   iv. Less: the amount capitalized determined by multiplying (iii) above by
        the Capitalization Rate.
   v. Equals: Distribution medical, dental and vision expense
        (over)/undercollection after capitalization.

   Interest shall accrue monthly to the distribution sub-account of the MPBA 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 MPBA.
VV. Medical Programs Balancing Account (Continued)

3. Operation of MPBA: (Continued)

b. Generation Sub-Account:

i. Recorded CPUC-jurisdictional generation-related medical, dental and vision expense (before capitalization);

ii. Less: an entry equal to the result of multiplying the generation authorized medical, dental, and vision expense (before capitalization rate) by the applicable generation MDP;

iii. Equals: Generation medical, dental and vision expense (over)/undercollection before capitalization

iv. Less: the amount capitalized determined by multiplying (iii) above by the Capitalization Rate.

v. Equals: Generation medical, dental and vision expense (over)/undercollection after capitalization

Interest Expense shall accrue monthly to the generation sub-account of the MPBA 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 MPBA.

4. Disposition of the MPBA Balance

SCE shall transfer on an annual basis any (over)/undercollection recorded in the MPBA as of December 31st to the Base Revenue Requirement Balance Account (BRRBA) to be recovered from or returned to customers. The operation of the MPBA shall be reviewed in the annual April 1st ERRA reasonableness proceeding.