Pension Costs Balancing Account

1. Purpose:
The purpose of the Pension Costs Balancing Account (PCBA) is to record the difference between: 1) pension costs authorized by the Commission, and 2) recorded pension expenses. The PCBA is established in accordance with D.06-05-016.

2. Definitions:

a. Authorized Pension Cost:
The authorized pension cost is the annual amount of CPUC Authorized Pension expenses adopted in D.19-05-020. Such amounts 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>$70,200</td>
<td>$12,898</td>
<td>$83,098 before capitalization</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>$70,200</td>
<td>$12,898</td>
<td>$83,098 before capitalization</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>$42,260</td>
<td>$7,765</td>
<td>$50,025 after capitalization</td>
</tr>
<tr>
<td>January 1, 2017</td>
<td>$42,260</td>
<td>$7,765</td>
<td>$50,025 after capitalization</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>$45,904</td>
<td>$8,320</td>
<td>$54,224 before capitalization</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$45,888</td>
<td>$8,315</td>
<td>$54,203 before capitalization</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>$1,466</td>
<td>$858</td>
<td>$2,324 after capitalization</td>
</tr>
</tbody>
</table>

1/ Non-Service Costs are not capitalized.

b. Effective Date:
The Effective Date of the PCBA 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 Pension costs shall be the MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account (BRRBA)

e. Capitalization Rate:
The Pensions and Benefits Capitalization Rate is 45.5% as adopted in D.19-05-020.
OO. Pensions Costs Balancing Account (Continued)

2. Definitions (Continued):

   f. Pensions Costs:
      i. Service Cost: costs related to the amount of benefit obligation accumulated by
         active employees in the current year. Service costs are capitalized in the
         Pensions balancing account.
      ii. Non-Service Cost: the difference between the sum of the plan contributions for
          the current year and the amount of benefit obligation accumulated by active
          employees in the current year.

3. Operation of PCBA:

   The PCBA 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
   PCBA balance.

   a. Distribution Sub-Account:
      i. Recorded CPUC-jurisdictional distribution-related pension expenses
         (before capitalization);
      ii. Less: an entry equal to the result of multiplying the distribution authorized
          pension costs (before capitalization) by the applicable distribution MDPs;
      iii. Equals: Distribution Pension Costs (over)/undercollection before
           capitalization;
      iv. Less: the amount capitalized determined by multiplying (iii) above by the
          Capitalization Rate;
      v. Equals: Distribution Pension Costs (over)/undercollection after
          capitalization.

      Interest shall accrue monthly to the distribution sub-account of the PCBA 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 PCBA.
(Continued)

OO. Pensions Costs Balancing Account (Continued)

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

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

4. Disposition of the PCBA Balance (T)

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