JJJ. Aliso Canyon Demand Response Program Balancing Account (ACDRPBA)

1. Purpose
The purpose of the ACDRPBA is to record the difference between the actual costs incurred by SCE for demand response program activities to help mitigate a natural gas leak at the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) and the authorized Aliso Canyon Demand Response funding level approved by the Commission.

2. Definitions

a. Authorized Annual Aliso Canyon Demand Response Program (DRP) Funding Levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Distribution ($000)</th>
<th>Generation ($000)</th>
<th>Total ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,800</td>
<td>0</td>
<td>2,800</td>
</tr>
<tr>
<td>2017</td>
<td>4,475</td>
<td>4,353</td>
<td>8,828</td>
</tr>
</tbody>
</table>

1/ These annualized amounts when included in rate levels each year will include associated Franchise Fees & Uncollectibles (FF&U) expense.
2/ D.16-06-029 authorized up to $3 million for a DRAM which SCE has opted to not implement.

b. Effective Date
The ACDRPBA is effective commencing July 2016.

c. Interest Rate
The Interest Rate shall be the most recent annual Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15. If an annual non-financial rate is not published, SCE shall use the annual Federal Reserve three-month Commercial Paper Rate – Financial.

d. Monthly Distribution Percentages
The Monthly Distribution Percentages (MDPs) applicable to the Aliso Canyon DRP authorized funding levels shall be the applicable distribution MDPs or generation MDPs included in Preliminary Statement YY – Base Revenue Requirement Balancing Account.
JJJ. Aliso Canyon Demand Response Program Balancing Account (ACDRPBA) (Continued)

3. Program and Funding Flexibility
   
a. Aliso Canyon DRP Categories

   D.16-06-029 authorizes five Aliso Canyon DRP categories. SCE may spend up to, but not exceed, the authorized funding levels as follows ($000):

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer Discount Plan</td>
<td>$2,800</td>
<td>$4,178</td>
</tr>
<tr>
<td>Peak Time Rebate</td>
<td>$-</td>
<td>$4,353</td>
</tr>
<tr>
<td>Demand Bidding Program</td>
<td>$-</td>
<td>$255</td>
</tr>
<tr>
<td>Agricultural Pumping Interruptible Program</td>
<td>$-</td>
<td>$42</td>
</tr>
<tr>
<td>DRAM <em>(SCE is not implementing)</em></td>
<td>$-</td>
<td>$0</td>
</tr>
<tr>
<td>Total Aliso Canyon DRP Funding</td>
<td>$2,800</td>
<td>$8,828</td>
</tr>
</tbody>
</table>

b. Carry-Over Amounts

   Any unspent DRP funds in each budget category (as defined in Section 3.a.) as of December 31 of each year shall be carried over in the account, within each respective budget category, into the subsequent calendar year through 2017.

c. Carry-Forward Amounts

   Any DRP funds in each budget category (as defined in Section 3.a.) spent as of December 31 of each year, which are in excess of authorized amounts for that year, shall be carried forward in the account, within each respective budget category, to the subsequent calendar year through 2017.

(Continued)
JJJ. Aliso Canyon Demand Response Program Balancing Account (ACDRPBA) (Continued)

4. Operation of the ACDRPBA

Monthly entries to the ACDRPBA shall be determined as follows:

a. Distribution Sub-account

(1) A debit entry to reflect the actual Distribution-related program costs associated with the Aliso Canyon DRP; and

(2) A credit entry to record the result of multiplying the annual Distribution-related Aliso Canyon DRP Authorized funding level by the applicable Distribution MDP.

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the ACDRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the ACDRPBA.

Any under-collection or over-collection recorded in a month may be carried over from month-to-month over the duration of the Aliso Canyon DRP.

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the Distribution sub-account of the ACDRPBA. Since the ACDRPBA is a “one-way” balancing account, Interest Expense shall only be calculated when the average balance in the Distribution sub-account of the ACDRPBA is a negative (under-expended) amount. Annual Interest amounts shall be returned to customers by transferring such amounts to the Distribution sub-account of the BRRBA.

b. Generation Sub-account

(1) A debit entry to reflect the actual Generation-related program costs associated with the Aliso Canyon DRP; and

(2) A credit entry to record the result of multiplying the annual Generation-related Aliso Canyon DRP Authorized Funding Level by the applicable Generation MDP.

If the above calculation results in a positive amount (over-expenditure), such amount shall be debited to the ACDRPBA. If the above calculation results in a negative amount (under-expenditure), such amount shall be credited to the ACDRPBA.

Any under-collection or over-collection recorded in a month may be carried over from month-to month over the duration of the Aliso Canyon DRP.
JJJ. Aliso Canyon Demand Response Program Balancing Account (ACDRPBA) (Continued)

4. Operation of the ACDRPBA (Continued)

Monthly entries to the ACDRPBA shall be determined as follows: (Continued)

b. Generation Sub-account (Continued)

Interest Expense shall be calculated annually by applying the Interest Rate to the average balance of the beginning-of-year and the end-of-year balances in the Generation sub-account of the ACDRPBA. Since the ACDRPBA is a “one-way” balancing account, Interest Expense shall only be calculated when the average balance in the Generation sub-account of the ACDRPBA is a negative (under-expended) amount. Annual Interest amounts shall be returned to customers by transferring such amounts to the Generation sub-account of the BRRBA.

5. Disposition of the ACDRPBA Balance

SCE shall include the operation of the ACDRPBA from effective date through December 31, 2017 in its April 2018 ERRA Review application for Commission approval of the recorded amounts, subject to audit, to confirm that recorded expenses were spent on approved programs. In that application, SCE will propose disposition of any over-collection remaining in the account at the end of 2017. SCE shall not seek rate recovery of any over expenditure of the authorized funding level remaining in the ACDRPBA at the end of 2017.