

ATTACHMENT 1

**Schedule 35 with TO11 Inputs
(Draft Annual Update posted on SCE website June 15, 2016)**

Showing Proposed Filing PBOPs Expenses on Lines 5-9:

<u>Year</u>	<u>Filing PBOPs Expense</u>
2016	\$37,714,779
2017	\$40,055,779
2018	\$40,171,333
2019	\$40,171,333
2020	\$40,171,333

Determination of PBOPs Filing Requirement and PBOPs Filing Amounts

Complete Lines 1-9 of this Schedule every other Annual Update beginning with the Annual Update submitted in 2014 (for Rate Year 2015).
Complete Lines 10-14 every Annual Update beginning with the Annual Update submitted in 2014 (for Rate Year 2015).

Pursuant to Section 8.b of the formula rate protocols, SCE must make a filing to adjust the current Authorized PBOPs Expense Amount if the absolute value of the sum of the Cumulative PBOPs Recovery Difference and the Future PBOPs Recovery Difference is greater than 20% of the sum of SCE's forecast PBOPs expense for the current year and the following year.

Check of above-described condition:

<u>Line</u>		<u>Years</u>	<u>Amount</u>	<u>Source</u>
1	Cumulative PBOPs Recovery Difference	2014-2015	\$9,661,558	Note 1
2	Future PBOPs Recovery Difference	2016-2017	-\$23,409,000	Note 2
3	Absolute Value of sum of a and b:		\$13,747,442	Absolute Value (Sum of L1 and L2)
4	20% of Two-Year Forecast PBOPs Expenses		\$13,621,800	Note 2, Line i

If amount on Line 3 is greater than amount on Line 4, then SCE must make filing.

Is Filing Necessary? Yes

Calculation

If (L3>L4) then "Yes", else "No"

Amount of PBOPs Expenses that SCE must file for if filing is necessary:

<u>Line</u>	<u>Year</u>	<u>(C1)</u> <u>Forecast</u> <u>PBOPs</u> <u>Expenses</u>	<u>(C2)</u> <u>50% of</u> <u>Cumulative</u> <u>PBOPs</u> <u>Recovery</u> <u>Difference</u>	<u>(C3)</u> <u>Filing</u> <u>PBOPs</u> <u>Expense</u>	<u>Calculation for Columns 2 and 3</u>
5	2016	\$32,884,000	\$4,830,779	\$37,714,779	C2 = L1 * 0.5, C3 = C1 + C2
6	2017	\$35,225,000	\$4,830,779	\$40,055,779	C2 = L1 * 0.5, C3 = C1 + C2
7	2018	\$38,261,000	---	\$40,171,333	C2 NA, C3 =Avg of L7,L8,L9, C1
8	2019	\$40,134,000	---	\$40,171,333	C2 NA, C3 =Avg of L7,L8,L9, C1
9	2020	\$42,119,000	---	\$40,171,333	C2 NA, C3 =Avg of L7,L8,L9, C1

Calculation of PBOPs True Up TRR Adjustment (See Note 3):

<u>Line</u>		<u>Amount</u>	<u>Source</u>
10	Authorized PBOPs Expense Amount for Prior Year:	\$18,990,910	Note 1 for Prior Year
11	Current Authorized PBOPs Expense Amount:	\$45,759,000	Sch. 20 Note 3, Line a
12	Reduction from previous year:	-\$26,768,090	Line 10 - Line 11
13	Wages and Salaries Allocation Factor:	6.0220%	27-Allocators, Line 9
14	PBOPs True Up TRR Adjustment:	-\$1,611,977	Line 12 * Line 13

Notes:

1) The Cumulative PBOPs Recovery Difference is the cumulative over-recovery or under-recovery of SCE's PBOPs expense amount during the period beginning on the date the currently-effective Authorized PBOB Expense Amounts became effective and ending on December 31 of the immediately preceding year ("Prior PBOPs Recovery Period")

	<u>Year</u>	<u>Amount</u>	<u>Decision</u> <u>Reference</u>
Current Authorized PBOPs Expense Amounts: (See Instruction 1)	2014	-\$7,105,094	ER14-2788, Order dated October 22, 2014
	2015	\$18,990,910	ER14-2788, Order dated October 22, 2014
	2016	\$45,759,000	ER14-2788, Order dated October 22, 2014
	2017	\$45,759,000	ER14-2788, Order dated October 22, 2014
	2018	\$45,759,000	ER14-2788, Order dated October 22, 2014
	...		

Calculation of Cumulative PBOPs Recovery Difference (see Instruction 2):

	<u>Year</u>	<u>(C1)</u> <u>PBOPs</u> <u>Expenses</u>	<u>(C2)</u> <u>PBOPs</u> <u>Recovery</u>	<u>(C3)</u> <u>Previous</u> <u>Over (-) or</u> <u>Under (+)</u> <u>Recovery</u>	<u>(C4)</u> <u>= C2 - C3</u> <u>Adjusted</u> <u>PBOPs</u> <u>Recovery</u>	<u>(C5)</u> <u>= C1 - C4</u> <u>Over (-) or</u> <u>Under (+)</u> <u>Recovery</u>
First Year currently-effective PBOPs Amounts became effective:	2014	\$18,703,861	-\$7,105,094	-\$10,467,091	\$3,361,997	\$15,341,865
	2015	\$23,777,694	\$18,990,910	-\$10,467,091	\$29,458,001	-\$5,680,307
	...					
				Cumulative PBOPs Recovery Difference:	\$9,661,558	Sum of above

Attachment 1:
Schedule 35 from
TO11 Draft Annual Update

2) The Future PBOPs Recovery Difference is the difference between:

- a) The sum of SCE's Forecast PBOPs Expense for the current year and next year ("Projected Expense"); and
- b) The sum of SCE's PBOPs Expense amount to be recovered under its Formula Rate for the current year and the next year at the current Authorized PBOPs Expense Amount ("Projected Recovery").

Calculation of Future PBOPs Recovery Difference:

	<u>Amount</u>	<u>Calculation</u>
a	Projected Expense: \$68,109,000	Sum of first two years of Forecast PBOPs Expenses
b	Projected Recovery: <u>\$91,518,000</u>	Sum from Note 1 for current and next year.
c	Future PBOPs Recovery Difference: -\$23,409,000	Projected Expense less Projected Recovery

Five Year Forecast PBOPs Expenses:

	Forecast PBOPs	
	<u>Year</u>	<u>Expenses</u>
d	2016	\$32,884,000
e	2017	\$35,225,000
f	2018	\$38,261,000
g	2019	\$40,134,000
h	2020	\$42,119,000

		<u>Calculation</u>
i	Twenty Percent of sum of forecast PBOPs Expense for current Rate Year and Immediately succeeding Rate Year: \$13,621,800	(d+e) * 0.2

3) The PBOPs True Up TRR Adjustment determines the amount by which the True Up TRR for the Prior Year should be adjusted in order to correctly reflect the Authorized PBOPs Expense Amount that was in effect for the Prior Year (rather than the stated amount that is in effect for the current year as shown on Schedule 20, Note 3, Line a).

Instructions:

- 1) "Current Authorized PBOPs Expense Amounts" in Note 1 are the amounts in effect beginning the first year these amounts were authorized. This schedule is to be filled out (if required by the protocols) utilizing the amounts in effect at that time. If a filing to revise the Authorized PBOPs Expense Amounts is required, SCE shall make such filing after the Draft Annual Update is posted. SCE shall request that the Commission make the revised Authorized PBOPs Expense Amounts (as determined on Lines 5-9) effective beginning on January 1 of the filing year. If the Commission approves SCE's filing, the Authorized PBOPs Expense Amount on Schedule 20, Note 3, Line a for the subsequent Annual Update shall then correspond to the first "Filing PBOPs Expense" in Column 3, Line 5 above. Absent another filing, subsequent Authorized PBOPs Expense Amounts in subsequent Annual Updates will correspond to the amounts in lines 6-9.
- 2) Fill out table through the year immediately preceding the current calendar year in which the Annual Update is filed. Enter in C1 "PBOPs Expenses" for each year equal to SCE's actual PBOPs expenses. Enter in C2 PBOPs Recovery based on Commission-approved amounts from most recent PBOPs filing for each year in Prior PBOPs Recovery Period. Enter in C3 "Previous Over (-) or Under (+) Recovery" from previous filing to revise PBOPs amounts (Lines 5 and 6, C2), if any. Enter with same sign, and corresponding to the years over which it was amortized. C4 "Adjusted PBOPs Recovery" represents PBOPs Recovery with the previous period over or undercollection removed.