

Application No.: 22-02-XXX
Exhibit No.: SCE-06 **E**
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(U 338-E)

ERRATA

***Testimony on 2021 SCE Trust Fund
Contributions and Financial Assumptions***

Before the

Public Utilities Commission of the State of California

Rosemead, California
February 28, 2022

1 employment cost index for total compensation is that it covers both direct compensation (wages and
2 salaries) and the cost of employee benefits provided by employers.

3 **2. Non-Labor - Material, Equipment, and Other Escalation**

4 To escalate costs from base-year dollars to future-year dollars for the non-labor
5 categories of material, equipment, and other, SCE constructed an index that is a weighted average of
6 Producer Price Indexes for fuels and related products and power (WPI05), metals and metal products
7 (WPI10), construction machinery and equipment (WPU112), general purpose machinery and equipment
8 (WPU114), and the chain-weighted price index for the Gross Domestic Product (GDP; the acronym for
9 the associated price index is JPGDP). SCE directly used WPI05, WPI10, and JPGDP projections
10 through 2051 by IHS.²² For the period beyond the IHS forecast, the average escalation rate of the last
11 two-years (2052-2053) was applied to the remaining period of the projects.²³

12 For the variables WPU112 and WPU114, only historical data is available from the U.S.
13 Bureau of Labor Statistics (BLS).²⁴ To estimate a 30-year projection for WPU112 and WPU114, SCE
14 constructed an econometric forecasting model that related the historical changes in WPU112 and
15 WPU114 to JPGDP, the chain-weighted price index for the GDP. The regression was performed on
16 historical data ranging from 1960 to 2020. The regression coefficients were applied to the IHS growth
17 forecasts of JPGDP.²⁵ The projected growth rates for each variable represent the WPU112 and WPU114
18 forecast.

19 **3. LLRW Disposal Escalation**

20 SCE has a fixed-price contract with SONGS Decommissioning *Solutions* (SDS) for the
21 disposal of low-level radioactive waste (LLRW) generated at SONGS. The “material, equipment and
22 other” escalation rate was applied to these LLRW costs covered under the SDS fixed-price contract,

²² IHS, Long Term Macro Forecast, ~~May~~ ^{December} 2021; variables ~~WPU05, WPU10~~ ^{WPI05, WPI10}, JPGDP.

²³ The average escalation rate for the 2049-2051 period was applied to the 2052 – 2079 period.

²⁴ BLS, variables WPU112 (Construction machinery and equipment) and WPU114 (General purpose machinery and equipment).

²⁵ IHS, Long Term Macro Forecast, ~~May~~ ^{December} 2021, variable JPGDP.