SOUTHERN CALIFORNIA EDISON COMPANY

POSTRETIREMENT HEALTH AND LIFE BENEFITS

ACTUARIAL ACCOUNTING REPORT

PLAN YEAR: 2013

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EXECUTIVE SUMMARY

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2013 PLAN YEAR

This report provides accounting results for 2013 with respect to Southern California Edison's (Edison's) postretirement welfare benefits, as measured under Accounting Standards Codification (ASC) 715-60 (referred to throughout the report as the Statement of Financial Accounting Standards No. 106: Employers Accounting for Postretirement Benefits Other than Pensions (FAS106)). The liabilities and components of the Net Periodic Postretirement Benefit Cost (NPPBC) for 2013 are as follows (in thousands):

Liabilities as of 1/1/2013	
Expected Postretirement Benefit Obligation (EPBO)	$2,862,602
Accumulated Postretirement Benefit Obligation (APBO)	2,320,680
Net Periodic Postretirement Benefit Cost (NPPBC)	
A) Service Cost – End of Year	$ 48,690
B) Interest Cost	96,797
C) Expected Return on Plan Assets	114,029
D) Net Amortization Amounts	(11,461)
E) NPPBC [A) + B) – C) + D)]	$ 19,997

Actuarial computations under FAS 106 are for purposes of fulfilling certain employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of FAS 106. Determinations for purposes other than meeting the financial accounting requirements of FAS 106 may differ significantly from the results reported herein.

In preparing this actuarial valuation, Aon Hewitt has relied on information provided to us concerning plan participants, plan assets and plan provisions. Aon Hewitt considers this information provided to be reasonable. However, we have not audited or independently verified this information.

The actuarial assumptions, and accounting methods and policies are the responsibility of the plan sponsor. Aon Hewitt believes the actuarial assumptions used in the calculations are individually reasonable and reasonable in the aggregate. It should be noted, however, that Actuarial Standards of Practice defines an actuary's best estimate assumption as one that falls within a "range" of potential assumptions. Thus, a different set of actuarial assumptions drawn from the best estimate range could result in reasonable valuation results different from those presented herein.

Aon Hewitt's relationship with the plan and plan sponsor is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.

This report was prepared by the actuaries whose signatures appear below and, unless otherwise indicated, reflects know information as of the signature date. They certify that, to the best of their knowledge, the methods and assumptions used in the determination of Edison's 2013 liabilities and annual cost for postretirement benefits other than pensions are reasonable and conform to Actuarial Standard of Practice No. 6: Measuring Retiree Group Benefit Obligations, and ASOP No. 41: Actuarial Communications.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein

Respectfully submitted,

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Senior Vice President

Stephen J. Hoeffner, FSA, MAAA, EA
Vice President

December 12, 2013

SECTION II

ACCOUNTING RESULTS

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A. Introduction

Statement of Financial Accounting Standards No. 106 (FAS 106) requires accounting for postretirement benefits other than pensions (PBOP) on an accrual basis. Southern California Edison (Edison) requested that Aon Hewitt determine its 2013 PBOP liabilities and expense. Pursuant to this request, an actuarial valuation of PBOP liabilities was performed as of January 1, 2013, reflecting the plan provisions in effect at that date.

B. Key FAS 106 Components

A description of some of the key components of FAS 106 follows:

1. Expected Postretirement Benefit Obligation (EPBO)

   The EPBO is equal to the actuarial present value of future benefit payments. It is estimated by projecting all future liabilities of current active employees who will retire in the future and retired employees at a given level of trend selected in accordance with FAS 106. These liabilities are then discounted based on the discount rate assumption. Exhibit 1 shows the EPBO as of the January 1, 2013 valuation date.

2. Accumulated Postretirement Benefit Obligation (APBO)

   The APBO is equal to the actuarial present value of future benefit payments that are considered accrued to date. For retired employees and active employees who are eligible to retire, the APBO equals their EPBO. Exhibit 1 shows the APBO as of the January 1, 2013 valuation date.

3. Net Periodic Postretirement Benefit Cost

   The total FAS 106 net periodic postretirement benefit cost accrued during any year is comprised of the following components:

   Service Cost: The cost of benefit accruals attributed to the current year, developed on the same basis as the APBO. Service cost will generally be the expected postretirement benefit obligation divided by the expected credited service at eligibility for full benefits. There is no service cost where a participant is currently eligible for full benefits, or is currently receiving benefits. Service cost includes interest to the end of the year. Exhibit 1 shows the service cost as of the January 1, 2013 valuation date (without interest to the end of the year).

   Interest Cost: Interest on the liability for benefits attributed to past service (i.e. the APBO), adjusted for benefit payments.

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Expected Return on Plan Assets: For a funded plan, the expected return on plan assets is based on market related value at the beginning of the year, adjusted for contributions and benefit payments.

Net Amortization Amounts:

Transition (Asset)/ Obligation: The (excess asset) or unfunded liability for benefits attributed to credited service prior to the transition date - - amortized over 20 years. (The transition (asset)/obligation equaled the APBO less assets and accrued/(prepaid) postretirement benefit cost at the transition date.) It has now been extinguished due to plan amendments that reduced benefit liabilities.

Prior Service Cost: The increase/decrease in liability due to amendments after the transition date - - amortized over expected future employee service to full eligibility date. (Decreases in liability due to amendments generally first reduce any existing unrecognized positive prior service cost and then any remaining unrecognized transition obligation.)

Gain/Loss: Changes in unfunded APBO due to plan experience and changes in assumptions - - amortized to the extent that the accumulated unrecognized gain/loss exceeds a corridor. (The corridor is set by the sponsor, but cannot exceed 10% of the greater of the APBO or the market related value of assets.) The excess is amortized over expected future employee service.

The net periodic postretirement benefit cost equals the annual service cost plus the interest cost plus the net amortization amounts minus the expected return on plan assets. Exhibit 3 develops Southern California Edison’s 2013 net periodic postretirement benefit cost.

C. Assumptions As To Future Experience

To determine the actuarial present value of the liabilities for postretirement benefits, estimates must be made of the benefits that will be paid in future years on behalf of (1) existing retirees and, (2) after retirement, on behalf of all currently active employees. In addition, it is necessary to estimate the premiums that retirees will be required to contribute in order to receive the projected level of coverage. These benefits and contributions are then discounted to the valuation date using actuarial assumptions selected in accordance with FAS 106. These assumptions are summarized in Section V.

For these calculations, experience is analyzed and actuarial assumptions are developed. Assumptions include: mortality rates for active and retired employees, withdrawal rates, disability retirement rates, retirement rates, the long-term average rate of earnings on Trust fund assets, the percentage of retirees with spouses at retirement, current health benefit costs, and the trend in future health benefit costs. The major actuarial assumptions underlying the PBOP liabilities are as follows:

1. Mortality, Termination, Disability and Retirement Rates, and Dependent Assumptions

   The mortality, termination, disability and retirement rates used in the postretirement health and life insurance benefit valuations are consistent with those used for the 2013 FAS 87 valuation of the Southern California Edison Company Retirement Plan ("Retirement Plan"). These assumptions are shown in Section V.

2. Discount Rate and Expected Investment Returns

   The discount rate assumption for FAS 106 purposes is 4.25%. (The discount rate as of January 1, 2012 was 4.75%) The assumptions for the expected return on assets are 5.00% for the 1992 and 1999 VEBAs, and 7.00% for all non-taxable assets (The expected return on assets reflected in 2012 expense were 5.00% for taxable assets and 7.50% for all non-taxable).

3. Health Care Cost Gross Trend Rates

   Trend rates reflect expected increases in per capita health benefit claims costs from factors such as health care cost inflation, increasing utilization, cost shifting by healthcare providers, governmental agencies, and technological and pharmacological advances. Assumed trend rates (i.e., gross rates) for the 2013 actuarial valuation, were the same as those reflected in the 2012 FAS106 valuation, except that, consistent with December 31, 2012 corporate financial statement disclosure information, the ultimate trend rate was reduced from 5.25% to 5.00%. These assumptions are shown in Section V.

   Health care cost trend rates do not take into account anticipated changes in the future demographic composition of the employees, retirees or their eligible dependents. That variable is provided for by the age adjustment factors applied to Edison's composite claims costs. The trend rates also do not reflect any future changes in plan provisions or legislation.

These assumptions in combination reflect the actuary's best judgment of future events.

D. 2013 Claims Costs

Due to the lack of credible 2012 and preliminary 2013 self-insured claim experience, Aon Hewitt relied on self-insured claim experience utilized in the 2012 Southern California Edison Postretirement Health and Life Actuarial Accounting Report. In general, this claim data was for 2011 and prior periods.

For both PrimeCare and Flex the medical claims costs were developed by averaging the projected historical self-insured 2011 and prior claim experience with the 2013 fully insured premium rates. Consistent with December 31, 2012 corporate financial statement disclosure information, post-65 claims costs were further adjusted to reflect the January 1, 2013 implementation of a self-insured, customized Medicare Part D prescription drug plan (referred to throughout this report as an Employer Group Waiver Plan or “EGWP”.)

Primecare and Flex per capita claims costs shown in this report are net of retiree contributions. To adjust gross claims costs for retiree contributions, determined under the plan’s Lowest Cost Option pricing methodology, the average future pricetag of the Lowest Cost Option available in each geographic area was assumed to be 15%/20% lower than the average future cost of all postretirement health benefit options available in that area for retirees under/over age 65.

Relativity factors were applied to the medical claims costs to develop claims costs by quinquennial age group. In addition, for Flex retirees, claim costs were further adjusted for estimated cost differences between management and represented retirees.

Dental and vision claim costs were estimated based on the 2013 price tags utilized by Southern California Edison for benefit pricing purposes.

E. Market Related Value of Assets

The market related value of assets is determined at market value. Asset data as of January 1, 2013 was supplied by Edison. Exhibit 6 shows a reconciliation of January 1, 2013 asset data with prior year’s assets.

F. Plan Provisions

Postretirement health and life benefit plan provisions (including any substantive commitments), which are reflected in the January 1, 2013 actuarial valuation, are described in Section III. As required by FAS 106, this valuation assumes that those plans provisions will continue in effect. However, this assumption does not imply any obligation by Edison to continue the plans.

There were no plan amendments since the January 1, 2012 actuarial valuation. Based upon discussion with Southern California Edison, the 2013 EGWP implementation was not considered a plan amendment since the benefits received by retirees did not materially change.

G. Demographic Data

PBOP liabilities and expense as of the January 1, 2013 valuation date reflect active and retiree census data from mid-2013 that was adjusted by Aon Hewitt to be representative of the data as of January 1, 2013. A summary of the adjusted census data is shown in Section IV. This data was found to be reasonable and consistent with other data available to the actuary.

The data for retirees excludes retirement plan participants with deferred vested benefits since they are not eligible for postretirement health and life insurance benefits. The census data includes Management and Represented participants.

H. Non-Regulated Enterprises

The valuation excludes all non-regulated enterprises.

I. Projected Annual Postretirement Pay-As-You-Go Claims

A ten-year projection of annual postretirement health and life pay-as-you-go claims is shown in Exhibit 2. These amounts are net of retiree contributions and are after reflecting the implementation of the EGWP, and expected payments under the Early Retirement Reinsurance Program.

J. Employer Group Waiver Plan

Effective January 1, 2013, prescription drug coverage for Medicare eligible retirees (not enrolled in the Kaiser Medicare Advantage option) is being provided through an Edison sponsored EGWP. The EGWP replaced the commercial prescription drug benefit provided to these retirees in 2012 and prior years. As a result of this change, Edison is no longer eligible for the Medicare Part D subsidy benefit on post-2012 Medicare eligible prescription drug claims. In place of the Medicare Part D subsidy, Edison is eligible to receive different government subsidies, as well as payments from pharmaceutical manufacturers.

Overall, the impact of implementing the EWGP was a reduction in Edison's postretirement health benefits liability. For Primecare retirees, since retirees do not contribute for coverage, 100% of the EGWP savings were assumed to reduce employer cost. For Grandfathered Flex retirees, EGWP savings, reflecting both government and pharmaceutical manufacturer revenue, were assumed to be incorporated into the Edison contribution strategy. As a result, EGWP savings were shared by Edison and Medicare eligible retirees, consistent with the overall contribution strategy. For Non-grandfathered Flex retirees, Edison's costs are capped. Since the caps were not changed, the implementation of the EGWP did not reduce employer cost.

Aon Hewitt adjusted the 2013 claims costs to reflect the implementation of the EGWP. In addition, the projected 2014 through 2020 claims costs were adjusted to reflect the expected impact of future increases in government reimbursements for prescription drug claims under the EGWP, as promulgated under current law. (Increases in claims costs for post-65 Primecare/Flex retirees were reduced 0.5%/0.3% for the years 2013 through 2020.)

K. Impact of the Patient Protection and Affordable Care Act of 2010

The January 1, 2013 actuarial valuation takes into account the anticipated impact of the Patient Protection and Affordable Care Act of 2010 (ACA). The provisions of this legislation that have impacted, or are expected to impact Edison postretirement health benefit cost (i) extend coverage of children of retirees to age 26 and eliminate most lifetime benefit maximums, (ii) provide for Early Retirement Reinsurance Program (ERRP) payments for some postretirement health benefit claims, (iii) reduce government payments to Medicare HMOs, and (iv) levy excise taxes on certain high cost health benefit options.

The provisions of ACA that extended health coverage for children of retirees to age 26 and eliminated most lifetime health benefit maximum payment amounts were reflected in 2011 postretirement health benefit claims, and therefore in expected 2013 per capita costs.

The ERRP program covered claims by retirees (including their dependents) who are not Medicare eligible that are between $15,000 and $90,000 (for any individual). ERRP program payments were placed in a separate account as received. Edison shared some of these payments with active employees and retirees in 2012, but these incurred costs have not yet been reimbursed from the separate account. It was assumed for actuarial valuation purposes that all separate account funds will be used to reduce net Edison-paid 2013 postretirement health benefit claims costs.

Changes in the methodology used by the government to reimburse Medicare HMOs may impact the premiums charged by these HMOs to employers. However, because Edison utilizes a "relative value pricing methodology" to develop annual price tags, any impact of these government changes will be spread over all plan options, which mitigates the impact on expected future changes in Edison cost.

Excise taxes on high cost health benefit options (the so-called "Cadillac Tax") begin in 2018. Because of this delayed effective date, Edison has not yet developed a strategy concerning how the cost of any future excises taxes will be split between the Company and retirees. Based on discussions with Edison, the best interpretation of the existing pricing strategy for retirees subject to the LCO feature is to assume that any future excise taxes levied on higher cost options will effectively be paid 100% by both grandfathered and non-grandfathered (i.e., capped) Flex retirees. Thus, no financial impact was reflected in Edison's postretirement health benefit costs.

The (predominately Medicare–eligible) PrimeCare retiree population will be minimal by the time future excise taxes would likely apply to that group. Thus, no loading of future benefit costs was considered necessary to reflect the impact on Edison cost of expected future ACA excise taxes on high cost options for either Flex or PrimeCare retirees.

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Exhibit 1

**Expected, Accumulated Postretirement Benefit Obligation
And Service Cost At January 1, 2013
(in $ thousands)**

	Represented Employees	Management Employees*	Life Insurance	Total
A. EPBO	$ 979,393	$1,835,284	$ 47,925	$2,862,602
B. APBO				
1. Retirees	468,166	790,983	29,460	1,288,609
2. Actives				
a. Fully Eligible	152,526	262,812	8,406	423,744
b. Other	199,240	402,947	6,140	608,327
c. Total Actives	$ 351,766	$ 665,759	$ 14,546	$1,032,071
3. Total APBO	$ 819,932	$1,456,742	$ 44,006	$2,320,680
C. Service Cost	$ 12,994	$ 33,167	$ 544	$ 46,705

* Includes " Pay-as you-go" management retirees

Exhibit 2

10 Year Projected Postretirement Pay-As-You-Go Claims*
(in $ thousands)

Year	Represented Employees	Management Employees	Life Insurance	Total
2013	$ 31,754	$ 53,613	$ 1,779	$ 87,146
2014	34,007	57,607	1,817	93,431
2015	36,339	62,144	1,852	100,335
2016	38,613	65,939	1,885	106,437
2017	40,634	70,166	1,917	112,717
2018	42,516	74,038	1,951	118,505
2019	44,257	77,491	1,986	123,734
2020	45,669	81,115	2,026	128,810
2021	46,764	84,752	2,069	133,585
2022	47,959	87,966	2,117	138,042

* Net of retiree contributions and ERRP program payments.

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Exhibit 3

Determination of 2013 Net Periodic Postretirement Benefit Cost (FAS 106)
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
A. Service Cost (EOY)	$ 13,546	$ 34,577	$ 567	$ 48,690
B. Interest Cost at 4.25% on:				
1. APBO	$ 34,847	$ 61,912	$ 1,870	$ 98,629
2. Expected Benefit Payments	668	1,127	37	1,832
3. Total = (1) - (2)	$ 34,179	$ 60,785	$ 1,833	$ 96,797
C. Expected Return on Assets: *				
1. Market Value of Assets	$ 66,056	$ 49,141	$ 945	$116,142
2. Expected Benefit Payments	1,093	1,040	61	2,194
3. Expected Contributions	0	55	26	81
4. Total = (1) - (2) + (3)	$ 64,963	$ 48,156	$ 910	$114,029
D. Amortization Amounts:				
1. Transition (Asset)/Obligation	$ 0	$ 0	$ 0	$ 0
2. Prior Service Cost	(14,575)	(21,250)	347	(35,478)
3. Net (Gain)/Loss	8,486	15,076	455	24,017
4. Total = (1) + (2) + (3)	($ 6,089)	($ 6,174)	$ 802	($ 11,461)
E. Net Periodic Postretirement Benefit Cost				
= (A) + (B3) - (C4) + (D4)	($ 23,327)	$ 41,032	$ 2,292	$ 19,997

* Interest rate for return on assets for 1992 VEBA trust is 5.0%, for 1999 VEBA trust is 5.0%, and for other funding vehicles is 7.0%.

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Exhibit 4

Development of (Accrued)/Prepaid Benefit Cost (FAS 106)
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
A. Funded Status at 1/1/2013				
1. APBO	$ 819,932	$1,456,742	$ 44,006	$2,320,680
2. Market Value of Assets	943,657	784,891	13,505	1,742,053
3. Funded Status = (2) - (1)	$ 123,725	($ 671,851)	($ 30,501)	($ 578,627)
4. Unrecognized Transition (Asset)/Obligation	0	0	0	0
5. Unrecognized Prior Service Cost	(49,043)	(41,286)	776	(89,553)
6. Unrecognized Net (Gain)/Loss	192,115	326,947	18,029	537,091
7. (Accrued)/Prepaid Benefit Cost = (3) + (4) + (5) + (6)	$ 266,797	($ 386,190)	($ 11,696)	($ 131,089)
B. Reconciliation of Funded Status				
1. (Accrued)/Prepaid Benefit Cost at 1/1/2012	$ 256,344	($ 377,547)	($ 10,165)	($ 131,368)
2. NPPBC for 2012	(10,453)	57,544	2,531	49,622
3. Special termination benefits charges	0	2,500	0	2,500
4. 2012 Contributions	0	50,555	1,000	51,555
5. Adjustment	0	846	0	846
6. (Accrued)/Prepaid Benefit Cost at 12/31/2012 = (1)-(2)-(3)+(4)+(5)	$ 266,797	($ 386,190)	($ 11,696)	($ 131,089)

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Exhibit 5

Development of Unrecognized Net (Gains)/Losses (FAS 106)
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
A. APBO (Gain)/Loss For 2012				
1. APBO at 1/1/2012	$ 829,807	$1,435,745	$ 39,814	$2,305,366
2. Service Cost at EOY	13,717	32,618	538	46,873
3. Expected 2012 Benefit Payments	31,917	51,366	1,735	85,018
4. Interest Cost	38,667	66,992	1,850	107,509
5. Plan Amendment	0	0	0	0
6. Special Termination Benefit Charge	0	2,500	0	2,500
7. Adjustment	0	(846)	0	(846)
8. Expected APBO at 12/31/2012 = (1)+(2)-(3)+(4)+(5)+(6)+(7)	$ 850,274	$1,485,643	$ 40,467	$2,376,384
9. Actual APBO at 1/1/2013	819,932	1,456,742	44,006	2,320,680
10. 2012 (Gain)/Loss = (9) - (8)	($ 30,342)	($ 28,901)	$ 3,539	($ 55,704)
B. Asset (Gain)/Loss For 2012				
1. MV of Assets at 1/1/2012	$ 846,799	$ 693,383	$ 12,217	$1,552,399
2. 2012 Contribution*	0	50,555	1,000	51,555
3. Expected 2012 Benefit Payments	31,917	51,366	1,735	85,018
4. Expected Return on Assets	62,335	45,166	879	108,380
5. Expected MV of Assets at 12/31/2012 = (1) + (2) - (3) + (4)	$ 877,217	$ 737,738	$ 12,361	$1,627,316
6. MV of Assets at 12/31/2012	943,657	784,891	13,505	1,742,053
7. 2012 Asset (Gain)/Loss = (5) - (6)	($ 66,440)	($ 47,153)	($ 1,144)	($ 114,737)
C. Unrecognized Net (Gain)/Loss and Amortization				
1. Net (Gain)/Loss at 1/1/2012	$ 302,970	$ 427,351	$ 16,309	$ 746,630
2. 2012 APBO (Gain)/Loss	(30,342)	(28,901)	3,539	(55,704)
3. 2012 Asset (Gain)/Loss	(66,440)	(47,153)	(1,144)	(114,737)
4. Total (Gain)/Loss = (2) + (3)	($ 96,782)	($ 76,054)	$ 2,395	($ 170,441)
5. Net (Gain)/Loss Amortized in 2012	14,073	24,350	675	39,098
6. Net (Gain)/Loss at 12/31/2012	192,115	326,947	18,029	537,091
7. Max[APBO, Asset]	N/A	N/A	N/A	2,320,680
8. Corridor = 10% of (7)	N/A	N/A	N/A	232,068
9. Amortizable Net (Gain)/Loss **	107,769	191,470	5,784	305,023
10. Amortization Period	12.7	12.7	12.7	12.7
11. Amortization Amount	$ 8,486	$ 15,076	$ 455	$ 24,017

* Includes claims for "Pay-as-you-go" management retirees.
** Allocated based on APBO.

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Exhibit 6

Development of Market Value of Assets as of December 31, 2012
(in $ thousands)

	Represented	Management			Life	
	VEBA	401(h)	VEBA	Total	VEBA	Total
Assets at 12/31/2011	$ 846,799	$ 429,119	$ 264,264	$ 693,383	$ 12,217	$1,552,399
Additions						
Contributions	$ 0	$ 15,000	$ 18,254	$ 33,254	$ 1,000	$ 34,254
Interest	9,029	3,971	2,531	6,502	0	15,531
Dividends	9,481	420	4,903	5,323	137	14,941
Realized Gain/(Loss)	21,987	10,262	(3,398)	6,864	226	29,077
Unrealized Gain/(Loss)	87,875	47,904	28,642	76,546	1,074	165,495
Change in Accrued Income	(643)	0	(24)	(24)	6	(661)
Transfers In	0	0	0	0	0	0
Other	4,703	284	43	327	0	5,030
Total Additions	$ 132,432	$ 77,841	$ 50,951	$ 128,792	$ 2,443	$ 263,667
Disbursements						
2012 Reimbursements Paid in 2012	$ 0	$ 0	$ 0	$ 0	$ 833	$ 833
2012 Reimbursements Paid in 2013	33,181	11,192	22,213	33,405	289	66,875
Administrative Expenses:						
Investment Management Fees	1,517	710	335	1,045	7	2,569
Actuarial, Audit and Consulting Fees	229	111	117	228	17	474
Custodial/trustee Fees	249	89	130	219	9	477
Recordkeeping Fees	398	0	479	479	0	877
Other Fees	0	26	0	26	0	26
Income Taxes - IRS	0	0	1,289	1,289	0	1,289
Income Taxes - FTB	0	0	593	593	0	593
Transfers Out	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Disbursements	$ 35,574	$ 12,128	$ 25,156	$ 37,284	$ 1,155	$ 74,013
Net Change	$ 96,858	$ 65,713	$ 25,795	$ 91,508	$ 1,288	$ 189,654
Assets at 12/31/2012	$ 943,657	$ 494,832	$ 290,059	$ 784,891	$ 13,505	$1,742,053

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Exhibit 7

Development of Prior Service Cost at January 1, 2013
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
Prior Service Cost #1				
Unrecognized Amount	($ 19,284)	($ 49,489)	$ 776	($ 67,997)
Amortization Amount	($ 8,635)	($ 22,164)	$ 347	($ 30,452)
Prior Service Cost #2				
Unrecognized Amount	($ 11,058)	$ 0	$ 0	($ 11,058)
Amortization Amount	($ 3,455)	$ 0	$ 0	($ 3,455)
Prior Service Cost #3				
Unrecognized Amount	($ 6,166)	$ 0	$ 0	($ 6,166)
Amortization Amount	($ 1,233)	$ 0	$ 0	($ 1,233)
Prior Service Cost #4				
Unrecognized Amount	($ 13,644)	($ 771)	$ 0	($ 14,415)
Amortization Amount	($ 1,375)	($ 78)	$ 0	($ 1,453)
Prior Service Cost #5				
Unrecognized Amount	$ 1,109	$ 8,974	$ 0	$ 10,083
Amortization Amount	$ 123	$ 992	$ 0	$ 1,115
Total Prior Service Cost				
Unrecognized Amount	($ 49,043)	($ 41,286)	$ 776	($ 89,553)
Amortization Amount	($ 14,575)	($ 21,250)	$ 347	($ 35,478)

SECTION III

PLAN PROVISIONS

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2013 PLAN YEAR

A. Eligibility

- Retired employees who were hired before 8/1/83 and attained at least age 55, and their eligible dependents.
- Retired employees who were hired on or after 8/1/83, attained at least age 55 and had at least 10 years of service, and their eligible dependents.
- Eligible retirees and survivors may participate in any available health care plan in their geographic area.
- Employees who retire under special early retirement windows or through severance programs may have retiree health care eligibility with different provisions.
- In addition, survivors of certain retired and active employees are eligible for health benefits:
  - Surviving spouses or eligible domestic partners of eligible retirees, and their eligible dependents.
  - Surviving spouses or eligible domestic partners of active employees who were at least age 55 or had at least 25 years of service when they died, and their eligible dependents.

B. Benefits

1. Medical

Edison retirees prior to 1991 are referred to as PrimeCare retirees. Retirees in 1991 and beyond are referred to as Flex retirees.

All medical plans cover physician services, physical examinations, blood products and tests, prescription drugs, diabetic counseling, medical equipment, home health care, hospital room & board, special care units, services and supplies, hospice services, immunizations, maternity services, occupational therapy, radiation therapy, reconstructive surgery, speech therapy, sterilization, X-rays and laboratory tests, acupuncture, chiropractic and treatment for mental illness and substance abuse. Specific limitations and restrictions may apply to certain types of services or treatments.

PrimeCare:

For participants who retired before January 1, 1991, Edison provides the option of enrolling in point-of-service (POS) managed care networks and HMOs (where available). A summary of the key cost-sharing provisions associated with the POS Plans is as follows:

	With POS Providers	Without POS Providers	Out of Area
Coinsurance	100%	80%	90%
Calendar Year Deductible	$0	$0	$0
Annual Out-Of-Pocket Limit			
Per Person	$1,500	$1,500	$1,500
Lifetime Maximum	Unlimited	Unlimited	Unlimited

Flex Retirees:

For participants who retired after December 31, 1990, in 2013, Edison provides the option of enrolling in Preferred Provider Organization (PPO) managed care networks, Exclusive Provider Organization (EPO) and HMOs (where available). A summary of the key cost-sharing provisions associated with the Pre-Medicare Plans follows:

	90/70 PPO	80/60 PPO	70/50 PPO	HMO/EPO
Coinsurance*	10%/30%	20%/40%	30%/50%	NA
Calendar Year Deductible				
Per Person	$300	$600	$1,700	None
Per Family	$600	$1,200	$3,400	None
Annual Out-of-Pocket Limit				
Per Person	$3,995	$3,995	$5,990	$1,995
Per Family	$7,990	$7,990	$11,980	$3,990
Lifetime Maximum (millions)	None	None	None	None

* In Network/Out of Network (of R&C). In network office visit copays = $25 PPO / $20 HMO.

Coverage options for retirees who are eligible for Medicare benefits include a 90%/70% PPO, a UHC Senior Supplement option, a UHC Senior Supplement 3500 option, and Kaiser and a Health Net Medicare Advantage HMO (if available in the retirees geographic area), all of which may serve as the lowest cost option.

The Senior Supplement (Plan K) covers 50% of charges up to the Medicare Part A deductible amount, but 0% of charges up to the Medicare Part B deductible. Once the Part B deductible is reached, the plan pays 90% of all additional Medicare approved charges not covered by Medicare. Under the UHC Senior Supplement 3500 option, after the deductible of $3,500 is met, the plan pays 100% of all Medicare Allowable charges.

Under all options, except the Kaiser Medicare Advantage HMO, prescription drug benefits are provided separately, subject to 10%/20% coinsurance payments for generic/brand name prescription drugs and pharmacy stop loss amounts of $1,160/$2,320 for single/family coverage. Deductibles, copayments, and out-of-pocket limits are indexed.

2. Dental Benefits

There are three options:	Delta Dental, an indemnity plan Blue Cross Dental Net, an HMO Safeguard Dental, an HMO

All three plans cover oral examinations, X-rays, preventive services, basic services, prosthodontic services and orthodontic services, at differing percentages.

3. Vision Benefits

Services are provided through the Vision Service Plan (VSP). There is a deductible of $20 per calendar year. The plan covers eye examinations, frames, and standard and contact lenses on a payment schedule.

4. Term Life Insurance Benefits

All Edison employees who retired on or after October 1, 1978 receive the following postretirement group term life insurance amounts:

Retirement Category	Benefit
For those who retired on or after 10/01/78, but before 08/01/83 (On or after 10/01/79 for IBEW employees)	$ 2,500
For those who retired on or after 08/01/83 (Including IBEW employees)	$ 5,000

Edison employees who retired on or after October 1, 1978, who were enrolled for paid-up insurance before October 1, 1978 (before October 1, 1979 for IBEW employees) and who were age 50 or older within the six months before or after May 1, 1978 (May 1, 1979 for IBEW employees) also receive additional life insurance benefits, which are partially paid by Edison.

The portion of the postretirement life coverage paid for by Edison is 25% of the face amount of preretirement coverage less the amount of paid-up insurance purchased by the employee while working.

5. Medicare Part B Premium Reimbursement

For those who retired before January 1, 1989, Edison reimburses the retiree for his or her own Medicare Part B premiums, including future increases in those premiums.

For those who retired on or after January 1, 1989 and before January 1, 1993, Edison provides a reimbursement to the retiree for his or her own Medicare Part B premiums at the 1992 premium level. The retiree pays any increases in the Medicare Part B premium above the 1992 level.

For those who retire on or after January 1, 1993, reimbursement for Medicare Part B premiums is not available.

6. Retiree Contributions

Employees retiring before 1991 pay nothing for all postretirement health benefit coverage. These are referred to as PrimeCare retirees. Employees retiring after 1990 are referred to as Flex retirees. Employees retiring in 1991 and 1992 are required to contribute for Dental, but not for Medical coverage. Employees retiring after 1992 must contribute for all health coverage. Contribution amounts vary depending on date of retirement, age and service, plan option selected, eligibility for Medicare, coverage tier (single, family, etc.), and geographic area.

Employees who retired between 1993 and 2008, as well as employees as of December 31, 2008 who were retirement eligible, or who had completed at least 25 years of service as of that date, are referred to in this report as Grandfathered Flex retirees. Post-2008 retirees who did not meet these criteria are referred to as Non-Grandfathered Flex retirees.

Grandfathered Flex retirees who select the lowest cost healthcare option available in their geographic area generally pay 15% of the cost (i.e., the “pricetag”) of that option for their own medical coverage and 20% of that cost for dependents’ medical coverage. Retirees selecting higher cost options pay additional amounts equal to the difference between the cost of the option they select and the cost of the lowest cost option available to them in their geographic region.

All employees retiring after 1992 pay 50% of the cost of dental and vision benefits.

Retiree contributions for pre-65 medical coverage are determined on the basis of the aggregate experience of all active employees and Flex retirees who are not eligible for Medicare. Retiree contributions for post-65 medical coverage are determined on the basis of per capita claims costs reflecting the implementation of the EGWP.

Relative value pricing methodology is used, as appropriate, to help mitigate the effects of cost differences between the retiree populations selecting various options, and to help ensure claims data credibility. Relative values may be subject to change.

Required contributions for Non-Grandfathered Flex retirees are similar to required contributions for Grandfathered Flex Retirees, but with the following differences. Edison medical benefit contributions for Non-Grandfathered Flex retirees are capped at 2008 levels, indexed to the Consumer Price Index (or, if higher, 50% of the increase in the cost of the lowest cost option, limited in any year to CPI plus 2%). In addition, 50% cost sharing applies to these retirees if they retire before age 60, or with less than 15 years of service.

The 2013 cap amounts for the four separate geographic regions that have unique sets of medical benefit options are described in Section V of this report.

SECTION IV

DEMOGRAPHIC DATA

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Age-Service Distribution
Active Valuation Data as of January 1, 2013
Management Group

	Completed Years of Service								
Age	**00-04**	**05-09**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**Over 34**	**Total**
Under 25	145	14	0	0	0	0	0	0	159
25-29	595	267	11	0	0	0	0	0	873
30-34	716	623	95	8	0	0	0	0	1,442
35-39	584	476	221	112	2	0	0	0	1,395
40-44	465	428	193	183	163	3	0	0	1,435
45-49	383	348	220	185	300	269	13	0	1,718
50-54	318	301	174	181	198	442	356	1	1,971
55-59	209	197	116	134	139	333	535	114	1,777
60-64	116	101	84	92	71	105	195	193	957
Over 64	14	37	14	31	14	18	18	47	193
Total	**3,545**	**2,792**	**1,128**	**926**	**887**	**1,170**	**1,117**	**355**	**11,920**
	Average Age In Years:			**46.03**	**Average Service In Years:**			**13.69**	

Excludes Non-Regulated Enterprises

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Age-Service Distribution
Active Valuation Data as of January 1, 2013
Represented Group

Age	Completed Years of Service 00-04	05-09	10-14	15-19	20-24	25-29	30-34	Over 34	Total
Under 25	52	8	0	0	0	0	0	0	60
25-29	212	264	14	0	0	0	0	0	490
30-34	211	402	126	7	0	0	0	0	746
35-39	133	319	165	108	1	0	0	0	726
40-44	70	194	125	68	65	6	0	0	528
45-49	47	152	73	46	158	127	5	0	608
50-54	38	84	70	36	126	288	181	1	824
55-59	26	28	28	23	71	202	312	46	736
60-64	8	15	15	9	38	99	117	92	393
Over 64	1	5	2	1	8	7	7	24	55
Total	**798**	**1,471**	**618**	**298**	**467**	**729**	**622**	**163**	**5,166**

Average Age In Years: 44.82 Average Service In Years: 16.16

Excludes Non-Regulated Enterprises

Age-Service Distribution
Active Valuation Data as of January 1, 2013
All Actives

Age	Completed Years of Service								
	00-04	**05-09**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 +**	**Total**
Under 25	197	22	0	0	0	0	0	0	219
25-29	807	531	25	0	0	0	0	0	1,363
30-34	927	1,025	221	15	0	0	0	0	2,188
35-39	717	795	386	220	3	0	0	0	2,121
40-44	535	622	318	251	228	9	0	0	1,963
45-49	430	500	293	231	458	396	18	0	2,326
50-54	356	385	244	217	324	730	537	2	2,795
55-59	235	225	144	157	210	535	847	160	2,513
60-64	124	116	99	101	109	204	312	285	1,350
Over 64	15	42	16	32	22	25	25	71	248
Total	**4,343**	**4,263**	**1,746**	**1,224**	**1,354**	**1,899**	**1,739**	**518**	**17,086**

Average Age In Years: 45.66 Average Service In Years: 14.44

Excludes Non-Regulated Enterprises

Age Distribution
Retiree Valuation Data as of January 1, 2013
Management Group

Age	Retirees Male	Retirees Female	Survivors Male	Survivors Female	Spouses Male	Spouses Female	Total
Under 50	0	0	17	15	5	55	92
50-54	39	13	2	12	12	142	220
55-59	246	124	11	42	59	406	888
60-64	736	374	9	70	128	736	2,053
Subtotal	**1,021**	**511**	**39**	**139**	**204**	**1,339**	**3,253**
65-69	1,153	429	7	138	184	793	2,704
70-74	970	297	10	171	171	522	2,141
Over 74	1,041	316	46	713	118	521	2,755
Subtotal	**3,164**	**1,042**	**63**	**1,022**	**473**	**1,836**	**7,600**
Total	**4,185**	**1,553**	**102**	**1,161**	**677**	**3,175**	**10,853**
Average Age	70.97	69.56	66.73	78.14	69.17	67.23	70.30

Excludes Non-Regulated Enterprises
Excludes Children

Age Distribution
Retiree Valuation Data as of January 1, 2013
Represented Group

Age	Retirees		Survivors		Spouses		
	Male	Female	Male	Female	Male	Female	Total
Under 50	0	0	18	20	1	24	63
50-54	11	0	2	19	3	55	90
55-59	167	13	1	36	7	270	494
60-64	485	60	5	66	17	461	1,094
Subtotal	**663**	**73**	**26**	**141**	**28**	**810**	**1,741**
65-69	736	67	2	107	24	428	1,364
70-74	668	61	6	139	22	357	1,253
Over 74	765	67	7	538	20	395	1,792
Subtotal	**2,169**	**195**	**15**	**784**	**66**	**1,180**	**4,409**
Total	**2,832**	**268**	**41**	**925**	**94**	**1,990**	**6,150**
Average Age	71.41	70.70	54.45	76.43	69.35	68.11	70.90

Excludes Non-Regulated Enterprises
Excludes Children

Age Distribution
Retiree Valuation Data as of January 1, 2013
All Inactives

Age	Retirees		Survivors		Spouses		
	Male	Female	Male	Female	Male	Female	Total
Under 50	0	0	35	35	6	79	155
50-54	50	13	4	31	15	197	310
55-59	413	137	12	78	66	676	1,382
60-64	1,221	434	14	136	145	1,197	3,147
Subtotal	**1,684**	**584**	**65**	**280**	**232**	**2,149**	**4,994**
65-69	1,889	496	9	245	208	1,221	4,068
70-74	1,638	358	16	310	193	879	3,394
Over 74	1,806	383	53	1,251	138	916	4,547
Subtotal	**5,333**	**1,237**	**78**	**1,806**	**539**	**3,016**	**12,009**
Total	**7,017**	**1,821**	**143**	**2,086**	**771**	**5,165**	**17,003**
Average Age	71.15	69.73	63.21	77.38	69.19	67.57	70.52

Excludes Non-Regulated Enterprises
Excludes Children

SECTION V

ACTUARIAL ASSUMPTIONS

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2013 PLAN YEAR

A. Interest Rates

Discount Rate	4.25%	
Expected Long-Term Rate of Return on assets	7.00%	For assets in trusts not subject to unrelated business tax
	5.00%	For assets in 1992 and 1999 VEBA Trusts

B. Spouse Assumption

Dependents of female employees are assumed to be 3 years older.
Dependents of male employees are assumed to be 3 years younger.

C. Mortality

Statutory RP2000 mortality table for 2009 PPA actuarial valuation purposes (which include an additional projection beyond 2009 of 7 years for annuitants and 15 years for non-annuitants) projected an additional 9 years from 2009 to 2018.

D. Plan Participation

The valuation assumes that all retirees will continue to participate in available health benefit options, consistent with current elections (including “no coverage” elections).

E. Dependent Assumption

75% of male and female employees are assumed to be married or have eligible domestic partners.

F. Life Insurance Administrative Fees: 10%

G. Retiree Contributions

For Grandfathered Flex retirees, contributions are assumed to remain a constant percentage of total cost.

For Non-Grandfathered Flex retirees, Edison’s contribution for coverage is capped at greater of CPI or 50% of the increase in the lowest cost option (maximum of CPI + 2%). For both pre-65 and post-65 retirees, the valuation assumes a 3% CPI. For valuation purposes, the assumed annual increases in employer cost are higher than 3% to reflect 50% of the increase in the lowest cost option (maximum of CPI + 2%) and that pre-65 retiree contributions are developed using blended active and pre-65 experience.

H. Claims Costs

The estimated 2013 average per capita Edison claims costs for postretirement health benefits for all Primecare and Grandfathered Flex retirees are shown in Tables 1, 2, and 3. These claims costs, which are the average amounts across all geographic regions and options, reflect the implementation of the EGWP and are net of retiree contributions. These claim costs also reflect retirees who waive coverage.

I. Cap Amounts

Cap amounts on employer cost applicable to Non-Grandfathered Flex retirees are different for each of the four distinct geographic regions that have unique sets of benefit options. These regions, and their 2013 (pre- / post- age 65) cost caps for single coverage (for those who retired at age 60 or older with at least 15 years of service) are as follows:

Region 1: $3,647/$1,700

Region 2: $3,827/$2,137

Region 3: N/A/$4,181

Region 4: $4,804/$4,181

Lower caps apply for retirement before age 60, and/or with less than 15 years of service. If per capita net Edison paid claims costs would otherwise be lower than the existing cap amounts, retiree contribution amounts are reduced so that Edison paid cost will be consistent with these cap amounts. For valuation purposes, Aon Hewitt assumes no changes in the average geographic distribution of retiree population.

J. Trend Rates

See attached Tables 4 and 5.

K. Termination Rates

See attached Table 6.

L. Retirement Rates

See attached Table 7.

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M. Disability Rates

Sample rates are as follows:

Age	Male	Female
25	0.0581%	0.0603%
35	0.0744	0.1576
45	0.1452	0.2737
55	0.3485	0.4258
60	0.6165	0.5908

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Table 1

Annual 2013 Postretirement Per Participant Claims Costs

Benefit	**Claims Costs*** Pre-65	Post-65
Medicare Part B Premium Reimbursements		
- Retirees Prior To 1/1/89	N/A	$1,259
- Retirees Between 1/1/89 - 12/31/92	N/A	382
Dental Benefits	$ 603	$ 603
Vision Benefits	79	79

*Before Retiree Contributions

Table 2

Annual 2013 PrimeCare Per Participant Medical Claims Costs

Age	Male	Female
Less than 45	$ 4,504	$ 4,504
45 – 49	5,258	5,258
50 – 54	6,284	6,284
55 – 59	7,434	7,434
60 – 64	8,976	8,976
65 - 69	4,141	4,141
70 - 74	4,757	4,757
75 – 79	5,333	5,333
80 - 84	5,775	5,775
85 - 89	6,011	6,011
90 and over	6,102	6,102

Table 3

Annual 2013 Flex Retiree Per Participant Medical Claims Costs (Net of Retiree Contributions)

Management		
Age	**Male**	**Female**
Less than 45	$ 3,488	$ 3,488
45 - 49	4,072	4,072
50 - 54	4,867	4,867
55 – 59	5,758	5,758
60 - 64	6,951	6,951
65 – 69	2,102	2,102
70 - 74	2,414	2,414
75 – 79	2,706	2,706
80 – 84	2,930	2,930
85 - 89	3,049	3,049
90 and over	3,095	3,095

Represented		
Age	**Male**	**Female**
Less than 45	$ 3,663	$ 3,663
45 - 49	4,276	4,276
50 – 54	5,110	5,110
55 – 59	6,045	6,045
60 - 64	7,299	7,299
65 – 69	2,207	2,207
70 - 74	2,535	2,535
75 – 79	2,841	2,841
80 – 84	3,076	3,076
85 – 89	3,201	3,201
90 and over	3,250	3,250

Table 4

Medical Trend Rates and Future Annual Increases in Cap Amounts

Years		PrimeCare Retirees		Flex Retirees		Increases in Cap Amounts	
From	**To**	**Pre-65**	**Post-65**	**Pre-65**	**Post-65**	**Pre-65**	**Post-65**
2013	2014	8.25%	8.25%	8.25%	9.00%	4.00%	5.00%
2014	2015	7.75	7.75	7.75	8.50	3.75	4.50
2015	2016	7.25	7.25	7.25	8.00	3.75	4.25
2016	2017	6.50	6.50	6.50	7.25	3.75	4.00
2017	2018	6.00	6.00	6.00	6.50	3.75	3.75
2018	2019	5.50	5.50	5.50	6.00	3.75	3.75
2019	2020	5.25	5.25	5.25	5.25	3.75	3.75
2020	and later	5.00	5.00	5.00	5.00	3.75	3.75

Table 5

Other Trend Rates

Years		Benefit		
From	**To**	**Dental**	**Vision**	**Medicare Part B**
2013	2014	5.0%	4.5%	0.0%
2014	2015	4.5	4.5	5.0
2015	2016	4.5	4.5	5.0
2016	and later	4.5	4.5	5.0

Table 6

Termination Rates

Years of Service	Select Rate	Age	Ultimate Rate
0	0.15	20	0.08000
1	0.12	21	0.07600
2	0.07	22	0.07200
3	0.06	23	0.06800
4	0.05	24	0.06400
		25	0.06000
		26	0.05850
		27	0.05700
		28	0.05550
		29	0.05400
		30	0.05250
		31	0.05100
		32	0.04950
		33	0.04800
		34	0.04650
		35	0.04500
		36	0.04350
		37	0.04200
		38	0.04050
		39	0.03900
		40	0.03750
		41	0.03600
		42	0.03450
		43	0.03300
		44	0.03150
		45	0.03000
		46	0.02850
		47	0.02700
		48	0.02550
		49	0.02400
		50	0.02250
		51	0.02100
		52	0.01950
		53	0.01800
		54	0.01650
		55	0.01500

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Table 7

Retirement Rates

Age	Rate
55	12.00%
56	10.00
57	10.00
58	10.00
59	10.00
60	15.00
61	12.00
62	22.00
63	15.00
64	20.00
65	50.00
66	50.00
67	50.00
68	50.00
69	50.00
70	100.00

SECTION VI

FIVE-YEAR EXPENSE PROJECTION

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POSTRETIREMENT HEALTH AND LIFE BENEFITS
FIVE YEAR EXPENSE PROJECTION

This section of the report provides a five year projection of Edison's Postretirement Health and Life Benefits expense based on December 31, 2013 financial statement disclosure information. Unless otherwise indicated, the December 12, 2013 actuarial certification found on the first page of this report is incorporated into this certification by reference. The projected expenses (in $ thousands) are as follows:

	2013	2014	2015	2016	2017	2018
January 1st APBO	$2,320,680	$2,211,479	$2,269,818	$2,324,379	$2,377,961	$2,430,459
Net Periodic Postretirement Benefit Cost (NPPBC)	$ 31,425	$ 3,362	$ 29,458	$ 42,379	$ 45,557	$ 49,341

The actuarial assumptions, including per capita claims costs and trend rates, reflected in the December 31, 2013 disclosure information and in the expense projection are the same as those in the January 1, 2013 actuarial valuation except that the discount rate was increased from 4.25% to 5.00%, the expected return on plan assets was reduced to 5.50%, and the assumed increases in the cap amounts for years after 2020 were reduced from 3.75% to 3.50%. No changes in plan provisions were reflected. The census data was the same as reflected in the January 1, 2013 actuarial valuation.

The market value of plan assets was provided by Edison. Because plan assets were not adjusted for reimbursements payable to Edison for 2013 claims payable from the trusts, plan liabilities were increased by these estimated amounts.

Projected actuarial liabilities are expected liabilities determined on a roll forward basis, starting with the disclosed December 31, 2013 APBO. No experience gains or losses, plan changes, or any extraordinary subsequent events were assumed. New entrants were generally added so that the active population remains constant.

This section of the report was prepared by the actuaries whose signatures appear below and, unless otherwise indicated, reflects know information as of the signature date. They certify that, to the best of their knowledge, the methods and assumptions used in the determination of Edison's 2013 liabilities and annual cost for postretirement benefits other than pensions are reasonable and conform to Actuarial Standard of Practice No. 6: Measuring Retiree Group Benefit Obligations, and ASOP No. 41: Actuarial Communications.

Respectfully submitted,

Jonathan M. Nemeth, FSA, MAAA
Senior Vice President

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Vice President

March 19, 2014

AON Hewitt

Southern California Edison Company

December 31, 2013 Financial Statement Disclosure Information

(In $ thousands)

	2013	2012
1. Change in Accumulated Postretirement Benefit Obligation		
a. Accumulated post retirement benefit obligation at beginning of year	$2,451,818	$2,415,137
b. Service cost	48,690	46,873
c. Interest cost	96,797	107,509
d. Change in plan provisions	0	0
e. Actuarial (gain)/loss	(312,118)	(86,501)
f. Special termination benefits	11,428	2,500
g. Plan participant contributions	17,553	16,438
h. Medicare Part D Subsidy received	119	3,918
i. Benefits paid	(102,808)	(54,056)
j. Accumulated post retirement benefit obligation at end of year	$2,211,479	$2,451,818
2. Change in Plan Assets		
a. Fair value of plan assets at beginning of year	$1,800,197	$1,569,760
b. Actual return on plan assets	316,749	212,582
c. Employer contributions	33,204	51,555
d. Plan participant contributions	17,553	16,438
e. Medicare Part D Subsidy received	119	3,918
f. Benefits paid	(102,808)	(54,056)
g. Fair value of plan assets at end of year	$2,065,014	$1,800,197
3. Net Amount Recognized in Prepaid/(Accrued) Benefit Cost		
a. Funded Status: (2g) - (1j)	($ 146,465)	($ 651,621)
b. Unrecognized transition (asset)/obligation	0	0
c. Unrecognized prior service cost	(54,075)	(89,553)
d. Unrecognized net (gain)/loss	69,451	610,085
e. Net amount recognized - prepaid/(accrued) benefit cost	($ 131,089)	($ 131,089)
4. Amounts Recognized in Statement of Financial Position (Funded Status)		
a. Current assets	$ 0	$ 0
b. Noncurrent assets	0	0
c. Current liabilities	(16,408)	(17,493)
d. Noncurrent liabilities	(130,057)	(634,128)
e. Total (Funded Status)	($ 146,465)	($ 651,621)
5. Amounts Recognized in Accumulated Other Comprehensive Income		
a. Transition (asset)/obligation	$ 0	$ 0
b. Prior service cost	(54,075)	(89,553)
c. Net actuarial (gain)/loss	69,451	610,085
d. Total	$ 15,376	$ 520,532
6. Weighted Average Assumptions Used in Benefit Obligations		
a. Discount rate	5.00%	4.25%
b. Rate of increase in compensation	NA	NA
7. Assumed Health Care Cost Trend Rates		
a. Health care cost trend rate assumed for next year	7.75%	8.50%
b. Ultimate trend rate	5.00%	5.00%
c. Year that the ultimate rate is reached	2020	2020

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Southern California Edison Company

December 31, 2013 Financial Statement Disclosure Information

(In $ thousands)

	2013	2012
8. Components of Net Periodic Benefit Cost		
a. Service cost	$ 48,690	$ 46,873
b. Interest cost	96,797	107,509
c. Expected return on plan assets	(114,029)	(108,380)
d. Amortization of unrecognized transition (asset)/obligation	0	0
e. Amortization of unrecognized prior service cost	(35,478)	(35,478)
f. Amortization of unrecognized net actuarial (gain)/loss	24,017	39,098
g. Net periodic benefit cost	$ 19,997	$ 49,622
h. Special termination benefits charges	11,428	2,500
i. Total Cost	$ 31,425	$ 52,122
9. Amount Recognized in Other Comprehensive Income		
a. Prior service cost/(credit)	$ 0	$ 0
b. Net actuarial (gain)/loss (including adjustments)	(516,617)	(189,857)
c. Amortization of transition (obligation)/asset	0	0
d. Amortization of prior service (cost)/credit	35,478	35,478
e. Amortization of net actuarial gain/(loss)	(24,017)	(39,098)
f. Total	($ 505,156)	($ 193,477)
10. Total Amount Recognized in Benefit Cost and Other Comprehensive Income		
(8i) + (9f)	($ 473,731)	($ 141,355)
11. Weighted Average Assumptions Used in Benefit Cost:		
a. Discount rate	4.25%	4.75%
b. Rate of increase in compensation	NA	NA
c. Expected return on plan assets	6.70%	7.00%
12. Reconciliation of Accumulated Other Comprehensive Income		
a. AOCI at beginning of year	$ 520,532	$ 714,009
b. Amount Recognized in OCI	(505,156)	(193,477)
c. AOCI at end of year	$ 15,376	$ 520,532
13. Reconciliation of Funded Status		
a. Prepaid/(accrued) benefit cost at beginning of year:	($ 131,089)	($ 131,368)
b. Net periodic benefit cost	19,997	49,622
c. Special termination benefits charges	11,428	2,500
d. Employer contributions	33,204	51,555
e. Adjustment	(1,779)	846
f. Prepaid/(accrued) benefit cost at end of year:	($ 131,089)	($ 131,089)

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Southern California Edison Company

December 31, 2013 Financial Statement Disclosure Information

(In $ thousands)

	2013	2012
14. Estimated Amortization Amounts in Following Year		
a. Transition (asset)/obligation	$ 0	$ 0
b. Prior service cost/(credit)	(35,478)	(35,478)
c. Net actuarial (gain)/loss	0	27,644

15. Effects of One Percentage Point Change in Assumed Health Care Cost Trer	(in millions)	
	1% Increase	**1% Decrease**
a. Effect on total of service and interest cost components	$ 11.1	($ 9.2)
b. Effect on accumulated postretirement benefit obligation	227.5	(189.8)

16. Cash Flows

	(in thousands)
Expected net employer contributions for the fiscal year ending 12/31/14	$ 14,075
Estimated future net benefit payments for fiscal years ending:	
12/31/2014	$ 91,998
12/31/2015	100,335
12/31/2016	106,437
12/31/2017	112,717
12/31/2018	118,505
12/31/2019 - 12/31/2023	666,401

17. Effects of One Percentage Point Change in Discount Rate	(in millions)	
	1% Increase	**1% Decrease**
Effect on accumulated postretirement benefit obligation	($ 280.7)	$ 317.0

18. Effect of Change in Expected Rate of Return on Assets	(in thousands)
Effect of 1 percentage point increase on 2013 expense	($ 17,019)

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Five-Year Expense Projection

Exhibit 1

Determination of Net Periodic Postretirement Benefit Cost (FAS 106)

(in $ thousands)

	2013	2014	2015	2016	2017	2018
A. Service Cost (EOY)	$ 48,690	$ 42,063	$ 43,913	$ 46,461	$ 49,135	$ 51,923
B. Interest Cost						
1. APBO	$ 98,629	$ 110,574	$ 113,491	$ 116,219	$ 118,898	$ 121,523
2. Expected Benefit Payments	1,832	2,300	2,508	2,661	2,818	2,963
3. Total = (1) - (2)	$ 96,797	$ 108,274	$ 110,983	$ 113,558	$ 116,080	$ 118,560
C. Expected Return on Assets *						
1. Market Value of Assets	$ 116,142	$ 113,576	$ 115,550	$ 117,296	$ 120,118	$ 122,920
2. Expected Benefit Payments	2,194	2,079	2,284	2,462	2,649	2,827
3. Expected Contributions	81	0	53	542	618	710
4. Total = (1) - (2) + (3)	$ 114,029	$ 111,497	$ 113,319	$ 115,376	$ 118,087	$ 120,803
D. Net Amortization Amounts						
1. Transition (Asset)/Obligation	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2. Prior Service Cost	(35,478)	(35,478)	(12,119)	(2,264)	(1,571)	(339)
3. Net (Gain)/Loss	24,017	0	0	0	0	0
4. Total = (1) + (2) + (3)	($ 11,461)	($ 35,478)	($ 12,119)	($ 2,264)	($ 1,571)	($ 339)
E. Termination Benefit Charge	11,428	0	0	0	0	0
F. Net Periodic Postretirement Benefit Cost = (A) + (B3) - (C4) + (D4) + (E)	$ 31,425	$ 3,362	$ 29,458	$ 42,379	$ 45,557	$ 49,341

* Return on assets is 5.5% for management VEBA and 5.5% for all other funding vehicles.

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Southern California Edison Company

Five-Year Expense Projection

Exhibit 2

Development and Reconciliation of (Accrued)/Prepaid Benefit Cost (FAS 106)

(in $ thousands)

	2013	2014	2015	2016	2017	2018
A. Funded Status as of 1/1						
1. APBO	$2,320,680	$2,211,479	$2,269,818	$2,324,379	$2,377,961	$2,430,459
2. Market Value of Assets	1,742,053	2,065,014	2,098,588	2,130,317	2,181,635	2,232,562
3. Funded Status = (2) - (1)	($ 578,627)	($ 146,465)	($ 171,230)	($ 194,062)	($ 196,326)	($ 197,897)
4. Unrecognized Transition (Asset)/Obligation	0	0	0	0	0	0
5. Unrecognized Prior Service Cost	(89,553)	(54,075)	(18,597)	(6,478)	(4,214)	(2,643)
6. Unrecognized Net (Gain)/Loss	537,091	69,451	69,451	69,451	69,451	69,451
7. (Accrued)/Prepaid Benefit Cost = (3) + (4) + (5) + (6)	($ 131,089)	($ 131,089)	($ 120,376)	($ 131,089)	($ 131,089)	($ 131,089)
B. Reconciliation of Funded Status						
1. (Accrued)/Prepaid Benefit Cost at 1/1/t-1	($ 131,368)	($ 131,089)	($ 131,089)	($ 120,376)	($ 131,089)	($ 131,089)
2. NPPBC for t-1	52,122	31,425	3,362	29,458	42,379	45,557
3. Contributions for t-1	51,555	31,425	14,075	18,745	42,379	45,557
4. Adjustments for t-1	846	0	0	0	0	0
5. (Accrued)/Prepaid Benefit Cost at 1/1/t = (1)-(2)+(3)+(4)	($ 131,089)	($ 131,089)	($ 120,376)	($ 131,089)	($ 131,089)	($ 131,089)

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Southern California Edison Company

Five-Year Expense Projection

Exhibit 3

Development of Projected Market Value of Assets as of Year End

(in $ thousands)

	2013	2014	2015	2016	2017	2018
A. Assets at 1/1	$1,742,053	$2,065,014	$2,098,588	$2,130,317	$2,181,635	$2,232,562
B. Additions						
1. Contributions	$ 31,425	$ 14,075	$ 18,745	$ 42,379	$ 45,557	$ 49,341
2. Investment Income	376,672	111,497	113,319	115,376	118,087	120,803
2. Total Additions= (1) + (2)	$ 408,097	$ 125,572	$ 132,064	$ 157,755	$ 163,644	$ 170,144
C. Benefit Payments	85,136	91,998	100,335	106,437	112,717	118,505
D. Assets at 12/31 = (A) + (B3) - (C)	$2,065,014	$2,098,588	$2,130,317	$2,181,635	$2,232,562	$2,284,201

Southern California Edison Company

Five-Year Expense Projection

Exhibit 4

Bases for Unrecognized Prior Service Cost

(in $ thousands)

	2013	2014	2015	2016	2017	2018
1. Unrecognized Prior Service Cost at Preceding 1/1	($ 125,031)	($ 89,553)	($ 54,075)	($ 18,597)	($ 6,478)	($ 4,214)
2. Plan Amendment	0	0	0	0	0	0
3.Prior Service Cost Amortization Amount	(35,478)	(35,478)	(35,478)	(12,119)	(2,264)	(1,571)
4. Unrecognized Prior Service Cost at 1/1 = (1) + (2) - (3)	($ 89,553)	($ 54,075)	($ 18,597)	($ 6,478)	($ 4,214)	($ 2,643)

AON Hewitt

May 1, 2014

Mr. Gregory Henry
Manager of Investments
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 917709

Re: 2012 and 2013 PBOP Over-Recovery or Under-Recovery

Dear Greg:

We have been asked by Edison International (Edison) to provide a calculation of the cumulative over-recovery or under-recovery of SCE’s actual PBOP expense during 2012 and 2013. The following are the results of this calculation.

1.	Annual 2012 and 2013 Actual Recovery	$52,707,000
2.	2012 PBOP Funding (booked expense)	51,276,000
3.	2013 PBOP Funding (booked expense)	33,203,819
4.	Over-Recovery: [(1) x 2.0] – (2) – (3)	$20,934,181

The annual rate recovery amount for the years 2012 and 2013 shown on line (1) above was provided by Southern California Edison. The 2012 and 2013 PBOP Funding amounts on lines (2) and (3) above are estimated employer PBOP contributions in those years, reflecting annual FAS106 expense adjusted for prior year pay-go group and Medicare Part D subsidy payment true-up amounts.

Please let me know if you have any questions or require additional information.

Sincerely,

Stephen J. Hoeffner

Stephen J. Hoeffner, FSA
Vice President

Cc: F. Heidorn
J. Nemeth