

PLANT ACCOUNTING

December 31, 2015

Guadalupe Perez

Subject: Fourth Quarter 2015 AFUDC Rate Monitoring and Analysis

The following table provides the 2015 AFUDC rate and the allocation for borrowed and Equity funds. The fourth quarter analysis resulted in a 18 basis point (bp) decrease of the annual gross nominal rate to 7.13% from 7.31%.

- Immaterial changes in annual average CWIP, annual average short-term general purpose financing and short-term general purpose weighted average rate.

The annual AFUDC rate has not changed.

If you have any questions regarding this information, please contact me at PAX 21354.

Effective Month	Gross Nominal Rate	Power Plant System Rate / Monthly System Rate	Allocation of Gross Funds Borrowed (%) / Equity (%)
December 2015	7.315693%	7.206624% 0.600552%	26.57% / 73.43%
September 2015	7.315693%	7.206624% 0.600552%	26.57% / 73.43%
June 2015	7.315693%	7.206624% 0.600552%	26.57% / 73.43%
March 2015	7.315693%	7.206624% 0.600552%	26.57% / 73.43%
January 2015	7.224135%	7.117752% 0.593146%	26.62% / 73.38%

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ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
FOR THE PERIOD ENDED December 31, 2015

|----- Annual Input -----|

Data Input	Amount	Capital Structure (Allocated)	Authorized Cost of Capital
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(Dollars in Thousands)

Short-Term Debt	122,896		0.349%
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2014 Year-End Capital Structure

Long-Term Debt	9,391,808	41.6434%	4.84%
Preferred Stock	2,070,035	9.1786%	5.54%
Common Equity	11,091,092	49.1780%	10.45%
Total Capital Structure	22,552,936		

CWIP (weighted avg)	1,692,628		
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Reciprocal of Tax Rate			59.25%
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1/4/16

SOUTHERN CALIFORNIA EDISON COMPANY
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
SUMMARY OF ANNUAL RATE CALCULATION PROJECTION
FOR THE PERIOD BEGINNING December 31, 2015
(Dollars in Thousands)

Gross Nominal AFUDC Rate:

Cost of Capital	Capital Structure	Allocation of CWIP	Gross AFUDC Impact Amount	Rate
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Recorded/Forecasted Avg CWIP for 12/31/2015

\$ 1,692,628

Finance by Forecasted:

Average Short-Term General Purpose Financing

0.349%

\$ 122,896

\$

428

0.025286%

Finance by Capitalization

Long-Term Debt

4.84%

41.64%

653,690

¹

31,627

1.868514%

Preferred Stock

5.54%

9.18%

144,079

²

7,982

0.471574%

Common Equity

10.45%

49.18%

771,964

80,670

4.765960%

Total Finance by Capitalization

1,569,732

120,279

7.106048%

Total CWIP Financed

1,692,628

120,707

7.131334%

Net-of-Tax Rate (Tax Net)

59.254%

Allocation of Gross Funds:

Borrowed Funds (Debt %)

26.56%

Equity Funds (Equity %)

73.44%

Gross and Net Rate Calculations:

Formula:

Gross Nominal Rate (Gross Rate)

(From Above)

7.131334%

Net-of-Tax Nominal Rate (Net Rate)

$((\text{Net S Rate} + 1)^{0.5} - 1) * 2$

6.371577%

Gross Rate Compounded Semi-Annually (S Rate)

$((\text{Gross Rate}/2) + 1)^2 - 1$

7.258474%

Net-of-Tax Semi-Annual Rate (Net S Rate)

$(\text{S Rate} * \text{Debt \% Tax Net}) + (\text{S Rate} * \text{Equity \%})$

6.473069%

Gross Equivalent Monthly Rate (Month Rate)

$((\text{S Rate} + 1)^{(1/12)} - 1)$

0.585636%

Net-of-Tax Monthly Rate (Net Month Rate)

$((\text{Net S Rate} + 1)^{(1/12)} - 1)$

0.524051%

Rate Used in Power Plant Work Order System

$(\text{Month Rate} * 12)$

7.027632%