

PLANT ACCOUNTING

December 31, 2016

Guadalupe Perez

Subject: Fourth Quarter 2016 AFUDC Rate Monitoring and Analysis

The following table provides the 2016 AFUDC rate and the allocation for borrowed and Equity funds. The fourth quarter analysis resulted in an 8 basis point (bp) decrease of the annual gross nominal rate to 7.39% from 7.47%.

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

The change is less than 25 basis point as required by FERC, therefore, there will not be an update on the AFUDC rate for 4th quarter 2016.

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 2016	7.471437%	7.357728% 0.613144%	25.01% / 74.99%
September 2016	7.471437%	7.357728% 0.613144%	25.01% / 74.99%
June 2016	7.471437%	7.357728% 0.613144%	25.01% / 74.99%
March 2016	7.341028%	7.231212% 0.602601%	25.70% / 74.30%
January 2016	7.234758%	7.128060% 0.594005%	26.00% / 74.00%

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**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
FOR THE PERIOD ENDED DECEMBER 31, 2016**

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

Data Input	Amount	Capital Structure (Allocated)	Authorized Cost of Capital
<i>(Dollars in Thousands)</i>			
Short-Term Debt	50,338 ✓		0.567% ✓
<i>2015 Year-End Capital Structure</i>			
Long-Term Debt	9,512,368 ✓	41.2006%	4.59% ✓
Preferred Stock	2,070,045 ✓	8.9659%	5.59% ✓
Common Equity	11,505,499 ✓	49.8334%	10.45%
<i>Total Capital Structure</i>	<u>23,087,911</u>		
CWIP (weighted avg)	1,682,472 ✓		

**SOUTHERN CALIFORNIA EDISON COMPANY
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
SUMMARY OF ANNUAL RATE CALCULATION PROJECTION
FOR THE PERIOD ENDED DECEMBER 31, 2016
(Dollars in Thousands)**

		Cost of Capital	Capital Structure	Allocation of CWIP	Gross AFUDC Impact Amount	Rate
Gross Nominal AFUDC Rate:						
Total Forecasted Average CWIP				\$ 1,682,472		
<i>Finance by Forecasted:</i>						
Average Short-Term General Purpose Financing	0.567%			\$ 50,338	285	0.016939%
<i>Finance by Capitalization</i>						
Long-Term Debt	4.59%	41.20%		672,449	30,883	1.835573%
Preferred Stock	5.59%	8.97%		146,336	8,177	0.486011%
Common Equity	10.45%	49.83%		813,348	84,995	5.051794%
<i>Total Finance by Capitalization</i>				1,632,133	124,055	7.373378%
Total CWIP Financed				1,682,472	124,340	7.390317%

Net-of-Tax Rate (Tax Net)

Allocation of Gross Funds:

Borrowed Funds (Debt %)	25.07%
Equity Funds (Equity %)	74.93%

Gross and Net Rate Calculations:

Formula:

Gross Nominal Rate (Gross Rate)	(From Above)	7.390317%
Gross Rate Compounded Semi-Annually (S Rate)	$((\text{Gross Rate}/2) + 1)^2 - 1$	7.526859%
Gross Equivalent Monthly Rate (Month Rate)	$((\text{S Rate} + 1)^{(1/12)}) - 1$	0.606586%
Rate Used in Power Plant Work Order System	(Month Rate*12)	7.279032%