

Southern California Edison
Effective State Tax Rates & Composite Tax Rate

TO9 Annual Update
Attachment 4
WP-Schedule 26
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REGULAR TAX

	A	B		C	D = A x B x C	E = D
State	Statutory Tax Rate	Apportionment Factor		Ratio of State Income to CA	Effective State Tax Rate	2013 Ratemaking Tax Rates
California	8.8400%	0.942772	Sch 26, Line 16	100.0000%	8.3341%	8.3341%
DC	9.9750%	0.000004	Sch 26, Line 19	22.2921%	0.0000%	0.0000%
Arizona	6.9680%	0.021126	Sch 26, Line 18	69.7465%	0.1027%	0.1027%
New Mexico	7.6000%	0.007377	Sch 26, Line 17	-122.2648%	-0.0685%	-0.0685%
Total States					8.3683%	8.3683%
Federal Statutory Rate						35.0000%
Federal Benefit of State Taxes						-2.9289%
Total Composite Tax Rate - 2012						40.4394%
						or
						40.439%

California net income (line 18 of 100W)	<u>644,508,967</u>	=	100.0000%	Sch 26, Line 33
California net income (line 18 of 100W)	644,508,967			
Arizona net income	<u>449,522,295</u>	=	69.7465%	Sch 26, Line 35
California net income	644,508,967			
New Mexico net income	<u>(788,007,845)</u>	=	-122.2648%	Sch 26, Line 34
California net income	644,508,967			
DC net income	<u>143,674,806</u>	=	22.2921%	Sch 26, Line 36
California net income	644,508,967			

Sales Factor

	California		Other States		
	Gross Receipts 2012 TR	Gross Receipts Factor	Adjustments*	Gross Receipts 2012 TR	Gross Receipts Factor
California	5,087,370,521	94.6988%	6,214,549,513	11,301,920,034	97.5421%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona	-	0.0000%	-	-	0.0000%
D.C.	-	0.0000%	-	-	0.0000%
Nevada	-	0.0000%	-	-	0.0000%
Other [1]	284,787,068	5.3012%	-	284,787,068	2.4579%
Total for California	5,372,157,589	100.0000%	6,214,549,513	11,586,707,102	100.0000%

Payroll Factor

	California		Other States		
	Wages 2012 TR	Wages Factor	Adjustments*	Adjusted Wages	Wages Factor
California	1,928,608,911	96.1926%	-	1,928,608,911	96.1926%
New Mexico	12,626,847	0.6298%	-	12,626,847	0.6298%
Arizona	62,151,828	3.0999%	-	62,151,828	3.0999%
D.C.	-	0.0000%	-	-	0.0000%
Nevada	1,558,533	0.0777%	-	1,558,533	0.0777%
Other	-	0.0000%	-	-	0.0000%
Everywhere	2,004,946,119	100.0000%	-	2,004,946,119	100.0000%

Property Factor

	California		Other States		
	Property 2012 TR	Property Factor	Adjustments*	Adjusted Property	Property Factor
California	34,476,393,303	91.5186%	-	34,476,393,303	91.5186%
New Mexico	596,503,522	1.5834%	-	596,503,522	1.5834%
Arizona	2,015,597,838	5.3505%	-	2,015,597,838	5.3505%
D.C.	535,055	0.0014%	-	535,055	0.0014%
Nevada	319,098,606	0.8471%	-	319,098,606	0.8471%
Other	263,325,913	0.6990%	-	263,325,913	0.6990%
Everywhere	37,671,454,237	100.0000%	-	37,671,454,237	100.0000%

Apportionment Factors

California	94.2772%	
New Mexico		0.7377%
Arizona		2.1126%
DC		0.0004%

* Adjustments have been made to reflect exclusion of balancing account adjustments and treasury interest from the CA sales factor. However, it is included in the denominator sales factor for other states.

[1] Cost of performance adjustment is not reflected in the numerator but is in the denominator for all states per Rich Novak.

2012 Update:

For 2012, both California and Arizona had elective apportion methodologies. California provides the option of apportioning using a single sales factor with market sourcing or a standard 3-factor formula with double-weighting of the sales factor and cost of performance sourcing. SCE made the single sales factor election for 2011 and used 3-factor apportionment factor for 2012. Commencing in 2013, use of the single sales factor with market sourcing will be mandatory. Arizona provides the option of apportioning using a standard 3-factor formula with double-weighting of the sales factor or an enhanced sales factor methodology which uses 3 factors, but weights the sales factor at 80%. SCE used the standard apportionment formula for both 2011 and 2012.

Arizona Form 120, Line 5- Adjusted Business Income

449,522,295

II. Calculation of Arizona Apportionment Factor

For 2012, standard apportionment factor was utilized for the apportionment determination (property, payroll, double-weighted sales).

1. Property Factor

Value of real and tangible personal property (by averaging the value of owned property at the beginning and end of the tax period; rented property at capitalized value)

a. Owned property (at original cost):

Inventories

Depreciable assets - (do not include Construction in Progress)

Land

Other Assets - (describe)

Less: Nonbusiness property (if included in above totals)

Total of section a

b. Rented property (capitalize at 8 times net rental paid)

c. Total owned and rented property (section a total plus section b)

2. Payroll Factor

Total Wages, salaries, commissions and other compensation to employees
(per Federal Form 1120 or payroll reports)

3. Sales Factor

a. Sales delivered or shipped to Arizona purchasers

b. Other gross receipts

c. Total sales and other gross receipts

d. Weight Arizona sales - (STANDARD uses X 2; ENHANCED uses X 8)

e. Sales factor (for Column A - multiply item c by item d; for column B - enter the amount from item c)

4. Total Ratio - add C1(c), C2, and C3(e), in Column C

5. Average apportionment ratio - divide line C4, Column C, by the denominator (STANDARD divides by four (4); ENHANCED divides by ten (10)). Enter the result in column C

Column A
Total Within
Arizona

Column B
Total
Everywhere

Column C
Ratio within
Arizona
A / B

2,010,630,318

36,675,923,563

2,010,630,318

36,675,923,563

4,967,520

995,530,672

2,015,597,838

37,671,454,235

0.053505

62,151,828

2,004,946,119

0.030999

-

11,498,929,539

-

87,777,563

-

11,586,707,102

X 2 OR X 8

-

11,586,707,102

0.000000

0.084504

0.021126

California Form 100W, Line 18 - Net Income

644,508,967

II. Calculation of California Apportionment Factor

For 2012, property, payroll, and double-weighted sales factor were utilized for the apportionment determination.

1. Property

Inventory
Buildings
Machinery and equipment (including delivery equipment)
Furniture and fixtures
Land
Other tangible assets
Rented property used in the business
Total Property

Column A
Total Within
California

Column B
Total
Everywhere

Column C
Ratio within
California
A / B

-	-	
33,489,084,503	36,675,923,563	
-	-	
-	-	
-	-	
-	-	
987,308,800	995,530,672	
34,476,393,303	37,671,454,235	0.915186

2 Payroll

Total Payroll

1,928,608,911	2,004,946,119	0.961926
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3. Sales

- a. Sales delivered or shipped to California purchasers:
(i) Shipped from outside California
- b. Sales shipped from California to:
(i) The United States Government
(ii) Purchasers in a state where the taxpayer is not taxable.
- c. Other gross receipts (rents, royalties, interest, etc.)
Total Sales (Double-weighted sales factor)

4,999,628,096	5,284,415,164	
-	-	
-	-	
87,742,425	87,742,425	
5,087,370,521	5,372,157,589	1.893977

4. Total percent

3.771089

5. Apportionment percentage. Divide line 4 by 4.

0.942772

New Mexico Form CIT-1, Line 9 - New Mexico Net Taxable Income**(788,007,845)****III. Calculation of New Mexico Apportionment Factor**

For 2012, property, payroll, and single-weighted sales factor were utilized for the apportionment determination.

1. Property Factor

Average annual value of inventory

Average annual value of real property

Rented property (Annual rental value times 8)

Total property

Column A
Total Within
New Mexico

Column B
Total
Everywhere

Column C
Ratio within
New Mexico
A / B

593,551,698

36,675,923,563

2,951,824

995,530,672

596,503,522**37,671,454,235****0.015834****2. Payroll**

Total compensation of employees

12,626,847**2,004,946,119****0.006298****3. Sales Factor**

Gross receipts

-

11,586,707,102**0.000000****4. TOTAL FACTORS (Add lines 1, 2, and 3)****0.022132****5. AVERAGE FACTOR (Divide line 4 by the number of factors computed above)****0.007377**

D.C. Tax Form D-20 SUB Corporation, Line 30 - Net Income**143,674,806****IV. Calculation of Washington, D.C. Apportionment Factor**

For 2012, property, payroll, and double-weighted sales factor were utilized for the apportionment determination.

1. Property Factor

Average value of real estate and tangible personal property owned or rented to and used by the corporation.

535,055**37,671,454,235****0.000014****2. Payroll**

Total compensation paid or accrued by the corporation.

-**2,004,946,119****0.000000****3. Sales Factor**

All gross receipts of the corporation other than gross receipts from non-business income (Weight Sales STANDARD uses X 2).

-**11,586,707,102****0.000000****4. TOTAL FACTORS (Add lines 1, 2, and 3)****0.000014****5. DC APPORTIONMENT FACTOR (Divide line 4 by 3)****0.000004**

<u>Column A</u> Total Within Washington, D.C.	<u>Column B</u> Total Everywhere	<u>Column C</u> Ratio within Washington, D.C. A / B
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535,055	37,671,454,235	0.000014
-	2,004,946,119	0.000000
-	11,586,707,102	0.000000
		0.000014
		0.000004