

## PLANT ACCOUNTING

December 31, 2014

Lupi Perez

### SUBJECT: Fourth Quarter 2014 AFUDC Rate Monitoring and Analysis

The following table provides the 2014 AFUDC rate and the allocation of debt and equity funds.

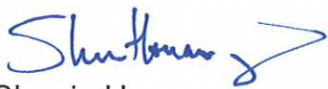
Fourth quarter analysis resulted in a 29 basis point (bp) increase of the annual gross nominal rate to 6.28% from 5.99%.

- 23 bp increase resulting from a decrease in estimated annual average short-term debt.
- 6 bp increase resulting from an increase in estimated annual average CWIP.

The annual AFUDC rate has changed.

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

Effective Month	Gross Nominal Rate	Power Plant System: Annual / Monthly Rate	Allocation of Gross Funds Debt% / Equity%
December 2014	6.281141%	6.200496% .5167%	28.32% / 71.68%
September 2014	5.995984%	5.922432% .4935%	28.49% / 71.51%
June 2014	5.995984%	5.922432% .4935%	28.49% / 71.51%
March 2014	5.542926%	5.479980% .4566%	28.83% / 71.17%
January 2014	5.579130%	5.515368% .4596%	28.88% / 71.12%

  
Sherrie Houang  
AFUDC 4th Qtr. 2014 Rate Letter.doc

SOUTHERN CALIFORNIA EDISON COMPANY  
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION  
SUMMARY OF ANNUAL RATE CALCULATION PROJECTION  
FOR THE PERIOD BEGINNING DECEMBER 31, 2014  
(Dollars in Thousands)

Gross Nominal AFUDC Rate:

Cost of Capital	Capital Structure	Allocation of CWIP	Gross AFUDC Impact Amount	Rate
		\$ 1,487,914		
0.248%		\$ 277,840	\$ 688	0.046239%
4.95%	43.04%	520,818	25,781	1.732694%
5.51%	8.43%	101,980	5,619	0.377643%
10.45%	48.53%	587,276	61,370	4.124565%
		1,210,074	92,770	6.234902%
		1,487,914	93,458	6.281141%

Net-of-Tax Rate (Tax Net) 59.254%

Allocation of Gross Funds:

Borrowed Funds (Debt %)	28.32%
Equity Funds (Equity %)	71.68%

Gross and Net Rate Calculations:

Formula:

Gross Nominal Rate (Gross Rate)	(From Above)	6.281141%
Net-of-Tax Nominal Rate (Net Rate)	$((\text{Net S Rate} + 1)^{0.5} - 1) * 2$	5.566094%
Gross Rate Compounded Semi-Annually (S Rate)	$((\text{Gross Rate} / 2) + 1)^2 - 1$	6.379773%
Net-of-Tax Semi-Annual Rate (Net S Rate)	$(\text{S Rate} * \text{Debt \% Tax Net}) + (\text{S Rate} * \text{Equity \%})$	5.643547%
Gross Equivalent Monthly Rate (Month Rate)	$((\text{S Rate} + 1)^{(1/12)}) - 1$	0.516708%
Net-of-Tax Monthly Rate (Net Month Rate)	$((\text{Net S Rate} + 1)^{(1/12)}) - 1$	0.458552%
Rate Used in Power Plant Work Order System	$(\text{Month Rate} * 12)$	6.200496%

*Richard Fisher*  
1.5.15

Reviewed and Approved By:  
Richard Fisher - Principal Manager of Capital Asset Accounting