SOUTHERN CALIFORNIA EDISON COMPANY

POSTRETIREMENT HEALTH AND LIFE BENEFITS

ACTUARIAL ACCOUNTING REPORT

PLAN YEAR: 2015

DATE OF REPORT: DECEMBER 9, 2015

AON Hewitt

AON Hewitt

TABLE OF CONTENTS

SECTION I

EXECUTIVE SUMMARY

AON Hewitt

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2015 PLAN YEAR

This report provides accounting results for 2015 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 2015 are as follows (in thousands):

Liabilities as of 1/1/2015	
Expected Postretirement Benefit Obligation (EPBO)	$3,014,557
Accumulated Postretirement Benefit Obligation (APBO)	2,496,484
Net Periodic Postretirement Benefit Cost (NPPBC)	
A) Service Cost – End of Year	$ 45,938
B) Interest Cost	101,879
C) Expected Return on Plan Assets	115,585
D) Net Amortization Amounts	(9,705)
E) NPPBC [A) + B) – C) + D)]	$ 22,527

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 2015 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,

Jonathan M. Nemeth, FSA, MAAA
Senior Vice President

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

December 9, 2015

SECTION II

ACCOUNTING RESULTS

AON Hewitt

SECTION II – TABLE OF CONENTS

SUB-SECTIONS **PAGE**

EXHIBITS

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2015 PLAN YEAR

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 2015 PBOP liabilities and expense. Pursuant to this request, an actuarial valuation of PBOP liabilities was performed as of January 1, 2015, 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, 2015 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, 2015 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, 2015 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.

AON Hewitt

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 2015 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 and expense 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 2015 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 4.16%. (The discount rate as of January 1, 2014 was 5.00%.) The assumptions for the expected return on assets, which are unchanged from the prior year, are 5.00% for the (taxable) 1992 and 1999 VEBAs and for the Represented VEBA, and 7.00% for all other non-taxable assets, resulting in an average return of approximately 5.50%.

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 2015 actuarial valuation, are the same as those reflected in the 2014 FAS106 valuation, except for moderate increases in the near and mid-term rates for post-65 medical claims to reflect rising Rx costs. (Rx claims are a higher percentage of total medical claims costs for post-65 than for pre-65 retirees.) 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. 2015 Claims Costs

All claims costs shown in this report are Edison's cost of coverage. For both PrimeCare and Flex the medical claims costs were developed by averaging the projected historical self-insured 2014 and prior claim experience with the 2015 fully insured premium rates. Claims costs 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. 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 2015 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, 2015 was supplied by Edison. Exhibit 6 shows a reconciliation of January 1, 2015 asset data with prior year's assets. The assets shown are net of estimated claims reimbursements payable to Edison, but do not take into account payments receivable under the EGWP.

F. Plan Provisions

Postretirement health and life benefit plan provisions (including any substantive commitments), which are reflected in the January 1, 2015 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, 2014 actuarial valuation. Plan amendments adopted during 2015 pursuant to a new collective bargaining agreement, all of which are effective after the end of the year, will be initially reflected in December 31, 2015 financial statements disclosures, and later for 2015 Plan audit purposes. The liability impact of these changes is not expected to be significant.

G. Demographic Data

PBOP liabilities and expense as of the January 1, 2015 valuation date reflect active and retiree census data from early 2015 that was adjusted by Aon Hewitt to be representative of the data as of January 1, 2015. 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.

AON Hewitt

I. Projected Annual Postretirement Incurred Costs

A ten-year projection of annual postretirement health and life incurred costs is shown in Exhibit 2. These amounts are net of retiree contributions.

J. Employer Group Waiver Plan

Prescription drug coverage for Medicare eligible retirees (not enrolled in the Kaiser Medicare Advantage option) is provided through an Edison sponsored EGWP. EGWP claims cost estimates for 2015 were provided by the vendor administering the program. The projected 2016 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 2016 through 2020.)

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

The January 1, 2015 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 implemented several years ago and are reflected in expected 2015 per capita costs. The ERRP program was concluded several years ago.

Changes in the methodology used by the government to reimburse Medicare HMOs may, over time, 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 for any length of time. 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.

Exhibit 1

Expected, Accumulated Postretirement Benefit Obligation
And Service Cost At January 1, 2015
(in $ thousands)

	Represented Employees	Management Employees*	Life Insurance	Total
A. EPBO	$ 955,950	$2,014,596	$ 44,011	$3,014,557
B. APBO				
1. Retirees	522,792	1,054,911	30,701	1,608,404
2. Actives				
a. Fully Eligible	117,765	181,691	5,914	305,370
b. Other	174,656	403,518	4,536	582,710
c. Total Actives	$ 292,421	$ 585,209	$ 10,450	$ 888,080
3. Total APBO	$ 815,213	$1,640,120	$ 41,151	$2,496,484
C. Service Cost	$ 11,109	$ 32,594	$ 400	$ 44,103

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

AON Hewitt

Exhibit 2

10 Year Projected Postretirement Incurred Costs*
(in $ thousands)

Year	Represented Employees	Management Employees**	Life Insurance	Total
2015	$ 33,174	$ 61,081	$ 1,643	$ 95,898
2016	35,001	64,170	1,662	100,833
2017	36,644	67,688	1,682	106,014
2018	38,231	70,768	1,703	110,702
2019	39,609	73,565	1,727	114,901
2020	40,768	76,707	1,752	119,227
2021	41,720	79,879	1,781	123,380
2022	42,781	82,735	1,813	127,329
2023	43,464	85,478	1,848	130,790
2024	44,228	88,552	1,885	134,665

* Net of retiree contributions
** Includes " Pay-as you-go" management retirees

AON Hewitt

Exhibit 3

Determination of 2015 Net Periodic Postretirement Benefit Cost (FAS 106)
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
A. Service Cost (EOY)	$ 11,571	$ 33,950	$ 417	$ 45,938
B. Interest Cost at 4.16% on:				
1. APBO	$ 33,913	$ 68,229	$ 1,712	$103,854
2. Expected Benefit Payments	683	1,258	34	1,975
3. Total = (1) - (2)	$ 33,230	$ 66,971	$ 1,678	$101,879
C. Expected Return on Assets: *				
1. Market Value of Assets	$ 58,165	$ 58,303	$ 1,115	$117,583
2. Expected Benefit Payments	819	1,299	57	2,175
3. Expected Contributions	0	164	13	177
4. Total = (1) - (2) + (3)	$ 57,346	$ 57,168	$ 1,071	$115,585
D. Amortization Amounts:				
1. Transition (Asset)/Obligation	$ 0	$ 0	$ 0	$ 0
2. Prior Service Cost	(7,954)	(4,247)	82	(12,119)
3. Net (Gain)/Loss	788	1,586	40	2,414
4. Total = (1) + (2) + (3)	($ 7,166)	($ 2,661)	$ 122	($ 9,705)
E. Net Periodic Postretirement Benefit Cost = (A) + (B3) - (C4) + (D4)	($ 19,711)	$ 41,092	$ 1,146	$ 22,527

* Expected rates of return are 5.00% for the (taxable) 1992 and 1999 VEBAs and for the Represented VEBA, and 7.00% for all other non-taxable assets

AON Hewitt

Exhibit 4

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

	Represented Employees	Management Employees	Life Insurance	Total
A. Funded Status at 1/1/2015				
1. APBO	$ 815,213	$1,640,120	$ 41,151	$2,496,484
2. Market Value of Assets	1,163,292	923,513	15,923	2,102,728
3. Funded Status = (2) - (1)	$ 348,079	($ 716,607)	($ 25,228)	($ 393,756)
4. Unrecognized Transition (Asset)/Obligation	0	0	0	0
5. Unrecognized Prior Service Cost	(19,893)	1,214	82	(18,597)
6. Unrecognized Net (Gain)/Loss	(17,996)	288,302	10,958	281,264
7. (Accrued)/Prepaid Benefit Cost = (3) + (4) + (5) + (6)	$ 310,190	($ 427,091)	($ 14,188)	($ 131,089)
B. Reconciliation of Funded Status				
1. (Accrued)/Prepaid Benefit Cost at 1/1/2014	$ 287,307	($ 405,408)	($ 12,988)	($ 131,089)
2. NPPBC for 2014	(23,018)	39,946	1,700	18,628
3. Special termination benefits charges	135	2,880	0	3,015
4. 2014 Contributions	0	18,204	500	18,704
5. Adjustment	0	2,939	0	2,939
6. (Accrued)/Prepaid Benefit Cost at 12/31/2014 = (1)-(2)-(3)+(4)+(5)	$ 310,190	($ 427,091)	($ 14,188)	($ 131,089)

AON Hewitt

Exhibit 5

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

	Represented Employees	Management Employees	Life Insurance	Total
A. APBO (Gain)/Loss For 2014				
1. APBO at 1/1/2014	$ 791,164	$1,563,882	$ 35,980	$2,391,026
2. Service Cost at EOY	9,995	29,351	348	39,694
3. Expected 2014 Benefit Payments	35,756	65,383	1,655	102,794
4. Interest Cost	38,675	76,579	1,758	117,012
5. Plan Amendment	0	0	0	0
6. Special Termination Benefit Charge	135	2,880	0	3,015
7. Adjustment	0	(2,939)	0	(2,939)
8. Expected APBO at 12/31/2014 = (1)+(2)-(3)+(4)+(5)+(6)+(7)	$ 804,213	$1,604,370	$ 36,431	$2,445,014
9. Actual APBO at 1/1/2015	815,213	1,640,120	41,151	2,496,484
10. 2014 (Gain)/Loss = (9) - (8)	$ 11,000	$ 35,750	$ 4,720	$ 51,470
B. Asset (Gain)/Loss For 2014				
1. MV of Assets at 1/1/2014	$1,088,057	$ 900,500	$ 15,595	$2,004,152
2. 2014 Contribution*	0	18,204	500	18,704
3. Expected 2014 Benefit Payments	35,756	65,383	1,655	102,794
4. Expected Return on Assets	58,873	48,214	833	107,920
5. Expected MV of Assets at 12/31/2014 = (1) + (2) - (3) + (4)	$1,111,174	$ 901,535	$ 15,273	$2,027,982
6. MV of Assets at 12/31/2014	1,163,292	923,513	15,923	2,102,728
7. 2014 Asset (Gain)/Loss = (5) - (6)	($ 52,118)	($ 21,978)	($ 650)	($ 74,746)
C. Unrecognized Net (Gain)/Loss and Amortization				
1. Net (Gain)/Loss at 1/1/2014	$ 24,882	$ 278,010	$ 6,968	$ 309,860
2. 2014 APBO (Gain)/Loss	11,000	35,750	4,720	51,470
3. 2014 Asset (Gain)/Loss	(52,118)	(21,978)	(650)	(74,746)
4. Total (Gain)/Loss = (2) + (3)	($ 41,118)	$ 13,772	$ 4,070	($ 23,276)
5. Net (Gain)/Loss Amortized in 2014	1,760	3,480	80	5,320
6. Net (Gain)/Loss at 12/31/2014	(17,996)	288,302	10,958	281,264
7. Max[APBO, Asset]	N/A	N/A	N/A	2,496,484
8. Corridor = 10% of (7)	N/A	N/A	N/A	249,648
9. Amortizable Net (Gain)/Loss **	10,324	20,771	521	31,616
10. Amortization Period	13.1	13.1	13.1	13.1
11. Amortization Amount	$ 788	$ 1,586	$ 40	$ 2,414

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

AON Hewitt

Exhibit 6

Development of Market Value of Assets as of December 31, 2014
(in $ thousands)

	Represented VEBA	Management 401(h)	Management VEBA	Management Total	Life VEBA	Total
Assets at 12/31/2013	$1,088,057	$ 573,715	$ 326,785	$ 900,500	$ 15,595	$2,004,152
Additions						
Contributions	$ 0	$ 0	$ 3,717	$ 3,717	$ 500	$ 4,217
Interest	16,931	5,609	3,205	8,814	0	25,745
Dividends	5,443	829	5,578	6,407	135	11,985
Realized Gain/(Loss)	185,651	13,512	4,384	17,896	308	203,855
Unrealized Gain/(Loss)	(113,831)	27,512	5,867	33,379	718	(79,734)
Change in Accrued Income	8,090	0	(10)	(10)	22	8,102
Transfers In	0	0	0	0	0	0
Other	8,311	0	129	129	0	8,440
Total Additions	$ 110,595	$ 47,462	$ 22,870	$ 70,332	$ 1,683	$ 182,610
Disbursements						
2014 Reimbursements Paid in 2014	$ 0	$ 0	$ 0	$ 0	$ 659	$ 659
2014 Reimbursements Paid in 2015	32,644	13,616	28,801	42,417	650	75,711
Administrative Expenses:						
Investment Management Fees	1,818	1,040	397	1,437	15	3,270
Actuarial, Audit and Consulting Fees	144	93	146	239	7	390
Custodial/trustee Fees	185	55	156	211	9	405
Recordkeeping Fees	445	0	639	639	0	1,084
Other Fees	124	16	30	46	15	185
Income Taxes - IRS	0	0	1,540	1,540	0	1,540
Income Taxes - FTB	0	0	790	790	0	790
Transfers Out	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Disbursements	$ 35,360	$ 14,820	$ 32,499	$ 47,319	$ 1,355	$ 84,034
Net Change	$ 75,235	$ 32,642	($ 9,629)	$ 23,013	$ 328	$ 98,576
Assets at 12/31/2014	$1,163,292	$ 606,357	$ 317,156	$ 923,513	$ 15,923	$2,102,728

Exhibit 7

Development of Prior Service Cost at January 1, 2015
(in $ thousands)

	Represented Employees	Management Employees	Life Insurance	Total
Prior Service Cost #1				
Unrecognized Amount	($ 2,014)	($ 5,161)	$ 82	($ 7,093)
Amortization Amount	($ 2,014)	($ 5,161)	$ 82	($ 7,093)
Prior Service Cost #2				
Unrecognized Amount	($ 4,148)	$ 0	$ 0	($ 4,148)
Amortization Amount	($ 3,455)	$ 0	$ 0	($ 3,455)
Prior Service Cost #3				
Unrecognized Amount	($ 3,700)	$ 0	$ 0	($ 3,700)
Amortization Amount	($ 1,233)	$ 0	$ 0	($ 1,233)
Prior Service Cost #4				
Unrecognized Amount	($ 10,894)	($ 615)	$ 0	($ 11,509)
Amortization Amount	($ 1,375)	($ 78)	$ 0	($ 1,453)
Prior Service Cost #5				
Unrecognized Amount	$ 863	$ 6,990	$ 0	$ 7,853
Amortization Amount	$ 123	$ 992	$ 0	$ 1,115
Total Prior Service Cost				
Unrecognized Amount	($ 19,893)	$ 1,214	$ 82	($ 18,597)
Amortization Amount	($ 7,954)	($ 4,247)	$ 82	($ 12,119)

SECTION III

PLAN PROVISIONS

AON Hewitt

POSTRETIREMENT HEALTH & LIFE BENEFITS ACTUARIAL ACCOUNTING REPORT FOR THE 2015 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. Eligibility for life benefits requires retirement on or after age 55 with at least five years of service.
- 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.

AON Hewitt

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 2015, Edison provides the option of enrolling in Preferred Provider Organization (PPO) managed care networks, an Exclusive Provider Organizations (EPO – for out of state residents) 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	$375	$750	$2,000	None
Per Family	$750	$1,500	$4,000	None
Annual Out-of-Pocket Limit				
Per Person	$4,830	$4,830	$7,250	$2,415
Per Family	$9,660	$9,660	$14,500	$4,830
Lifetime Maximum (millions)	None	None	None	None

* In Network/Out of Network (of R&C). In network office visit copays = $30 PPO / $25 HMO.

Coverage options for retirees who are eligible for Medicare benefits include a 90%/70%, 80%/60%, and 70%/50% PPOs, UHC Senior Supplement and Senior Supplement 3500 options, and Kaiser, UHC, and HealthNet Medicare Advantage

HMOs (if available in the retirees geographic area), all of which may serve as the lowest cost option.

The UHC 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 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 $1,275/$2,550 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.

AON Hewitt

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 2015 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

AON Hewitt

Age-Service Distribution
Active Valuation Data as of January 1, 2015
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	123	15	0	0	0	0	0	0	138
25-29	398	215	16	0	0	0	0	0	629
30-34	546	569	162	3	0	0	0	0	1,280
35-39	430	566	257	122	1	0	0	0	1,376
40-44	317	426	218	229	81	10	0	0	1,281
45-49	220	345	170	258	184	176	17	0	1,370
50-54	194	292	140	221	124	299	338	2	1,610
55-59	159	206	117	160	84	192	443	75	1,436
60-64	64	110	67	93	39	66	145	103	687
Over 64	18	32	16	22	7	9	8	42	154
Total	**2,469**	**2,776**	**1,163**	**1,108**	**520**	**752**	**951**	**222**	**9,961**

Average Age In Years: 45.60 Average Service In Years: 13.26

Excludes Non-Regulated Enterprises

Age-Service Distribution
Active Valuation Data as of January 1, 2015
Represented 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	58	5	0	0	0	0	0	0	63
25-29	106	185	12	0	0	0	0	0	303
30-34	122	364	169	5	0	0	0	0	660
35-39	89	264	186	120	2	0	0	0	661
40-44	39	175	140	149	31	2	0	0	536
45-49	19	96	88	76	77	86	2	0	444
50-54	13	71	63	62	68	160	179	2	618
55-59	11	30	25	32	46	128	292	48	612
60-64	3	13	7	15	16	62	129	62	307
Over 64	0	2	1	2	6	5	6	17	39
Total	**460**	**1,205**	**691**	**461**	**246**	**443**	**608**	**129**	**4,243**

Average Age In Years: 44.64 Average Service In Years: 16.35

Excludes Non-Regulated Enterprises

AON Hewitt

Age-Service Distribution
Active Valuation Data as of January 1, 2015
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	181	20	0	0	0	0	0	0	201
25-29	504	400	28	0	0	0	0	0	932
30-34	668	933	331	8	0	0	0	0	1,940
35-39	519	830	443	242	3	0	0	0	2,037
40-44	356	601	358	378	112	12	0	0	1,817
45-49	239	441	258	334	261	262	19	0	1,814
50-54	207	363	203	283	192	459	517	4	2,228
55-59	170	236	142	192	130	320	735	123	2,048
60-64	67	123	74	108	55	128	274	165	994
Over 64	18	34	17	24	13	14	14	59	193
Total	**2,929**	**3,981**	**1,854**	**1,569**	**766**	**1,195**	**1,559**	**351**	**14,204**

Average Age In Years: 45.32 Average Service In Years: 14.18

Excludes Non-Regulated Enterprises

AON Hewitt

Age Distribution
Retiree Valuation Data as of January 1, 2015
Management Group

Age	Retirees		Survivors		Spouses		
	Male	Female	Male	Female	Male	Female	Total
Under 50	0	0	19	13	7	66	105
50-54	98	68	4	16	28	181	395
55-59	405	255	7	35	110	470	1,282
60-64	828	486	9	73	187	810	2,393
Subtotal	**1,331**	**809**	**39**	**137**	**332**	**1,527**	**4,175**
65-69	1,231	513	7	127	241	867	2,986
70-74	1,166	389	13	180	208	656	2,612
Over 74	1,128	353	43	744	136	552	2,956
Subtotal	**3,525**	**1,255**	**63**	**1,051**	**585**	**2,075**	**8,554**
Total	**4,856**	**2,064**	**102**	**1,188**	**917**	**3,602**	**12,729**
Average Age	70.43	68.31	66.15	78.61	68.02	67.09	69.70

Excludes Non-Regulated Enterprises
Excludes Children

AON Hewitt

Age Distribution
Retiree Valuation Data as of January 1, 2015
Represented Group

Age	Retirees		Survivors		Spouses		
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Total**
Under 50	0	0	21	22	2	29	74
50-54	35	6	1	12	6	82	142
55-59	200	30	2	33	11	259	535
60-64	524	66	3	59	25	460	1,137
Subtotal	**759**	**102**	**27**	**126**	**44**	**830**	**1,888**
65-69	789	92	2	111	26	517	1,537
70-74	735	58	5	142	29	390	1,359
Over 74	844	88	5	542	21	423	1,923
Subtotal	**2,368**	**238**	**12**	**795**	**76**	**1,330**	**4,819**
Total	**3,127**	**340**	**39**	**921**	**120**	**2,160**	**6,707**
Average Age	71.33	70.19	49.86	77.09	68.38	68.06	70.83

Excludes Non-Regulated Enterprises
Excludes Children

AON Hewitt

Age Distribution
Retiree Valuation Data as of January 1, 2015
All Inactives

Age	Retirees		Survivors		Spouses		
	Male	Female	Male	Female	Male	Female	Total
Under 50	0	0	40	35	9	95	179
50-54	133	74	5	28	34	263	537
55-59	605	285	9	68	121	729	1,817
60-64	1,352	552	12	132	212	1,270	3,530
Subtotal	**2,090**	**911**	**66**	**263**	**376**	**2,357**	**6,063**
65-69	2,020	605	9	238	267	1,384	4,523
70-74	1,901	447	18	322	237	1,046	3,971
Over 74	1,972	441	48	1,286	157	975	4,879
Subtotal	**5,893**	**1,493**	**75**	**1,846**	**661**	**3,405**	**13,373**
Total	**7,983**	**2,404**	**141**	**2,109**	**1,037**	**5,762**	**19,436**
Average Age	70.78	68.58	61.64	77.94	68.07	67.45	70.09

Excludes Non-Regulated Enterprises
Excludes Children

SECTION V

ACTUARIAL ASSUMPTIONS

AON Hewitt

POSTRETIREMENT HEALTH & LIFE BENEFITS
ACTUARIAL ACCOUNTING REPORT
FOR THE 2015 PLAN YEAR

A. Interest Rates

Discount Rate	4.16%	
Expected Long-Term Rate of Return on assets	5.50%	(approximate average expected return)

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

RP-2014 Society of Actuaries mortality tables, with separate tables for blue collar (union) and while collar (non-union) employees/retirees.

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. 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 20% lower than the average future cost of all postretirement health benefit options available in that area for retirees both under and over age 65.

For Non-Grandfathered Flex retirees, Edison's contributions for coverage are capped at 2008 levels, indexed at the 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 2015 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, 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 2015 (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: $3,869/$1,788

Region 2: $4,059/$2,247

Region 3: N/A/$4,396

Region 4: $5,096/$4,396

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.

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

AON Hewitt

Table 1

Annual Postretirement Per Participant Claims Costs

Benefit	Claims Costs Pre-65	Claims Costs Post-65
2016 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
2015 Dental Benefits*	$ 608	$ 608
2015 Vision Benefits*	77	77

*Before Retiree Contributions

Table 2

Annual 2015 PrimeCare Per Participant Medical Claims Costs

Age	Male	Female
Less than 45	$ 7,447	$ 7,447
45 – 49	8,694	8,694
50 – 54	10,390	10,390
55 – 59	12,293	12,293
60 – 64	14,841	14,841
65 - 69	4,500	4,500
70 - 74	5,167	5,167
75 – 79	5,789	5,789
80 - 84	6,267	6,267
85 - 89	6,522	6,522
90 and over	6,620	6,620

AON Hewitt

Table 3

Annual 2015 Flex Retiree Per Participant Medical Claims Costs (Net of Retiree Contributions)

Management		
Age	**Male**	**Female**
Less than 45	$ 3,687	$ 3,687
45 - 49	4,305	4,305
50 - 54	5,145	5,145
55 – 59	6,087	6,087
60 - 64	7,348	7,348
65 – 69	2,025	2,025
70 - 74	2,325	2,325
75 – 79	2,605	2,605
80 – 84	2,820	2,820
85 - 89	2,935	2,935
90 and over	2,979	2,979

Represented		
Age	**Male**	**Female**
Less than 45	$ 3,872	$ 3,872
45 - 49	4,520	4,520
50 – 54	5,402	5,402
55 – 59	6,391	6,391
60 - 64	7,715	7,715
65 – 69	2,126	2,126
70 - 74	2,441	2,441
75 – 79	2,735	2,735
80 – 84	2,961	2,961
85 – 89	3,082	3,082
90 and over	3,128	3,128

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
2015	2016	7.25%	8.75%	7.25%	9.00%	3.75%	5.00%
2016	2017	6.50	8.00	6.50	8.25	3.75	4.50
2017	2018	6.00	7.25	6.00	7.50	3.75	4.00
2018	2019	5.50	6.75	5.50	7.00	3.75	4.00
2019	2020	5.25	6.25	5.25	6.50	3.50	3.50
2020	2021	5.00	5.75	5.00	6.00	3.50	3.50
2021	2022	5.00	5.25	5.00	5.50	3.50	3.50
2022	and later	5.00	5.00	5.00	5.00	3.50	3.50

Table 5

Other Trend Rates

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

AON Hewitt

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

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

AON Hewitt

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, 2015 financial statement disclosure information. Unless otherwise indicated, the December 9, 2015 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:

	2015	2016	2017	2018	2019	2020
January 1st APBO	$ 2,496,484	$ 2,340,757	$ 2,385,382	$ 2,428,970	$ 2,472,095	$ 2,515,357
Net Peridoic Postretirement Benefit Cost (NPPBC)	$ 23,167	$ 32,884	$ 35,225	$ 38,261	$ 40,134	$ 42,119

The actuarial assumptions, including per capita claims costs and trend rates, reflected in the December 31, 2015 disclosure information and in the expense projection are the same as those in the January 1, 2015 actuarial valuation except that the discount rate was increased from 4.16% to 4.55%. No changes in plan provisions were reflected. The census data was the same as reflected in the January 1, 2015 actuarial valuation.

The market value of plan assets was provided by Edison. Because plan liabilities were not adjusted for reimbursements payable to Edison for 2015 claims payable, plan assets were decreased by these estimated amounts.

Projected actuarial liabilities are expected liabilities determined on a roll forward basis, starting with the disclosed December 31, 2015 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 2015 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

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

February 4, 2016

AON Hewitt

December 31, 2015 Financial Statement Disclosure Information*

(In $ thousands)

	2015	2014
1. Change in Accumulated Postretirement Benefit Obligation		
a. Accumulated post retirement benefit obligation at beginning of year	$2,775,516	$2,211,479
b. Service cost	45,938	39,694
c. Interest cost	101,879	117,012
d. Change in plan provisions	(3,016)	0
e. Actuarial (gain)/loss	(500,329)	581,649
f. Special termination benefits	640	3,015
g. Plan participant contributions	19,923	19,279
h. Medicare Part D Subsidy received	0	384
i. Benefits paid	(99,794)	(196,995)
j. Accumulated post retirement benefit obligation at end of year	$2,340,757	$2,775,516
2. Change in Plan Assets		
a. Fair value of plan assets at beginning of year	$2,086,002	$2,065,014
b. Actual return on plan assets	5,946	179,616
c. Employer contributions	23,778	18,704
d. Plan participant contributions	19,923	19,279
e. Medicare Part D Subsidy received	0	384
f. Benefits paid	(99,794)	(196,995)
g. Fair value of plan assets at end of year	$2,035,855	$2,086,002
3. Net Amount Recognized in Prepaid/(Accrued) Benefit Cost		
a. Funded Status: (2g) - (1j)	($ 304,902)	($ 689,514)
b. Unrecognized transition (asset)/obligation	0	0
c. Unrecognized prior service cost	(9,494)	(18,597)
d. Unrecognized net (gain)/loss	183,307	577,022
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	(14,780)	(14,944)
d. Noncurrent liabilities	(290,122)	(674,570)
e. Total (Funded Status)	($ 304,902)	($ 689,514)
5. Amounts Recognized in Accumulated Other Comprehensive Income		
a. Transition (asset)/obligation	$ 0	$ 0
b. Prior service cost	(9,494)	(18,597)
c. Net actuarial (gain)/loss	183,307	577,022
d. Total	$ 173,813	$ 558,425
6. Weighted Average Assumptions Used in Benefit Obligations		
a. Discount rate	4.55%	4.16%
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	7.50%	7.75%
b. Ultimate trend rate	5.00%	5.00%
c. Year that the ultimate rate is reached	2022	2021

* Excludes Non-regulated Enterprises

AON Hewitt

December 31, 2015 Financial Statement Disclosure Information*

(In $ thousands)

	2015	2014
8. Components of Net Periodic Benefit Cost		
a. Service cost	$ 45,938	$ 39,694
b. Interest cost	101,879	117,012
c. Expected return on plan assets	(115,585)	(107,920)
d. Amortization of unrecognized transition (asset)/obligation	0	0
e. Amortization of unrecognized prior service cost	(12,119)	(35,478)
f. Amortization of unrecognized net actuarial (gain)/loss	2,414	5,320
g. Net periodic benefit cost	$ 22,527	$ 18,628
h. Special termination benefits charges	640	3,015
i. Total Cost	$ 23,167	$ 21,643
9. Amount Recognized in Other Comprehensive Income		
a. Prior service cost/(credit)	($ 3,016)	$ 0
b. Net actuarial (gain)/loss (including adjustments)	(391,301)	512,892
c. Amortization of transition (obligation)/asset	0	0
d. Amortization of prior service (cost)/credit	12,119	35,478
e. Amortization of net actuarial gain/(loss)	(2,414)	(5,320)
f. Total	($ 384,612)	$ 543,050
10. Total Amount Recognized in Benefit Cost and Other Comprehensive Income		
(8i) + (9f)	($ 361,445)	$ 564,693
11. Weighted Average Assumptions Used in Benefit Cost:		
a. Discount rate	4.16%	5.00%
b. Rate of increase in compensation	NA	NA
c. Expected return on plan assets	5.50%	5.50%
12. Reconciliation of Accumulated Other Comprehensive Income		
a. AOCI at beginning of year	$ 558,425	$ 15,376
b. Amount Recognized in OCI	(384,612)	543,050
c. AOCI at end of year	$ 173,813	$ 558,425
13. Reconciliation of Funded Status		
a. Prepaid/(accrued) benefit cost at beginning of year:	($ 131,089)	($ 131,089)
b. Net periodic benefit cost	22,527	18,628
c. Special termination benefits charges	640	3,015
d. Employer contributions	23,778	18,704
e. Adjustment	(611)	2,939
f. Prepaid/(accrued) benefit cost at end of year:	($ 131,089)	($ 131,089)

* Excludes Non-regulated Enterprises

AON Hewitt

December 31, 2015 Financial Statement Disclosure Information*

(In $ thousands)

	2015	2014
14. Estimated Amortization Amounts in Following Year		
a. Transition (asset)/obligation	$ 0	$ 0
b. Prior service cost/(credit)	(2,538)	(12,119)
c. Net actuarial (gain)/loss	0	22,517

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	$ 11.5	($ 9.4)
b. Effect on accumulated postretirement benefit obligation	249.8	(204.8)

16. Cash Flows

	(in thousands)
Expected net employer contributions for the fiscal year ending 12/31/16	$ 32,884
Estimated future net benefit payments for fiscal years ending:	
12/31/2016	$ 100,679
12/31/2017	105,688
12/31/2018	110,188
12/31/2019	114,187
12/31/2020	118,306
12/31/2021 - 12/31/2025	646,395

17. Effects of One Percentage Point Change in Discount Rate	(in millions)	
	1% Increase	1% Decrease
Effect on accumulated postretirement benefit obligation	($ 320.1)	$ 370.9

18. Effect of Change in Expected Rate of Return on Assets	(in thousands)
Effect of 1 percentage point increase on 2015 expense	($ 21,015)

* Excludes Non-regulated Enterprises

AON Hewitt

Five-Year Expense Projection

Exhibit 1

Determination of Net Periodic Postretirement Benefit Cost (FAS 106)

(in $ thousands)

	2015	2016	2017	2018	2019	2020
A. Service Cost (EOY)	$ 45,938	$ 41,090	$ 43,145	$ 45,302	$ 47,567	$ 49,945
B. Interest Cost						
1. APBO	$ 103,854	$ 106,504	$ 108,535	$ 110,518	$ 112,480	$ 114,449
2. Expected Benefit Payments	1,975	2,290	2,404	2,507	2,598	2,691
3. Total = (1) - (2)	$ 101,879	$ 104,214	$ 106,131	$ 108,011	$ 109,882	$ 111,758
C. Expected Return on Assets *						
1. Market Value of Assets	$ 117,583	$ 111,973	$ 114,287	$ 116,583	$ 118,920	$ 121,266
2. Expected Benefit Payments	2,175	2,769	2,506	2,639	2,760	2,889
3. Expected Contributions	177	678	425	495	543	595
4. Total = (1) - (2) + (3)	$ 115,585	$ 109,882	$ 112,206	$ 114,439	$ 116,703	$ 118,972
D. Net Amortization Amounts						
1. Transition (Asset)/Obligation	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2. Prior Service Cost	(12,119)	(2,538)	(1,845)	(613)	(612)	(612)
3. Net (Gain)/Loss	2,414	0	0	0	0	0
4. Total = (1) + (2) + (3)	($ 9,705)	($ 2,538)	($ 1,845)	($ 613)	($ 612)	($ 612)
E. Special Termination Charge	$ 640	$ 0	$ 0	$ 0	$ 0	$ 0
F. Net Periodic Postretirement Benefit Cost						
= (A) + (B3) - (C4) + (D4) + (E)	$ 23,167	$ 32,884	$ 35,225	$ 38,261	$ 40,134	$ 42,119

* Weighted Interest Return on assets is 5.5%.

AON Hewitt

Five-Year Expense Projection

Exhibit 2
Development and Reconciliation of (Accrued)/Prepaid Benefit Cost (FAS 106)
(in $ thousands)

	2015	2016	2017	2018	2019	2020
A. Funded Status as of 1/1						
1. APBO	$2,496,484	$2,340,757	$2,385,382	$2,428,970	$2,472,095	$2,515,357
2. Market Value of Assets	2,102,728	2,035,855	2,077,942	2,119,685	2,162,197	2,204,847
3. Funded Status = (2) - (1)	($ 393,756)	($ 304,902)	($ 307,440)	($ 309,285)	($ 309,898)	($ 310,510)
4. Unrecognized Transition (Asset)/Obligation	0	0	0	0	0	0
5. Unrecognized Prior Service Cost	(18,597)	(9,494)	(6,956)	(5,111)	(4,498)	(3,886)
6. Unrecognized Net (Gain)/Loss	281,264	183,307	183,307	183,307	183,307	183,307
7. (Accrued)/Prepaid Benefit Cost = (3) + (4) + (5) + (6)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)
B. Reconciliation of Funded Status						
1. (Accrued)/Prepaid Benefit Cost at 1/1/t-1	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)
2. NPPBC for t-1	21,643	23,167	32,884	35,225	38,261	40,134
3. Contributions for t-1	18,704	23,778	32,884	35,225	38,261	40,134
4. Adjustments for t-1	2,939	(611)	0	0	0	0
5. (Accrued)/Prepaid Benefit Cost at 1/1/t = (1)-(2)+(3)+(4)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)	($ 131,089)

Five-Year Expense Projection

Exhibit 3
Development of Projected Market Value of Assets as of Year End
(in $ thousands)

	2015	2016	2017	2018	2019	2020
A. Assets at 1/1	$2,102,728	$2,035,855	$2,077,942	$2,119,685	$2,162,197	$2,204,847
B. Additions						
1. Contributions	$ 23,778	$ 32,884	$ 35,225	$ 38,261	$ 40,134	$ 42,119
2. Investment Income	5,247	109,882	112,206	114,439	116,703	118,972
3. Total Additions = (1) + (2)	$ 29,025	$ 142,766	$ 147,431	$ 152,700	$ 156,837	$ 161,091
C. Benefit Payments	$ 95,898	$ 100,679	$ 105,688	$ 110,188	$ 114,187	$ 118,306
D. Assets at 12/31 = (A) + (B3) - (C)	$2,035,855	$2,077,942	$2,119,685	$2,162,197	$2,204,847	$2,247,632

Five-Year Expense Projection

Exhibit 4
Bases for Unrecognized Prior Service Cost
(in $ thousands)

	2015	2016	2017	2018	2019	2020
1. Unrecognized Prior Service Cost at preceding 1/1	($ 54,075)	($ 18,597)	($ 9,494)	($ 6,956)	($ 5,111)	($ 4,498)
2. Remaining Amortization Period	NA	NA	NA	NA	NA	NA
3. Plan Amendment	0	(3,016)	0	0	0	0
4.Prior Service Cost Amortization Amount	(35,478)	(12,119)	(2,538)	(1,845)	(613)	(612)
5. Unrecognized Prior Service Cost at 1/1 = (1) + (3) - (4)	($ 18,597)	($ 9,494)	($ 6,956)	($ 5,111)	($ 4,498)	($ 3,886)

February 4, 2016

Mr. Gregory Henry
Manager of Investments
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

Re: 2014 and 2015 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 2014 and 2015. The following are the results of this calculation.

1.	2014 Actual Recovery (adjusted)	$ 3,361,997
2.	2015 Actual Recovery (adjusted)	29,458,001
3.	2014 PBOP Funding (booked expense)	18,703,861
4.	2015 PBOP Funding (booked expense)	23,777,694
5.	Under-Recovery: (3) + (4) – (1) – (2)	$ 9,661,558

The amounts shown on lines (1) and (2) above were developed and provided by Southern California Edison Company, as follows.

1.	2014 PBOP Recovery	$(7,105,094)
2.	2015 PBOP Recovery	18,990,910
3.	2014 Previous (Over) Recovery	(10,467,091)
4.	2015 Previous (Over) Recovery	(10,467,091)
5.	2014 Actual Recovery: (1) - (3)	$ 3,361,997
6.	2015 Actual Recovery: (2) - (4)	$29,458,001

The 2014 and 2015 PBOP Funding amounts on lines (3) and (4) of the first table 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 need anything further.

Sincerely,

Stephen J. Hoeffner, FSA
Vice President

Cc: F. Heidorn J. Nemeth

Aon Hewitt | Health & Benefits
400 Atrium Drive | 5th Floor South | Somerset | NJ 08873
| m +1.908.300.0391 | aonhewitt.com