

Calculation of Income Tax Rates

1) Federal Income Tax rate

Inputs are shaded yellow

Line	Prior Year	Federal Income Tax Rate ("FITR")	Source
1	2016	35.00%	Note 1, c Column 2, see also Note 2

2) Composite State Income Tax Rate

Line	Prior Year	Composite State Income Tax Rate ("CSITR")	Source
6	2016	8.8400%	1) See calculation below on Line 45 based on inputs for apportionment factors and state tax rates. for the applicable Prior Year

Calculation of Composite State Income Tax Rate for the Prior Year:

Line	State	Apportionment Factors ("AFs")	Source
16	California	100.0000%	1) Input most recent available Apportionment Factors.
17	New Mexico	0.0000%	
18	Arizona	0.0000%	
19	D.C.	0.0000%	
Line	State	Statutory Tax Rate ("STR")	Source
23	California	8.8400%	2) Input STR for the Prior Year for each state. See Notes 1 and 3.
24	New Mexico	6.6000%	
25	Arizona	5.5000%	
26	D.C.	9.4000%	
Line	State	Ratio of SCE State Taxable Income to SCE California Taxable Income	Source
33	California	100.0000%	3) Input most recent available ratios based on taxable income from state return filings.
34	New Mexico	0.0000%	
35	Arizona	90.7885%	
36	D.C.	90.7885%	
Line	State	Effective State Tax Rate	Source
40	California	8.8400%	Line 16 * Line 23 * Line 33
41	New Mexico	0.0000%	Line 17 * Line 24 * Line 34
42	Arizona	0.0000%	Line 18 * Line 25 * Line 35
43	D.C.	0.0000%	Line 19 * Line 26 * Line 36
45	Composite State Income Tax Rate =	8.8400%	Sum of Lines 40 to 43

Notes:

1) In the event that statutory marginal tax rates change during the Prior Year, the effective tax rate used in the formula shall be weighted by the number of days each such rate was in effect. For example, a 35% rate in effect for 120 days superseded by a 40% rate in effect for the remainder of the year will be calculated as:
 $((.3500 \times 120) + (.4000 \times 245))/365 = .3836$.

Calculation of FITR for Prior Year:

	(Col 1) FITR	(Col 2) Days	Note
a	35.00%	365	Input FITR in effect for first part of year and number of days
b			Input FITR in effect for second part of year and number of days
c	FITR: $35.00\% = ((\text{Line a, C1}) \times (\text{Line a, C2}) + (\text{Line b, C1}) \times (\text{Line b, C2})) / 365$		
2) Federal Source Statute:	Internal Revenue Code Section 11(b)(1)(D)		
3) State Source Statutes (Enter Reference to each State Marginal Tax Rate Statute below):			
a) California:	California Rev. & Tax. Cd. § 23151		
b) New Mexico	New Mexico Statutes, ¶12,300 Rates in general		
b) Arizona	Arizona Rev. Stat. Ann. Statute, § 43-1111		
c) District of Columbia	DC Code Ann. §47-1807.02		

Southern California Edison
Effective State Tax Rates & Composite Tax Rate
based on 2015 State Apportionment (SCE standalone)

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	2016 Ratemaking Tax Rates
California	8.8400%	1.000000	Sch 26, Line 16	100.0000%	8.8400%	8.8400%
DC	9.4000%	-	Sch 26, Line 19	90.7885%	0.0000%	0.0000%
Arizona	5.5000%	-	Sch 26, Line 18	90.7885%	0.0000%	0.0000%
New Mexico	6.6000%	-	Sch 26, Line 17	0.0000%	0.0000%	0.0000%
Total States					8.8400%	8.8400%
Federal Statutory Rate						35.0000%
Federal Benefit of State Taxes						-3.0940%
Total Composite Tax Rate - 2016						40.7460%
						or
						40.746%

California net income (line 18 of 100W)	1,285,175,177	=	100.0000%	Sch 26, Line 33
California net income (line 18 of 100W)	1,285,175,177			
Arizona net income	1,166,791,580	=	90.7885%	Sch 26, Line 35
California net income	1,285,175,177			
New Mexico net income	-	=	0.0000%	Sch 26, Line 34
California net income	1,285,175,177			
DC net income	1,166,791,580	=	90.7885%	Sch 26, Line 36
California net income	1,285,175,177			

**Southern California Edison
State Tax Apportionment based on 2015 Tax Return**

Sales Factor					
	California			Other States	
	Gross Receipts 2015 TR	Gross Receipts Factor	Adjustment [2]	Gross Receipts 2015 TR	Gross Receipts Factor
California	1,777,942,229	100.0000%	11,628,551,775	13,406,494,004	100.0000%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona	-	0.0000%	-	-	0.0000%
D.C. **	-	0.0000%	-	-	0.0000%
Nevada	-	0.0000%	-	-	0.0000%
Other	-	0.0000%	-	-	0.0000%
Total for California	1,777,942,229	100.0000%	11,628,551,775	13,406,494,004	100.0000%

[1]

Arizona - Enhances 2016 Actual 95.00%

Payroll Factor					
	California			Other States	
	Wages 2015 TR	Wages Factor	Adjustments [3]	Adjusted Wages	Wages Factor
California	-	0.0000%	1,787,753,848	1,787,753,848	99.8336%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona	-	0.0000%	-	-	0.0000%
D.C. **	-	0.0000%	-	-	0.0000%
Nevada	-	0.0000%	2,666,308	2,666,308	0.1489%
Other	-	0.0000%	313,753	313,753	0.0175%
Everywhere	-	0.0000%	1,790,733,909	1,790,733,909	100.0000%

[1]

Arizona - Enhances 2016 budget 2.50%

Property Factor					
	California			Other States	
	Property 2015 TR	Property Factor	Adjustments [3]	Adjusted Property	Property Factor
California	-	0.0000%	40,759,692,131	40,759,692,131	94.4656%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona ***	-	0.0000%	-	-	0.0000%
D.C. **	-	0.0000%	-	-	0.0000%
Nevada	-	0.0000%	194,820,069	194,820,069	0.4515%
Other	-	0.0000%	2,193,149,736	2,193,149,736	5.0829%
Everywhere	-	0.0000%	43,147,661,936	43,147,661,936	100.0000%

[1]

Arizona - Enhances 2016 budget 2.50%

(1)

Apportionment Factors

California	100.0000%
New Mexico	0.0000%
Arizona	0.0000% ***
DC	0.0000% **

[1] This denominator ties to SCE standalone 2015 state apportionment.

[2] 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.

[3] For SCE 2015 CA tax return, SCE is using a single sales factor. However, for purpose of computing the non-CA state apportionment factor under the "market sourcing" method, this adjustment is required to get to the right denominator amount.

** For tax years beginning after December 31, 2014, a single sales factor is used in apportioning business income to DC.

*** 2015 AZ apportionment factor is very immaterial and Tax Provision is not accruing any taxes for it. Thus, the composite tax rate calculation follows provision.

SOUTHERN CALIFORNIA EDISON COMPANY

Tax Apportionment Detail Worksheet By State based on 2015 Tax Return

Arizona Form 120, Line 5- Adjusted Business Income

1,166,791,580

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)

Enhances	Column A Total Within Arizona	Column B Total Everywhere	Column C Ratio within Arizona A / B
2.5%			
	2,187,143,899	42,131,145,445	
	2,187,143,899	42,131,145,445	
	5,446,576	1,016,516,492	
	2,192,590,475	43,147,661,937	0.001270
			0.050816
2. Payroll Factor			
Total Wages, salaries, commissions and other compensation to employees (per Federal Form 1120 or payroll reports)			
2.5%	-	1,790,733,909	0.000000
3. Sales Factor			
a. Sales delivered or shipped to Arizona purchasers	-	12,859,311,577	
b. Other gross receipts	-	547,182,427	
c. Total sales and other gross receipts	-	13,406,494,004	
d. Weight Arizona sales - (STANDARD uses X 2; ENHANCED uses X 8)	X 2 OR X 8		
e. Sales factor (for Column A - multiply item c by item d; for column B - enter the amount from item c)			
95.0%	-	13,406,494,004	0.000000
4. Total Ratio - add C1(c), C2, and C3(e), in Column C			0.001270
5. Average apportionment ratio -			
(Enhances 2 1/2 percent for property and payroll and 95% for sales)			0.001270

SOUTHERN CALIFORNIA EDISON COMPANY

Tax Apportionment Detail Worksheet By State based on 2015 Tax Return

California Form 100W, Line 17 - Net Income After State Apportionment

1,285,175,177

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

2 Payroll

Total Payroll

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

4. Total percent

5. Apportionment percentage. Single Sales Factor

<u>Column A</u> Total Within California	<u>Column B</u> Total Everywhere	<u>Column C</u> Ratio within California A / B
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	0.000000
-	-	
-	-	0.000000
1,777,942,229	1,777,942,229	
-	-	
-	-	
-	-	
1,777,942,229	1,777,942,229	1.000000
		1.000000
		1.000000

SOUTHERN CALIFORNIA EDISON COMPANY

Tax Apportionment Detail Worksheet By State based on 2015 Tax Return

New Mexico Form CIT-1, Line 9 - New Mexico Net Taxable Income

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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

<u>Column A</u> Total Within New Mexico	<u>Column B</u> Total Everywhere	<u>Column C</u> Ratio within New Mexico A / B
-	43,147,661,938	
-	-	
-	43,147,661,938	0.000000
-	1,790,733,909	0.000000
-	13,406,494,004	0.000000
4. TOTAL FACTORS (Add lines 1, 2, and 3)		0.000000
5. AVERAGE FACTOR (Divide line 4 by the number of factors computed above)		0.000000

SOUTHERN CALIFORNIA EDISON COMPANY

Tax Apportionment Detail Worksheet By State based on 2015 Tax Return

D.C. Tax Form D-20 SUB Corporation, Line 30 - Net Income subject to Apportionment

1,166,791,580

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.

- 43,147,661,938 0.000000

2. Payroll

Total compensation paid or accrued by the corporation.

- 1,790,733,909 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).

- 13,406,494,004 0.000000

4. TOTAL FACTORS (Add lines 1, 2, and 3)

0.000000

5. DC APPORTIONMENT FACTOR (Single sales factor beginning after Dec 31, 2014)

0.000000

For tax years beginning after Dec 31, 2014, business income is apportioned using a single sales factor apportionment formula.