

## Calculation of Income Tax Rates

## 1) Federal Income Tax rate

Inputs are shaded yellow

Line	Prior Year	Federal Income Tax Rate ("FTR")	Source
1	2015	35.00%	Note 1, c Column 2, see also Note 2
2			

## 2) Composite State Income Tax Rate

Line	Prior Year	Composite State Income Tax Rate ("CSITR")	Source
6	2015	8.8534%	1) See calculation below on Line 45 based on inputs for apportionment factors and state tax rates. for the applicable Prior Year
7			
8			
9			
10			
11			

## 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	0.2521%	
19	D.C.	0.0000%	
20			

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	6.9000%	
25	Arizona	6.0000%	
26	D.C.	9.4000%	
27			

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	88.7313%	
36	D.C.	45.9956%	
37			

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	0.0134%	Line 18 * Line 25 * Line 35
43	D.C.	0.0000%	Line 19 * Line 26 * Line 36
44			

Line	Composite State Income Tax Rate =	Source
45	8.8534%	Sum of Lines 40 to 43
46		

## 3) Capitalized Overhead portion of Electric Payroll Tax Expense

Line	Amount
49	Total Electric Payroll Tax Expense (From 1-BaseTRR, Line 30)
50	Capitalization Rate (Note 4)
51	Capitalized Overhead portion of Electric Payroll Tax Expense (Line 49 * Line 50)
52	Non-Capitalized Overhead portion of Electric Payroll Tax Expense (Line 49 - Line 51)

**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 For example, a 35% rate in effect for 120 days superseded by a 40% rate in effect for the remainder of the year will be calculated as:  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: $35.00\% = ((\text{Line a, C1}) * (\text{Line a, C2}) + (\text{Line b, C1}) * (\text{Line b, C2})) / 365$		
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. Section 23151(e)		
b) New Mexico	New Mexico Statutes, ¶12,300 Rates in general		
c) Arizona	Arizona Rev. Stat. Ann. Statute, Title 43, Part 43.1139(A)(5)		
d) District of Columbia	DC Code Ann. §47-1810.02(d-2)		
4) Capitalization Rate approved in:	CPUC D. 15-11-021		
For the following Prior Years:	2015-2017		

**Southern California Edison**  
**Effective State Tax Rates & Composite Tax Rate**  
**based on 2014 State Apportionment (SCE standalone)**

TO11 Annual Update  
Attachment 4  
WP-Schedule 26  
Page 3 of 8

REGULAR TAX

	<b>A</b>	<b>B</b>		<b>C</b>	<b>D = A x B x C</b>	<b>E = D</b>
State	Statutory Tax Rate	Apportionment Factor		Ratio of State Income to CA	Effective State Tax Rate	<b>2015</b> 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	45.9956%	0.0000%	0.0000%
Arizona	6.0000%	0.002521	Sch 26, Line 18	88.7313%	0.0134%	0.0134%
New Mexico	6.9000%	-	Sch 26, Line 17	0.0000%	0.0000%	0.0000%
Total States					8.8534%	<b>8.8534%</b>
Federal Statutory Rate						35.0000%
Federal Benefit of State Taxes						-3.0987%
Total Composite Tax Rate - 2015						<b>40.7547%</b>
						or
						<b>40.755%</b>

California net income (line 18 of 100W)	<u>1,178,996,696</u>	=	100.0000%	Sch 26, Line 33
California net income (line 18 of 100W)	1,178,996,696			
Arizona net income	<u>1,046,138,869</u>	=	88.7313%	Sch 26, Line 35
California net income	1,178,996,696			
New Mexico net income	<u>-</u>	=	0.0000%	Sch 26, Line 34
California net income	1,178,996,696			
DC net income	<u>542,286,027</u>	=	45.9956%	Sch 26, Line 36
California net income	1,178,996,696			

**Southern California Edison  
State Tax Apportionment based on 2014 Tax Return**

TO11 Annual Update  
Attachment 4  
WP-Schedule 26  
Page 4 of 8

**Sales Factor**

	California		Other States		
	Gross Receipts 2014 TR	Gross Receipts Factor	Adjustment [2]	Gross Receipts 2014 TR	Gross Receipts Factor
California	5,073,039,339	100.0000%	7,786,592,788	12,859,632,127	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%
<b>Total for California</b>	<b>5,073,039,339</b>	<b>100.0000%</b>	<b>7,786,592,788</b>	<b>12,859,632,127</b>	<b>100.0000%</b>

Arizona - Enhances 2015 TO11 90.00%

**Payroll Factor**

	California		Other States		
	Wages 2014 TR	Wages Factor	Adjustments [3]	Adjusted Wages	Wages Factor
California	-	0.0000%	1,742,347,065	1,742,347,065	99.8822%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona	-	0.0000%	-	-	0.0000%
D.C.	-	0.0000%	-	-	0.0000%
Nevada	2,054,299	100.0000%	-	2,054,300	0.1178%
Other	-	0.0000%	-	-	0.0000%
<b>Everywhere</b>	<b>2,054,299</b>	<b>100.0000%</b>	<b>1,742,347,065</b>	<b>1,744,401,365</b>	<b>100.0000%</b>

Arizona - Enhances 2015 TO11 5.00%

**Property Factor**

	California		Other States		
	Property 2014 TR	Property Factor	Adjustments [3]	Adjusted Property	Property Factor
California	-	0.0000%	40,465,029,597	40,465,029,597	94.6633%
New Mexico	-	0.0000%	-	-	0.0000%
Arizona	2,155,551,669	5.0427%	-	2,155,551,669	5.0427%
D.C.	-	0.0000%	-	-	0.0000%
Nevada	125,711,040	5.5106%	-	125,711,040	0.2941%
Other	-	0.0000%	-	-	0.0000%
<b>Everywhere</b>	<b>2,281,262,709</b>	<b>10.5533%</b>	<b>40,465,029,597</b>	<b>42,746,292,306</b>	<b>100.0001%</b>

Arizona - Enhances 2015 TO11 5.00%

**Apportionment Factors**

<b>California</b>	<b>100.0000%</b>	
<b>New Mexico</b>		<b>0.0000%</b>
<b>Arizona</b>		<b>0.2521%</b>
<b>DC</b>		<b>0.0000%</b>

[1] Total property everywhere (i.e. denominator) does not tie to SCE standalone 2014 state apportionment because New Mexico is excluded here since Four Corner was sold in Dec 2013. For 2015 FERC Formula Rate TO11 purposes, New Mexico is excluded \$294,451,815.

[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 2014 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, only the sales factor is used in apportioning business income to DC.

## Arizona Form 120, Line 5- Adjusted Business Income

1,046,138,869

## 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 -

(Enhances 5 percent for property and payroll and 90% for sales)

Enhances	Column A Total Within Arizona	Column B Total Everywhere	Column C Ratio within Arizona A / B
5.0%			
	2,150,509,573	41,738,381,553	
	2,150,509,573	41,738,381,553	
	5,042,096	1,007,910,752	
	2,155,551,669	42,746,292,305	0.002521
5.0%	-	1,744,401,364	0.000000
	-	12,767,448,311	
	-	92,183,816	
	-	12,859,632,127	
	X 2 OR X 8		
90.0%	-	12,859,632,127	0.000000
			0.002521
			0.002521

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

1,178,996,696

## 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

-  
-  
-  
-  
-  
-  
-

-  
-  
-  
-  
-  
-  
-

0.000000

## 2 Payroll

**Total Payroll**

-  
-

-  
-

0.000000

## 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.)

5,073,039,339

5,073,039,339

-  
-  
-

-  
-  
-

**5,073,039,339****5,073,039,339****1.000000****Total Sales**

## 4. Total percent

1.000000

## 5. Apportionment percentage. Single Sales Factor

**1.000000**

**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

**Column A**  
**Total Within**  
**New Mexico**

**Column B**  
**Total**  
**Everywhere**

**Column C**  
**Ratio within**  
**New Mexico**  
**A / B**

-

41,738,381,553

-

1,007,910,752

-

42,746,292,305

0.000000

**2. Payroll**

Total compensation of employees

-

1,744,401,364

0.000000

**3. Sales Factor**

Gross receipts

-

12,859,632,127

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

**D.C. Tax Form D-20 SUB Corporation, Line 30 - Net Income****542,286,027****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.

<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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-	42,746,292,305	0.000000
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**2. Payroll**

Total compensation paid or accrued by the corporation.

-	1,744,401,364	0.000000
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**3. Sales Factor**

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

-	12,859,632,127	0.000000
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**4. TOTAL FACTORS (Add lines 1, 2, and 3)**

0.000000

**5. DC APPORTIONMENT FACTOR (Single sales factor starting 1/1/2015 under D.C. Code Ann §47-1810.02(d-2))**

0.000000