

PLANT ACCOUNTING

December 31, 2017

Guadalupe Perez

Subject: Fourth Quarter 2017 AFUDC Rate Monitoring and Analysis

The following table provides the 2017 AFUDC rate and the allocation for borrowed and Equity funds. The 4th quarter 2017 analysis resulted in a 31 basis point (bp) decrease of the annual gross nominal rate to 7.25% from 7.56%.

- 42 bp decrease resulting from an increase in estimated annual average short-term debt.
- 11 bp increase resulting from an increase in estimated annual average CWIP.

The annual AFUDC rate has changed.

If you have any questions regarding this information, please contact me at PAX 22555.

Effective Month	Gross Nominal Rate	Power Plant System Rate / Monthly System Rate	Allocation of Gross Funds Borrowed (%) / Equity (%)
December 2017	7.254324%	7.147056% 0.595588%	24.41% / 75.59%
September 2017	7.566049%	7.449468% 0.620789%	23.72% / 76.28%
June 2017	7.566049%	7.449468% 0.620789%	23.72% / 76.28%
March 2017	7.566049%	7.449468% 0.620789%	23.72% / 76.28%
January 2017	7.566049%	7.449468% 0.620789%	23.72% / 76.28%

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**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
FOR THE PERIOD ENDED December 31, 2017**

|----- Annual Input -----|

Data Input	Amount	Capital Structure (Allocated)	Authorized Cost of Capital
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(Dollars in Thousands)

Short-Term Debt	145,325		1.270%
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2016 Year-End Capital Structure

Long-Term Debt	8,920,781	38.1172%	4.77%
Preferred Stock	2,245,055	9.5928%	5.52%
Common Equity	12,237,720	52.2900%	10.45%
<i>Total Capital Structure</i>	<u>23,403,557</u>		

CWIP (weighted avg)	1,708,636		
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**SOUTHERN CALIFORNIA EDISON COMPANY
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
SUMMARY OF ANNUAL RATE CALCULATION PROJECTION
FOR THE PERIOD ENDED December 2017
(Dollars in Thousands)**

Gross Nominal AFUDC Rate:

Total Forecasted Average CWIP

\$ 1,708,636

Finance by Forecasted:

Average Short-Term General Purpose Financing	1.270%	\$ 145,325	\$ 1,846	0.108039%
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Finance by Capitalization

Long-Term Debt	4.77%	38.12%	595,890	28,404	1.662379%
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Preferred Stock	5.52%	9.59%	149,965	8,276	0.484363%
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Common Equity	10.45%	52.29%	817,455	85,424	4.999543%
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Total Finance by Capitalization

1,563,311	122,104	7.146285%
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Total CWIP Financed

1,708,636	123,950	7.254324%
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Allocation of Gross Funds:

Borrowed Funds (Debt %)	24.41%
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Equity Funds (Equity %)	75.59%
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Gross and Net Rate Calculations:

Formula:

Gross Nominal Rate (Gross Rate)	(From Above)	7.254324%
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Gross Rate Compounded Semi-Annually (S Rate)	$((\text{Gross Rate}/2) + 1)^2 - 1$	7.385887%
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Gross Equivalent Monthly Rate (Month Rate)	$((\text{S Rate} + 1)^{(1/12)}) - 1$	0.595588%
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Rate Used in Power Plant Work Order System	(Month Rate * 12)	7.147056%
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