APPENDIX B

Mountainview Cost Categories and Forecasted Costs

Capital Costs ($Millions)	2006 (9 months)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rate Base Cost Categories (a)															
Plant in Service (b)	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2
Depreciation Reserve	16.5	39.0	63.2	86.5	109.9	133.2	156.5	179.9	203.2	226.5	249.9	273.2	296.5	319.8	343.2
Deferred Tax Reserve	2.9	12.1	20.3	27.3	33.1	37.9	41.7	44.6	47.4	50.1	52.9	55.6	58.4	61.1	63.9
Working Cash	0.2	0.2	0.4	0.2	0.2	0.2	0.3	0.3	0.3	0.5	0.3	0.3	0.3	0.3	0.3
Rate Base	684.0	651.4	620.1	589.6	560.5	532.3	505.2	479.0	452.9	427.0	400.7	374.6	348.6	322.5	296.5
Book Depreciation	17.5	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Return (at 9.75%)	50.7	65.0	61.9	58.8	55.9	53.2	50.5	47.9	45.3	42.8	40.2	37.7	35.2	32.6	30.1
Taxes (c)	20.3	24.6	23.7	22.7	21.8	20.9	20.0	19.2	18.3	17.5	16.6	15.7	14.8	13.9	13.0
Decommissioning (d)															
Annual Capital Recovery Charge	**88.5**	112.9	108.9	104.9	101.1	97.4	93.8	90.4	87.0	83.6	80.2	76.7	73.3	69.8	66.4

Capital Costs ($Millions)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Rate Base Cost Categories (a)															
Plant in Service (b)	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2	703.2
Depreciation Reserve	366.5	389.8	413.2	436.5	459.8	483.2	506.5	529.8	553.2	576.5	599.8	623.2	646.5	669.8	693.2
Deferred Tax Reserve	66.6	69.3	72.1	74.8	77.6	75.3	67.2	59.1	51.0	42.9	34.8	26.7	18.6	10.5	2.4
Working Cash	0.3	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.3	1.2	0.3
Rate Base	270.3	244.3	218.4	192.1	166.0	144.9	129.8	114.5	99.3	84.2	68.8	53.6	38.4	24.1	7.9
Book Depreciation	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Return (at 9.75%)	27.5	25.0	22.5	19.9	17.4	14.9	13.3	11.8	10.4	8.9	7.4	5.9	4.4	3.0	1.5
Taxes (c)	12.0	10.9	9.9	8.8	7.8	6.8	6.1	5.5	4.9	4.3	3.7	3.1	2.5	2.7	2.9
Decommissioning (d)															
Annual Capital Recovery Charge	62.8	59.3	55.7	52.1	48.5	45.0	42.8	40.7	38.6	36.5	34.4	32.3	30.2	29.1	27.7

(a) December (end of year) values. Based on COD for both units on April 1, 2006

(b) Plant in service is forecast based on the following:

	Millions
Investment*	603.7
Contingency	29
AFUDC	84.2
EITC	-13.7
	703.2

* Includes purchase price, delay and suspension costs, and project completion costs (contracted amounts and direct owner costs)

(c) Federal Taxes at 35% and State taxes at 8.54%.

(d) SCE is responsible for decommissioning. Decommissioning costs will be determined in SCE's general rate case proceedings and included in retail rates

Mountainview Cost Categories and Forecasted Costs

Operating Costs (Millions-2003$)	FERC Acct	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pre-Authorized Charges (d)		($ millions)														
Third-party O&M costs and environmental costs	548, 549, 553	6.5	9.0	28.2	8.7	8.2	8.6	10.9	12.3	11.4	32.7	12.9	12.7	12.9	12.7	13.5
Property Taxes	408	5.2	7.5	7.0	6.5	6.1	5.9	5.5	5.1	4.8	4.4	4.1	3.8	3.4	3.1	2.7
Insurance	549	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Interconnection	570	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Auxiliary Power	549	1.6	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
SCR Catalyst Replacement Allowance	548	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0
Major Refurbishment, Compliance, Betterments, Major Repair (e)																
Corporate Overhead (f)	920															
Prior Claims (f)	549															
Governmental Charges (f)	549															
Total Pre-Authorized Charges		14.0	19.6	38.2	18.3	17.4	17.6	19.5	24.5	19.3	40.2	20.1	19.5	19.4	18.8	23.3
Fixed O&M Charges																
Staff and Labor Costs																
Supervision and Engineering - Operations	546	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Generation Expenses - Operations	548	1.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Miscellaneous - Operations	549	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Supervision and Engineering - Maintenance	551	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Structures	552	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Injuries and Damages	925	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions and Benefits	926	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Routine Repairs and Maintenance																
Miscellaneous - Operations	549	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Structures	552	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Generating and electric plant	553	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Miscellaneous - Maintenance	554	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Periodic Maintenance	548, 552-554	0.1	0.3	0.4	0.5	0.4	1.0	0.1	0.5	0.4	0.7	0.1	1.1	0.1	0.3	0.7
Services Provided by SCE																
Business Resources, Controllers Org, Corporate RE, IT, Procurement, HR, Trans. Env. Aff.	549	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Shop Services And Instrumentation	548, 553, 554	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Fixed O&M Charges		5.6	7.6	7.7	7.8	7.7	8.2	7.4	7.8	7.7	8.0	7.4	8.4	7.4	7.6	8.0
Variable O&M Charges (d)																
Generation Expenses (water treatment, chemicals,etc)	548	1.5	1.9	2.0	1.9	2.0	1.9	2.0	1.8	1.9	2.0	1.9	2.0	1.9	2.0	1.9
Miscellaneous Supplies and Services	549	0.4	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other major maintenance: including HRSG, feed water pumps, & SCR catalyst replacement (net of allowance)	547, 548, 552-554	0.0	0.1	0.5	0.3	0.5	0.1	0.0	0.8	0.1	0.5	0.3	0.5	0.0	0.1	0.8
Total Variable O&M Charges		1.9	2.6	3.0	2.7	3.0	2.6	2.5	3.1	2.6	3.0	2.7	3.0	2.5	2.6	3.2
Fuel Cost (g)	547															
Total O&M Costs		21.5	29.8	49.0	28.8	28.1	28.4	29.5	35.4	29.6	51.2	30.2	30.9	29.4	29.1	34.4
Incentive Payments (h)																
Total Annual Charges (Capital + O&M)		110.0	142.8	157.9	133.7	129.1	125.8	123.3	125.8	116.6	134.8	110.4	107.6	102.7	98.9	100.8

(d) Based on an assumed dispatch level

(e) Major refurbishments, major repair, betterments, and compliance, work is subject to substantial uncertainty. These expenditures may occur earlier or not occur at all, and may be classified as plant in service if approved as a capital addition under PPA section 8.09

(f) Currently no SCE corporate overheads are assigned to MVL, however, if in the future they are allocated to MVL by the CPUC, they would be included as pre-authorized. Similarly, there are no prior claims or government charges forecasted

(g) Fuel costs are SCE's responsibility and will be included in SCE's retail rates

(h) The PPA has an heat rate and availability incentive mechanism. The annual amount will vary depending on realized operating performance

Mountainview Cost Categories and Forecasted Costs

Operating Costs (Millions-2003$)	FERC Acct	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Pre-Authorized Charges (d)																
Third-party O&M costs and environmental costs	548, 549, 553	12.7	12.9	33.0	12.7	12.9	12.7	13.5	12.7	12.9	32.7	13.1	12.9	12.7	32.6	12.7
Property Taxes	408	2.4	2.0	1.7	1.3	1.0	0.7	0.4	0.3	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Insurance	549	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Interconnection	570	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Auxiliary Power	549	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
SCR Catalyst Replacement Allowance	548	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0
Major Refurbishment, Compliance, Betterments, Major Repair (e)															66.5	
Corporate Overhead (f)	920															
Prior Claims (f)	549															
Governmental Charges (f)	549															
Total Pre-Authorized Charges		18.1	18.1	37.8	17.1	17.0	16.4	21.0	16.1	16.3	35.9	16.2	16.0	15.7	106.3	15.8
Fixed O&M Charges																
Staff and Labor Costs																
Supervision and Engineering - Operations	546	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Generation Expenses - Operations	548	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Miscellaneous - Operations	549	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Supervision and Engineering - Maintenance	551	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Structures	552	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Injuries and Damages	925	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions and Benefits	926	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Routine Repairs and Maintenance																
Miscellaneous - Operations	549	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Structures	552	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Generating and electric plant	553	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Miscellaneous - Maintenance	554	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Periodic Maintenance	548, 552-554	0.5	0.1	1.0	0.1	0.9	0.4	0.3	0.1	1.2	0.4	0.3	0.4	0.5	0.1	1.3
Services Provided by SCE																
Business Resources, Controllers Org, Corporate RE, IT, Procurement, HR, Trans. Env. Aff.	549	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Shop Services And Instrumentation	548, 553, 554	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Fixed O&M Charges		7.8	7.4	8.2	7.4	8.1	7.7	7.6	7.4	8.4	7.7	7.6	7.7	7.8	7.4	8.6
Variable O&M Charges (d)																
Generation Expenses (water treatment, chemicals,etc)	548	2.0	1.9	1.9	2.0	1.9	2.0	1.9	2.0	1.9	2.0	1.9	1.9	2.0	1.9	2.0
Miscellaneous Supplies and Services	549	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other major maintenance: including HRSG, feed water pumps, & SCR catalyst replacement (net of allowance)	547, 548, 552-554	0.1	0.5	0.3	0.0	0.5	0.1	0.8	0.1	0.5	0.0	0.3	0.5	0.1	0.1	0.1
Total Variable O&M Charges		2.6	3.0	2.7	2.5	3.0	2.6	3.2	2.6	3.0	2.5	2.7	3.0	2.6	2.5	2.6
Fuel Cost (g)	547															
Total O&M Costs		28.5	28.5	48.7	27.0	28.2	26.7	31.8	26.1	27.7	46.1	26.6	26.8	26.2	116.1	27.0
Incentive Payments (h)																
Total Annual Charges (Capital + O&M)		91.4	87.7	104.4	79.1	76.7	71.7	74.6	66.8	66.3	82.7	61.0	59.1	56.4	145.2	54.7

(d) Based on an assumed dispatch level

(e) Major refurbishments, major repair, betterments, and compliance work is subject to substantial uncertainty. These expenditures may occur earlier or not occur at all, and may be classified as plant in service if approved as a capital addition under PPA section 8.09

(f) Currently no SCE corporate overheads are assigned to MVL, however, if in the future they are allocated to MVL by the CPUC, they would be included as pre-authorized. Similarly, there are no prior claims or government charges forecasted

(g) Fuel costs are SCE's responsibility and will be included in SCE's retail rates

(h) The PPA has an heat rate and availability incentive mechanism. The annual amount will vary depending on realized operating performance

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of the **REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U338-E) ON THE PROPOSED DECISION** on all parties identified on the attached service list. Service was affected by means indicated below:

- [x] Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage prepaid (Via First Class Mail);
- [ ] Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the offices of each addressee (Via Courier);
- [x] Transmitting the copies via facsimile, modem, or other electronic means (Via Electronic Means).

Executed this 15th day of December, 2003, at San Francisco, California.

Paula Knuth

Paula Knuth
SOUTHERN CALIFORNIA EDISON COMPANY

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Rosemead, California 91770
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(END OF APPENDIX B)