



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

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Application of Southern California Edison	)	
Company (U 338-E) for a Commission Finding	)	A1404006 Application No. 14-04-_____
that its Procurement-Related and Other	)	
Operations for the Record Period January 1	)	
Through December 31, 2013 Complied with its	)	
Adopted Procurement Plan; for Verification of its	)	
Entries in the Energy Resource Recovery	)	
Account and Other Regulatory Accounts; and for	)	
Recovery of \$6.619 Million Recorded in Three	)	
Memorandum Accounts.	)	

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS APRIL  
2014 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) REVIEW PROCEEDING**

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Dated: **April 1, 2014**

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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS APRIL  
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**I.**

**DESCRIPTION OF APPLICATION AND SUMMARY OF REQUEST**

In compliance with Decision (D.) 02-10-062, D.03-07-029, and D.04-01-048, and pursuant to Rules 2.1 and 3.2 of the Commission's Rules of Practice and Procedure, Southern California Edison Company (SCE) is submitting its April 2014 Energy Resource Recovery Account (ERRA) application. This application sets forth SCE's procurement-related operations for January 1 through December 31, 2013 (Record Period). Concurrent with the filing of this application, SCE is serving four volumes of supporting prepared testimony on Commission staff members and interested parties, designated as Exhibits SCE-1, SCE-2, SCE-3 and SCE-4. Certain volumes of testimony also have confidential versions. SCE requests the Commission to find that during the Record Period: (1) its fuel and purchased power expenses complied with SCE's Commission-approved procurement plan and were recorded accurately; (2) its contract administration, management of utility-retained generation, dispatch of

generation resources, and related spot market transactions complied with Standard of Conduct Four (SOC 4) in SCE's procurement plan; and (3) all other SCE activities subject to Commission review in this ERRR Review proceeding complied with applicable Commission decisions and resolutions.

In D.02-10-062 and D.02-12-074, the Commission determined that certain procurement-related operations should be reviewed annually in the ERRR proceeding. This review includes URG expenses, SCE's administration of existing qualifying facility (QF) contracts, bilateral contracts, inter-utility power contracts, renewable resource contracts, natural gas tolling agreements, and California Department of Water Resources (DWR) contracts allocated to SCE's customers in D.02-09-053. In addition, the Commission requires SCE to demonstrate that its least-cost dispatch operations and related spot market transactions during the Record Period complied with SOC 4 in its Commission-approved procurement plan, as clarified in D.05-01-054.

D.02-10-062 also requires SCE to set forth the entries recorded in the ERRR Balancing Account and other regulatory accounts for review. These accounts are discussed in Chapter XII-XV of Exhibit SCE-2 of the testimony supporting this application. As explained therein, in this application SCE is requesting approval to recover \$6.619 million (including franchise fees and uncollectibles). During the Record Period, two accounts authorized by the CPUC were under-collected: (1) the Litigation Costs Tracking Account (LCTA); and (2) the Market Redesign and Technology Upgrade Memorandum Account (MRTUMA). Also during the Record Period, one account authorized by the CPUC was over-collected: (1) the Project Development Division Memorandum Account (PDDMA). The requested \$6.619 million represents the remaining costs associated with the under-collected accounts after offset with the over-collected account.

The under-collection in the LCTA (\$3.830 million) reflects SCE's costs for outside counsel, expert witnesses, and other outside litigation costs related to the California Energy Crisis, where SCE is pursuing refunds from suppliers who overcharged customers. SCE returns these refunds on an annual basis to customers through the Energy Settlements Memorandum Account.

The under-collection in the MRTUMA (\$5.700 million) reflects incremental capital revenue requirement and operation and maintenance (O&M) expenses recorded in 2013 associated with implementing the California Independent System Operator's (CAISO) MRTU initiative.

The over-collection in the PDDMA (\$2.985 million) reflects SCE's labor, contract labor, and miscellaneous business development costs associated with identifying locations for potential new SCE generation, evaluating generation technologies, tracking the costs of regulatory and legislative generation-related initiatives, and other related costs in compliance with D.06-05-016.

Compared to revenue at present rates as of March 1, 2014, this application requests a revenue increase of \$6.619 million, or 0.06%, beginning in 2015. If total rates were to change as requested, an average residential customer using 600 kilowatt-hours (kWh) per month would see an increase of \$0.11 per month, from \$98.34 to \$98.45. The following table shows an estimate of proposed revenue and rate changes by customer group:

CUSTOMER GROUP REVENUE IMPACT ERRA April 1, 2014 Application				
Customer Group	Revenue Change (\$000)	% Change	Present Retail Rates ¢/kWh	Proposed Retail Rates ¢/kWh
Residential	2,930	0.06%	17.46	17.47
Lighting - Small and Medium Power	2,187	0.05%	16.61	16.62
Large Power	1,074	0.06%	11.78	11.79
Agricultural and Pumping	226	0.06%	12.96	12.97
Street and Area Lighting	36	0.03%	17.69	17.69
Standby	164	0.07%	9.76	9.76
<b>TOTAL</b>	<b>6,619</b>	<b>0.06%</b>	<b>15.70</b>	<b>15.71</b>

## II.

### **STATUTORY AND REGULATORY REQUIREMENTS**

#### **A. Statutory and Other Authority – Rule 2.1**

SCE makes this Application pursuant to Public Utilities Code Section 454, D.02-10-062, and the Commission's Rules of Practice and Procedure.

Section 454(a) provides in pertinent part:

- (a) Except as provided in Section 455, no public utility shall change any rate or so alter any classification, contract, practice, or rule as to reflect in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.

Section 454(b) provides in pertinent part:

- (b) The commission may adopt rules it considers reasonable and proper for each class of public utility providing for the nature of the showing required to be made in support of proposed rate changes, the form and manner of the presentation of the showing, with or without a hearing, and the procedure to be followed in the consideration thereof.

#### **B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)**

Pursuant to Rule 2.1 of the Commission's Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

Correspondence or communications regarding this application should be addressed to:

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C. **Proposed Categorization, Need for Hearings, Issues To Be Considered, and Proposed Schedule — Rule 2.1(c)**

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”<sup>1</sup>

1. **Proposed Category**

For purposes of Rule 7.1, SCE proposes that this proceeding be categorized as ratesetting.

2. **Need for Hearings**

The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE’s request, and the need for hearings will be determined by the assigned administrative law judge(s).

3. **Issues to Be Considered**

In general, the issues to be considered are discussed above and in more detail in SCE’s opening testimony.

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<sup>1</sup> TITLE 20 CAL. CODE REGS. Div. 1, Art. 2, §2.1.

#### **4. Procedural Schedule**

To allow the Commission to issue a timely final decision in this proceeding, SCE requests the Commission to process the present application according to the following schedule.

Application filed:	April 1, 2014
Master Data Request responses due:	May 1, 2014 <sup>2</sup>
Protests due:	May 1, 2014
Reply to Protests:	May 12, 2014
Pre-Hearing Conference:	May 16, 2014
ORA/Intervenor Testimony due:	October 13, 2014 <sup>3</sup>
Utility Rebuttal Testimony due:	November 10, 2014
Hearings held (if needed):	November 20-21, 2014
Concurrent Opening Briefs:	December 15, 2014
Concurrent Reply Briefs:	December 23, 2014
Proposed Decision:	January 30, 2015
Comments on Proposed Decision:	February 19, 2015
Replies to Comments:	February 24, 2015
Final Commission Decision:	March 2015

#### **D. Organization and Qualification to Transact Business– Rule 2.2**

In compliance with Rule 2.2,<sup>4</sup> a copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with A.06-03-020,<sup>5</sup> and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

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<sup>2</sup> Reflects one-month extension granted to SCE by the Office of Ratepayer Advocates (ORA).

<sup>3</sup> Reflects the one-month extension for the Master Data Request responses.

<sup>4</sup> Rule 2.2 requires the applicant, in this case SCE, to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

<sup>5</sup> Application 06-03-020, *For Approval of Early Transfer of Anaheim's Share of SONGS 2&3 to SCE*.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, is being filed with the Commission in connection with this Application, and is attached as Appendix C hereto.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 15, 2013, pursuant to General Order Nos. 65-A and 104-A of the Commission.



**E. Authority to Increase Rates — Rule 3.2**

**1. Balance Sheet and Income Statement – Rule 3.2(a)(1)**

Appendix A contains copies of SCE's balance sheet as of September 30, 2013, and income statement for the period ended September 30, 2013, the most recent period available.

**2. Present and Proposed Rates – Rule 3.2(a)(2) And Rule 3.2(a)(3)**

The presently-effective rates and the illustrative changes proposed to be made to those rates are listed in the table, above. The proposed rates are illustrative and will be updated consistent with the Commission's decision in this proceeding to reflect SCE's then-current authorized revenues when such rates are implemented.

**3. Summary of Earnings – Rule 3.2(a)(5)**

SCE's most recent summary of earnings is attached hereto as Appendix B.

**4. Statement Pursuant To Rule 3.2(a)(10)**

Rule 3.2(a)(10) requires that the "application of electrical ... corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it." SCE's application requests recovery of amounts in certain memorandum accounts, which are traditional "pass through" costs to customers.

**5. Service of Notice – Rules 3.2(b), 3.2(c), 3.2(d)**

As required by Rule 3.2(b), a notice stating in general terms the proposed increases in rates will be mailed to the designated officials of the state and the counties and cities that SCE serves. As required by Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE's service territory within which the rate changes would be effective. Pursuant to Rule 3.2(d), notice shall be furnished to customers affected by the proposed increase by including such notice with the regular bills mailed to those customers or it

will be served electronically on all such customers affected by the proposed rate changes. Finally, pursuant to Rule 3.2(e), SCE will file proof of compliance with the notice requirements of Rule 3.2(b)-(d) within 20 days after compliance with the last of these subsections that is applicable.

### **III.**

#### **CONCLUSION**

SCE respectfully requests that the Commission approve SCE's application in total.

Respectfully submitted,

/s/ Russell A. Archer

By: Russell A. Archer

Attorney for  
SOUTHERN CALIFORNIA EDISON COMPANY

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**April 1, 2014**

## **VERIFICATION**

(See Rule 1.11)

Southern California Edison Company

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to the matters that are herein stated on information and belief, and as to those matters, I believe them to be true.

/s/ Megan Scott-Kakures

By: Megan Scott-Kakures  
Vice President of Regulatory Operations  
Southern California Edison Company

**Appendix A**

**SCE's Balance Sheet and Income Statement**

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME  
NINE MONTHS ENDED SEPTEMBER 30, 2013

(In millions)

OPERATING REVENUE	\$ 9,631
OPERATING EXPENSES:	
Fuel	249
Purchased power	3,569
Other operation and maintenance	2,540
Depreciation, decommissioning and amortization	1,223
Property and other taxes	229
Asset impairment and others	575
Total operating expenses	8,385
OPERATING INCOME	1,246
Interest income	8
Other income	81
Interest expense	(384)
Other expenses	(38)
INCOME BEFORE INCOME TAX	913
INCOME TAX EXPENSE	196
NET INCOME	717
Less: Dividends on preferred and preference stock	75
NET INCOME AVAILABLE FOR COMMON STOCK	\$ 642

## SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
SEPTEMBER 30, 2013ASSETS  
(in millions)

## UTILITY PLANT:

Utility plant, at original cost *	\$ 34,316
Less- accumulated provision for depreciation and decommissioning *	7,817
	26,499
Construction work in progress	3,099
Nuclear fuel, at amortized cost	136
	29,734

## OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$68	70
Nuclear decommissioning trusts	4,332
Other investments	130
	4,532

## CURRENT ASSETS:

Cash and equivalents	522
Receivables, less allowances of \$72 for uncollectible accounts	1,127
Accrued unbilled revenue	798
Inventory	272
Prepaid taxes	22
Derivative assets	47
Regulatory assets	506
Other current assets	167
	3,461

## DEFERRED CHARGES:

Regulatory assets	8,015
Derivative assets	207
Other long-term assets	372
	8,594
	\$ 46,321

\* Detailed by class on following pages.

**SOUTHERN CALIFORNIA EDISON COMPANY**

**BALANCE SHEET**  
**SEPTEMBER 30, 2013**  
**CAPITALIZATION AND LIABILITIES**  
(in millions)

**CAPITALIZATION:**

Common stock	\$ 2,168
Additional paid-in capital	589
Accumulated other comprehensive loss	(28)
Retained earnings	7,467
Common shareholder's equity	10,196
Preferred and preference stock	1,795
Long-term debt	8,828
Total capitalization	20,819

**CURRENT LIABILITIES:**

Short-term debt	1,354
Current portion of long-term debt	400
Accounts payable	1,228
Accrued taxes	148
Accrued interest	101
Customer deposits	199
Derivative liabilities	174
Regulatory liabilities	629
Deferred income taxes	159
Other current liabilities	842
	5,234

**DEFERRED CREDITS:**

Deferred income taxes	7,033
Deferred investment tax credits	106
Customer advances	132
Derivative liabilities	1,137
Pensions and benefits	1,726
Asset retirement obligations	3,371
Regulatory liabilities	4,989
Other deferred credits and other long-term liabilities	1,774
	20,268

**\$ 46,321**

## **Appendix B**

### **SCE's Summary of Earnings**



**Southern California Edison  
Summary of Earnings  
2014 GRC Adopted Revenue Requirement  
Thousands of Dollars**

Line No.	Item	Total
1.	<b>Base Revenues</b>	6,149,361
2.	<b>Expenses:</b>	
3.	Operation & Maintenance	2,511,482
4.	Depreciation	1,586,868
5.	Taxes	767,265
6.	Revenue Credits	(157,433)
7.	Total Expenses	4,708,181
8.	<b>Net Operating Revenue</b>	1,441,180
9.	<b>Rate Base</b>	18,292,195
10.	<b>Rate of Return</b>	7.88%

**Appendix C**

**Certificate Of Determination Of Preferences Of Series H Preference Stock**

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Secretary of State  
State of California

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CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE  
SERIES H PREFERENCE STOCK

SOUTHERN CALIFORNIA EDISON COMPANY

We, the undersigned, being the Vice President and the Assistant Treasurer, respectively, of Southern California Edison Company (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the laws of the State of California, DO HEREBY CERTIFY:

FIRST: The Restated Articles of Incorporation, as amended (the "Articles"), authorize the issuance of 50,000,000 shares of Preference Stock which may be issued from time to time in one or more series, and authorize the Board of Directors of the Corporation to (i) fix the number of shares of any series of Preference Stock and to determine the designation of any such series, (ii) to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preference Stock, including but not limited to rights, preferences, privileges and restrictions regarding dividends (including provisions specifying dividends at a floating or variable rate or dividends to be determined by reference to an index, formula, auction, bid or other objectively ascertainable criterion), liquidation, conversion, redemption and voting (including provisions specifying no general voting rights or voting rights of more than one vote per share), and, (iii) within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

SECOND: Acting pursuant to the authority delegated by the Board of Directors of the Corporation, the Pricing Committee of the Board of Directors did duly adopt on February 27, 2014, the following resolutions authorizing and providing for the creation of a series of said shares of Preference Stock to be known as Series H Preference Stock, consisting of 110,004 shares, none of the shares of such series having been issued:

"NOW, THEREFORE, BE IT RESOLVED, that 110,004 shares of the presently authorized but unissued Preference Stock, no par value, be and hereby determined to be and shall be of a series of said Preference Stock hereby designated as the "Series H Preference Stock" (the "Series H Shares"); and

BE IT FURTHER RESOLVED, that the rights, preferences, privileges and restrictions of Series H Shares of such series be and the same are hereby fixed, respectively, as follows:

A0752195

# 1. Dividends

(a) The holders of record of the Series H Shares (each individually a "Holder," or collectively the "Holders") will be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or duly authorized committee thereof (the "Board"), in its sole discretion out of funds legally available therefor, cumulative quarterly cash dividends at an annual rate equal to (1) 5.75% of the Liquidation Preference for each Dividend Period (as defined below) from, and including, the issue date of the Series H Shares to, but excluding, March 15, 2024 (the "Fixed Rate Period"), and (2) the three-month LIBOR rate plus 2.99% of the Liquidation Preference, for each Dividend Period from, and including, March 15, 2024 through, but excluding, the redemption date of the Series H Shares, if any (the "Floating Rate Period"). When, as and if declared by the Board, we will pay dividends on the Series H Shares quarterly, in arrears, on March 15, June 15, September 15 and December 15 of each year (each, a "Dividend Payment Date"), commencing June 15, 2014. Such dividends shall be cumulative from the date of issue whether or not earned or declared, and no interest, dividends or sum in lieu thereof shall be payable in respect of the amount of any dividend on the Series H Shares not paid on a Dividend Payment Date and accrued. If a Dividend Payment Date during the Fixed Rate Period is not a Business Day (as defined below), the related dividend (if declared) will be paid on the next succeeding Business Day with the same force and effect as though paid on the Dividend Payment Date, without any increase to account for the period from such Dividend Payment Date through the date of actual payment. If any Dividend Payment Date during the Floating Rate Period is not a Business Day, the related dividend (if declared) will be payable on the next succeeding Business Day, with the same force and effect as though paid on the Dividend Payment Date, without any increase to account for the period from such Dividend Payment Date through the date of actual payment, unless that day falls in the next calendar month, in which case the Dividend Payment Date will be the immediately preceding Business Day. Dividends payable on the Series H Shares for any period from but including a Dividend Payment Date to but excluding the next succeeding Dividend Payment Date (a "Dividend Period") during the Fixed Rate Period will be computed on the basis of a 360-day year consisting of twelve 30-day months; *provided however* that Dividends payable on the Series H Shares for the initial Dividend Period and any period shorter than a full Dividend Period will be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual number of days elapsed in the period using 30-day months. Dividends payable on the Series H Shares for any Dividend Period during the Floating Rate Period will be computed based on the actual number of days in a Dividend Period and a 360-day year. "Liquidation Preference" means \$2,500.00 per share of the Series H Shares. "Business Day" means any weekday that is not a legal holiday in New York, New York and is not a day on which banking institutions in New York, New York or Los Angeles, California are closed.

(i) The dividend rate for each Dividend Period in the Floating Rate Period will be determined by the Calculation Agent (as defined below) using three-month LIBOR as in effect on the second London Business Day (as defined below) prior to the beginning of the applicable

Dividend Period, which date is the "Dividend Determination Date" for the Dividend Period. The Calculation Agent then will add 2.99% to three-month LIBOR as determined on the Dividend Determination Date. Absent manifest error, the Calculation Agent's determination of the dividend rate for a Dividend Period in the Floating Rate Period for the Series H Shares will be binding and conclusive.

(ii) The term "three-month LIBOR" means (a) the offered quotation to leading banks in the London interbank market for three-month dollar deposits as defined by the British Bankers' Association (or its successor in such capacity, such as NYSE Baronext Rate Administration Ltd.) and calculated by their appointed calculation agent and published, as such rate appears: (i) on the Reuters Monitor Money Rates Service Page LIBOR01 (or a successor page on such service) or (ii) if such rate is not available, on such other information system that provides such information, in each case as of 11:00 a.m. (London time) on the Dividend Determination Date, (b) if no such rate is so published, then the rate for the Dividend Determination Date shall be the arithmetic mean (rounded to five decimal places, with 0.000005 being rounded upwards) of the rates for three-month dollar deposits quoted to the Calculation Agent as of 11:00 a.m. (London time) on the Dividend Determination Date; it being understood that at least two such quotes must have been so provided to the Calculation Agent, or (c) if LIBOR cannot be determined on the Dividend Determination Date using the foregoing methods, then the LIBOR for the relevant dividend period shall be the LIBOR as determined using the foregoing methods for the first day before the Dividend Determination Date on which LIBOR can be so determined. "Reuters Monitor Money Rates Service Page LIBOR01" means the display designated on page "LIBOR01" on Reuters (or such other page as may replace the LIBOR01 page on that service or any successor service for the purpose of displaying London interbank offered rates for U.S. dollar deposits of major banks). "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market. "Calculation Agent" means Wells Fargo Bank, N.A., or another firm appointed by the Corporation, acting as Calculation Agent.

(iii) All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

(b) Dividends will be payable to Holders as of the applicable record date, which record date shall be fixed by the Board and shall be a date not exceeding 60

days before the applicable payment date. Dividends not declared with respect to a specific Dividend Payment Date shall be payable to the Holders as of the record date fixed with respect to such dividends when so declared.

(c) So long as any Series H Shares shall be outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the common stock of the Corporation (the "Common Stock") or any other stock of the Corporation ranking, as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the Corporation, junior to the Series H Shares), whether in cash or property, may be paid or declared or set apart, nor may any distribution be made on the Common Stock or such other stock, nor may any shares of Common Stock or such other stock be purchased, redeemed or otherwise acquired for value by the Corporation, unless all dividends on the Series H Shares for the then-current quarterly Dividend Period and all past quarterly Dividend Periods shall have been declared and paid or set apart.

(d) The Board may, in its discretion, choose to pay dividends on the Series H Shares without the payment of any dividends on the Common Stock (or any other stock of the Corporation ranking, as to the payment of dividends, junior to the Series H Shares).

(e) No full dividends shall be declared or paid or set apart for payment on any stock of the Corporation ranking, as to the payment of dividends, equally with the Series H Shares for any period unless full dividends have been declared and paid or set apart for payment on the Series H Shares for the then-current quarterly Dividend Period and all past quarterly Dividend Periods. When dividends are not paid in full upon the Series H Shares and all other classes or series of stock of the Corporation, if any, ranking, as to the payment of dividends, equally with the Series H Shares, all dividends declared upon the Series H Shares and all such other stock of the Corporation will be declared *pro rata* so that the amount of dividends declared for the Series H Shares and all such other stock will in all cases bear to each other the same ratio that accrued dividends for the Series H Shares and for all such other stock bear to each other (but without, in the case of non-cumulative shares of such other stock, accumulation of unpaid dividends for prior Dividend Periods).

(f) No dividends may be declared or paid or set apart for payment on any Series H Shares if at the same time any arrears exist or default exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, senior to the Series H Shares.

(g) The Holders will not be entitled to any dividends, whether payable in cash or property, other than as herein provided and will not be entitled to interest or dividends, or any sum in lieu thereof, on or in respect of any dividend payment or other payment on the Series H Shares which may be in arrears.

## 2. Liquidation Rights

(a) Upon any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, after payment or provision for the liabilities of the Corporation and the expenses of such dissolution, liquidation or winding up, the Holders of outstanding Series H Shares will be entitled to receive out of the assets of the Corporation or proceeds thereof available for distribution to shareholders, before any payment or distribution of assets is made to holders of the Common Stock (or any other stock of the Corporation ranking, as to the distribution of assets upon dissolution, liquidation or winding up of the Corporation, junior to the Series H Shares), the Liquidation Preference per Share plus an amount equal to the accrued and unpaid dividend (whether or not declared) for the then-current quarterly Dividend Period accrued to but excluding the date of such liquidation payment, plus unpaid dividends on the Series H Shares for all past quarterly Dividend Periods, if any.

(b) If the assets of the Corporation available for distribution in such event are insufficient to pay in full the aggregate amount payable to Holders of Series H Shares and holders of all other classes or series of stock of the Corporation, if any, ranking, as to the distribution of assets upon dissolution, liquidation or winding up of the Corporation, equally with the Series H Shares, the assets will be distributed to the Holders of Series H Shares and holders of all such other stock *pro rata*, based on the full respective preferential amounts to which they are entitled (but without, in the case of any non-cumulative shares, accumulation of unpaid dividends for prior dividend periods).

(c) Notwithstanding the foregoing, Holders of Series H Shares will not be entitled to be paid any amount in respect of a dissolution, liquidation or winding up of the Corporation until holders of any classes or series of stock of the Corporation ranking, as to the distribution of assets upon dissolution, liquidation or winding up of the Corporation, senior to the Series H Shares have been paid all amounts to which such classes or series are entitled.

(d) Neither the sale, lease nor exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the merger, consolidation or combination of the Corporation into or with any other corporation or the merger, consolidation or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 2.

(e) After payment to the Holders of Series H Shares of the full amount of the distribution of assets upon dissolution, liquidation or winding up of the Corporation to which they are entitled pursuant to this Section 2, such Holders will not be entitled to any further participation in any distribution of assets by the Corporation.

### 3. Voting Rights

The Series H Shares shall have no voting rights except as set forth in this Section 3 or as otherwise provided by California law:

(a) So long as any Series H Shares are outstanding, the consent of the Holders of at least a majority of the Series H Shares at the time outstanding, voting as a single class, or voting as a single class together with the holders of any other series of Preference Stock (i) upon which like voting or consent rights have been conferred and (ii) which are similarly affected by the matter to be voted upon, given in person or by proxy, either in writing or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any one or more of the following:

(i) any amendment of the Corporation's Restated Articles of Incorporation which would adversely affect the rights, preferences, privileges or restrictions of the Series H Shares; or

(ii) the authorization or creation, or the increase in the authorized amount, of any stock of any class or any security convertible into stock of any class, ranking senior to the Series H Shares.

provided, however, that no such consent of the Holders of Series H Shares shall be required if, at or prior to the time when such amendment is to take effect or when the authorization, creation or increase in the authorized amount of any such senior stock or convertible security is to be made, as the case may be, provision is to be made for the redemption of all Series H Shares at the time outstanding.

(b) On matters requiring their consent, the Holders will be entitled to one vote per Share.

#### 4. Redemption

(a) The Series H Shares shall be redeemable (i) at the option of the Corporation at any time or from time to time on or after March 15, 2024 (an "Optional Redemption") and (ii) at the option of the Corporation exercisable prior to March 15, 2024, if the Holder of all the Series H Shares is SCE Trust III or another Delaware statutory trust in which the Corporation owns all of the securities thereof designated as common securities, at any time within 90 days after an Investment Company Event or a Tax Event (each, a "Special Event Redemption"). Subject to the notice provisions set forth in Section 4(b) below and subject to any further limitations which may be imposed by law, the Corporation (y) may redeem the Series H Shares, in whole or in part, in the event of an Optional Redemption and (z) may redeem the Series H Shares in whole but not in part upon occurrence of a Special Event Redemption, in each case out of funds legally available therefor, at a redemption price equal to the Liquidation Preference per Share plus an amount equal to the amount of the accrued and unpaid dividend (whether or not declared) for the then-current quarterly Dividend Period to but excluding the redemption date, plus unpaid dividends on the Series H Shares for all past quarterly Dividend Periods, if any. If less than all of the outstanding Series H Shares are to be redeemed in an Optional Redemption, the Corporation will select the Series H Shares to



be redeemed from the outstanding Series H Shares not previously called for redemption by lot or *pro rata*.

(b) In the event the Corporation shall redeem any or all of the Series H Shares as aforesaid, the Corporation will give notice of any such redemption to Holders neither more than 60 nor less than 30 days prior to the date fixed by the Board for such redemption. Failure to give notice to any Holder shall not affect the validity of the proceedings for the redemption of Series H Shares of any other Holder being redeemed.

(c) Notice having been given as herein provided, from and after the redemption date, dividends on the Series H Shares called for redemption shall cease to accrue and such Series H Shares called for redemption will no longer be deemed outstanding, and all rights of the Holders thereof will cease.

(d) The Series H Shares will not be subject to any mandatory redemption, sinking fund or other similar provisions. In addition, Holders will have no right to require redemption of any Series H Shares.

(e) Any Series H Shares which are converted, redeemed or retired shall thereafter have the status of authorized but unissued shares of Preference Stock of the Corporation undesignated as to series, and may thereafter be reissued by the Board in the same manner as any other authorized and unissued shares of Preference Stock.

(f) If the Corporation shall deposit on or prior to any date fixed for redemption of the Series H Shares, with any bank or trust company having a capital, surplus and undivided profits aggregating at least five million dollars (\$5,000,000), as a trust fund, funds sufficient to redeem the Series H Shares called for redemption, with irrevocable instructions and authority to such bank or trust company to pay on and after the date fixed for redemption or such earlier date as the Board may determine, to the respective Holders of such Series H Shares, the redemption price thereof, then from and after the date of such deposit (although prior to the date fixed for redemption) such Series H Shares so called shall be deemed to be redeemed and dividends thereon shall cease to accrue from and after said date fixed for redemption and such deposit shall be deemed to constitute full payment of said Series H Shares to the Holders thereof and thereafter said Series H Shares shall no longer be deemed to be outstanding, and the Holders thereof shall cease to be shareholders with respect to such Series H Shares, and shall have no rights with respect thereto except only the right to receive from said bank or trust company payment of the redemption price of such Series H Shares without interest.

(g) Any moneys deposited by the Corporation pursuant to Section 4(f) which shall not be required for the redemption because of the exercise of any such right of conversion or exchange subsequent to the date of the deposit shall be repaid to the Corporation forthwith.

(h) For purposes of this Certificate of Determination of Preferences, "Investment Company Event" and "Tax Event" shall have the meanings ascribed to such

terms in the Declaration of Trust of SCE Trust III, a Delaware statutory trust (the "Trust"), to be dated as of March 6, 2014, by and among Southern California Edison Company, as Sponsor, the Trustees identified therein and the holders, from time to time, of undivided beneficial interests in the assets of the Trust, as may be amended from time to time, a copy of which is available without charge upon request by writing or calling the Corporate Governance Department at the Corporation's principal place of business.

5. Rank

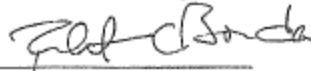
The Series H Shares shall rank, with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation:

(a) junior to the Cumulative Preferred Stock and the \$100 Cumulative Preferred Stock, and any other equity securities that the Corporation may later authorize or issue, the terms of which provide that such securities will rank senior to the Series H Shares with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation;

(b) equally with any other shares of Preference Stock and any other equity securities that the Corporation may later authorize or issue, the terms of which provide that such shares or other securities will rank equally with the Series H Shares with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation; and

(c) senior to the Common Stock, and any other equity securities that the Corporation may later authorize or issue, the terms of which provide that such securities will rank junior to the Series H Shares with respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation.

IN WITNESS WHEREOF, the undersigned have executed this Certificate  
in Rosemead, California on February 27, 2014.

  
Robert C. Boada  
Vice President

  
George T. Tabata  
Assistant Treasurer

Each of the undersigned declares under penalty of perjury that the matters  
contained in the foregoing certificate are true of their own knowledge. Executed in  
Rosemead, California on February 27, 2014.

  
Robert C. Boada

  
George T. Tabata



I hereby certify that the foregoing  
transcript of \_\_\_\_\_ page(s)  
is a full, true and correct copy of the  
original record in the custody of the  
California Secretary of State's office.

MAR -3 2014

Date: \_\_\_\_\_

*Debra Bowen*  
DEBRA BOWEN, Secretary of State