

DEC 17 1992

Decision 92-12-063 December 16, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA EDISON COMPANY )  
(U 338-E) for Authority to Increase )  
its Authorized Level of Base Rate )  
Revenue Under the Electric Revenue )  
Adjustment Mechanism for Service )  
Rendered Beginning January 1, 1992 )  
and to Reflect this Increase in )  
Rates. )

ORIGINAL

Application 90-12-018  
(Filed December 7, 1990)

I.89-12-025  
(Filed December 18, 1989)

I.91-02-079  
(Filed February 21, 1991)

C.92-07-056  
(Filed July 27, 1992)

And Related Matters. )

(See Decision (D.) 91-12-076, D.92-06-020,  
and D.92-12-022 for appearances.)

**SIXTEENTH INTERIM OPINION: ATTRITION ADJUSTMENTS**

**1. Summary of Decision**

Southern California Edison Company (Edison) is ordered to reduce its attrition year 1993 revenue requirement by \$5,259,000.

**2. Background**

Decision (D.) 91-12-076 is the Phase 1 order in Edison's test year 1992 general rate case. Phase 1 considered test year revenue requirement; productivity; marginal costs; research, development, and demonstration activities; demand-side management; attrition adjustments; and other issues. In D.92-08-042 the Commission resolved earlier petitions for modification of D.91-12-076 filed by Edison and the Division of Ratepayer Advocates (DRA). In D.92-12-022 the Commission responded to three more

petitions for modification filed by Edison on May 29, September 15, and October 13, 1992.

On October 29, 1992 Edison filed another petition for modification, which is the subject of this decision. Edison seeks relief in five areas affecting 1993 and 1994 attrition adjustments. No party responded to the October 29 petition.

### 3. Deferred Taxes

The first of the five attrition items before us concerns deferred taxes. Edison requests that \$11,547,000 of deferred taxes be removed from the 1993 attrition calculation, resulting in a revenue requirement reduction of \$20,410,000. Edison claims that it inadvertently included the \$11,547,000 amount in the 1992 base deferred tax figure from which attrition adjustments are derived, but the 1992 base for test year purposes is correct. No adjustment to the test year revenue requirement calculation is necessary. The deferred taxes in question are associated with contributions in aid of construction.

Although Edison's pleading does not explain why the 1992 deferred tax base used for attrition purposes is different from the base used to develop the test year revenue requirement, we will accept Edison's request and reduce the 1993 revenue requirement.

We intend that attrition adjustments should be derived only by previously approved formulas applied to adopted test year costs. To the extent possible, attrition calculations should be "subject only to variations in the indexes chosen."<sup>1</sup> The mechanism does not generally allow for attrition year line item adjustments anticipated by utilities. For example, in D.92-12-076 we explicitly rejected attrition year rate base increases for

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1. D.93892; 7 Cal. PUC 2d 584, 611 (1981).

incremental capital cost items.<sup>2</sup> That rejection was not due to imprudence of the costs, but was ordered because such items are beyond the scope of the attrition mechanism. We accept the present deferred tax adjustment because, according to Edison, it is a change to the "base 1992 deferred tax figure," not a line item adjustment for anticipated 1993 tax adjustments.

4. Book Depreciation Expense

The second item concerns book depreciation expense used to determine the 1993 attrition revenue requirement. Edison requests that \$6,479,000 be removed from 1993 state tax depreciation, resulting in a revenue requirement increase of \$3,704,000. Edison asserts that it "inadvertently included both the tax and book depreciation of its fuel oil transportation system ("FOTS") in its calculations of the 1993 changes in its state and federal tax depreciation expense."

The \$6,479,000 charge appears in the test year 1992 tax adjustment tables adopted in D.91-12-076 and D.92-08-042.<sup>3</sup> Edison now seeks to remove this line item for purposes of calculating attrition year 1993 revenue requirement.

We will grant Edison's request, consistent with our approval of the adjustment concerning deferred taxes. The Commission Advisory and Compliance Division (CACD) informs us that despite Edison's characterization of the adjustment as one of its 1993 changes, the requested change is not a line item adjustment within the 1993 calculations. Had that been true, Edison's request would be beyond the scope of the attrition mechanism.

Edison's deferred tax and book depreciation requests point out a general problem with Edison's attrition tables. The

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2 Ordering Paragraph 11, at mimeo. p. 220.

3 Appendix D and Appendix D - Revised, Page 17 of 33.

attrition calculations adopted in Appendix E to D.91-12-076 and Appendix E - Revised to D.92-08-042 are interpolations of the positions of Edison and DRA presented during Phase 1. The Commission has not been able to independently inspect the calculations within Edison's and DRA's tables. It is possible that Edison's and DRA's calculations both make line item adjustments to attrition year tax deduction items. Therefore, the adopted interpolations might also include line item adjustments, contrary to our intentions. It is too late to resolve the issue in this proceeding, but in its test year 1995 general rate case Edison should show explicitly the adjustments and calculations made in its pro forma attrition tables. In this way the Commission can review all of Edison's attrition calculations, not only those individual calculations that find their way into petitions for modification.

#### 5. Updating of Income Tax Deductions

The third of Edison's five attrition requests concerns Federal income tax deductions. In D.89-11-058 the Commission adopted "flow-through accounting" of California Corporate Franchise Tax (CCFT), or state income tax. Under this ratemaking procedure, prior year CCFT is used as a deduction to determine current year Federal income tax expense. Edison used the flow-through method to calculate its test year 1992 income tax expense in this proceeding, but the adopted 1992 CCFT is not included in calculation of the approved 1993 attrition year income tax expense. According to Edison, updating the CCFT figures would increase 1993 revenue requirement by \$5,896,000 and reduce 1994 revenue requirement by \$3,163,000.

We agree with Edison's interpretation of D.89-11-058, and we will authorize the attendant revenue requirement changes. As D.89-11-058 states:<sup>4</sup>

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<sup>4</sup> 33 Cal. PUC 2d 495, Conclusion of Law 2 at 506 (1989).

"The utilities may restate their adopted test year and attrition year summaries of earnings for 1987 onwards in all cases where the Commission has adopted the prior years CCFT amount in a Commission decision."

CACD calculates the 1993 revenue requirement increase to be \$5,837,000, slightly lower than Edison's requested amount. For test year 1992, the adopted jurisdictional CCFT amount to be used in attrition year 1993 is \$100,434,000.<sup>5</sup> For attrition year 1993, the adopted jurisdictional CCFT amount to be used in attrition year 1994 is \$104,299,000.<sup>6</sup>

#### 6. Escalation of "Other" Expenses

Edison's fourth request is that \$164,269,000 of "Other" expenses be made subject to labor or nonlabor escalation in attrition years 1993 and 1994. "Other" expenses are those items identified as separate from labor and nonlabor categories in results of operation calculations. "Other" expenses are not normally subject to attrition escalation, but Edison claims the Commission regularly authorizes such escalation. According to Edison, exclusion of \$164,269,000 from attrition escalation in D.91-12-076 and D.92-08-042 was an error and was contrary to established ratemaking practice. The resulting revenue requirement impacts would be a \$5,478,000 increase in 1993 and a \$5,972,000 increase in 1994.

Edison is correct that the Commission has approved escalation of some "Other" expenses in previous attrition decisions and resolutions, but prior to D.91-12-076 those approvals were in part inadvertent. The Commission has never granted utilities the authority to move expenses from "Other" to labor or nonlabor

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5 CACD work papers for D.92-08-042, Appendix D - Revised.

6 CACD work papers for this decision.

categories at their own discretion. "Other" expenses are so categorized for two principal reasons: (1) they are specifically exempted from escalation because no escalation is justified, or (2) test year amounts are constructed in test year dollars without escalation from a base year. Costs of the second type may be escalated in attrition years only if escalation is justified.

The \$164,269,000 of "Other" expenses for which Edison requests escalation represents about 55% of all "Other" expenses adopted in D.91-12-076 and D.92-08-042. The amount has seven elements: (1) \$70,676,000 of health care expenses, (2) \$56,375,000 of pensions and benefits expenses, (3) \$14,300,000 of property insurance expenses, (4) \$8,760,000 of injuries and damages expenses, (5) \$841,000 of miscellaneous administrative and general (A&G) expenses, (6) \$2,037,000 of rent expenses, and (7) \$11,280,000 of Nuclear Regulatory Commission (NRC) fees. We will deal with these items in turn.

Edison asserts that "D.91-12-076 itself provides that Edison's health care expenses should be subject to escalation...."<sup>7</sup> Edison mischaracterizes the decision. In D.91-12-076 we denied a separate escalation factor for health care costs, but nowhere did we imply that "Other" health care costs should be escalated. Labor and nonlabor health care costs were included in attrition calculations, but "Other" health care costs were not escalated, consistent with authorized attrition practice. Edison now requests--for the first time in this proceeding--that its "Other" health care costs be escalated during the attrition years.

We will allow Edison to apply nonlabor escalation to its "Other" health care costs, not because D.91-12-076 is in error--it

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<sup>7</sup> October 29, 1992 petition for modification, pp. 14-15, citing D.92-12-076, at mimeo. p. 122 and p. 201.

is not--but because Edison's instant request is supported by the evidentiary record.<sup>8</sup> Our decision is also consistent with a similar, concurrent authorization in the test year 1993 general rate case of Pacific Gas and Electric Company.<sup>9</sup> The 1993 health care escalation revenue requirement for Edison is \$2,360,000, calculated using 3.31% nonlabor escalation and adopted test year franchise fee, uncollectible, and jurisdictional factors.<sup>10</sup>

We will allow labor escalation for "Other" pensions and benefits expenses, consistent with D.82-12-055.<sup>11</sup> The 1993 revenue requirement is \$1,876,000, calculated using 3.30% labor escalation and adopted test year franchise fee, uncollectible, and jurisdictional factors.<sup>12</sup>

We will also allow nonlabor escalation for "Other" property insurance expenses, consistent with D.82-12-055.<sup>13</sup> The 1993 revenue requirement is \$477,000, calculated using 3.31% nonlabor escalation and adopted test year franchise fee, uncollectible, and jurisdictional factors.<sup>14</sup>

We deny Edison's request for attrition escalation of "Other" injuries and damages expenses. Edison cites many previous Commission decisions in support of its petition for

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8 Exhibit 11, Chapter 10, Part IIB.

9 D.92-12-057, in A. 91-11-036 et al., Finding of Fact 148.

10  $\$70,676,000 \times 0.0331 \times 1.0101 \times 0.99854 = \$2,360,000.$

11 10 Cal. PUC 2d 155, 278 (1982).

12  $\$56,375,000 \times 0.0330 \times 1.0101 \times 0.99854 = \$1,876,000.$

13 10 Cal. PUC 2d 155, 275 and 332 (1982).

14  $\$14,300,000 \times 0.0331 \times 1.0101 \times 0.99854 = \$477,000.$

modification,<sup>15</sup> but none of the decisions specifically authorizes attrition escalation of injuries and damages expenses. Edison has not justified escalation of the "Other" component of these costs. We deny attrition escalation of "Other" miscellaneous A&G expenses and "Other" rent expenses for the same reasons. Edison cites a Southern California Gas Company decision<sup>16</sup> in support of its rent expense request, but attrition year authorization therein was due to special circumstances surrounding rental of office space from the utility's holding company.

We will reluctantly approve Edison's request for nonlabor attrition escalation of NRC fees. Previous Commission decisions on the issue are in conflict. In D.85-12-076 (and earlier) the Commission concluded that attrition year costs due to government-mandated programs should not be allowed special treatment, but should be offset by productivity gains.<sup>17</sup> On the other hand, in Edison's last general rate case the Commission concluded that Edison should be allowed to reflect NRC fees in its attrition filings.<sup>18</sup> The latter conclusion endorsed an agreement between Edison and DRA. In this proceeding Edison and DRA have struck a similar agreement.<sup>19</sup> The revenue requirement for 1993 escalation of NRC fees is \$376,000, calculated using 3.31% nonlabor escalation

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15 See footnote 25 at p. 14 of the petition for modification.

16 D.90-01-016; 35 Cal. PUC 2d 80, 128 and 156-157 (1990).

17 19 Cal. PUC 2d 453, 466 (1985).

18 D.87-12-066; 26 Cal. PUC 2d 392, 413 and Conclusion of Law 12 at 607 (1987).

19 DRA testimony in Exhibit 205, p. 4B-15 and p. 4B-24.



and adopted test year franchise fee, uncollectible, and jurisdictional factors.<sup>20</sup>

The total of "Other" test year expenses to be included in 1993 attrition calculations is \$152,631,000. The associated 1993 revenue requirement increase is \$5,089,000. Edison may include similar calculations in its 1994 attrition request, but in its next general rate case Edison must rejustify all attrition year escalation of "Other" expenses.

7. WMBE Expenses

In D.89-08-026<sup>21</sup> the Commission ordered that expenses necessary to manage Edison's Women and Minority Business Enterprises (WMBE) program should be considered in annual generic proceedings. In D.91-12-076 in this proceeding the Commission authorized \$623,000 of test year WMBE costs<sup>22</sup> but specifically excluded attrition year recovery, anticipating review of 1993 costs in the generic WMBE proceeding. In D.92-08-042 the Commission modified rate recovery of WMBE expenses. The \$623,000 in costs continues to be collected in rates but is subject to refund. Additional expenses to fund a WMBE clearinghouse are not yet recovered in rates but are booked into a memorandum account, pending reasonableness review.

Edison's fifth attrition request is that the present ratemaking scheme be continued through 1993 because the generic proceeding will not address 1993 costs by the beginning of the year. Edison also seeks 1993 escalation of the presently authorized amount.

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20  $\$11,280,000 \times 0.0331 \times 1.0101 \times 0.99717 = \$376,000.$

21 Ordering Paragraph 1, at mimeo. p. 19.

22 \$556,000 in 1988 base year dollars, escalated to 1992 dollars.

We will grant the request, noting that none of the presently authorized amounts are "Other" expenses. The 1993 Revenue requirement for WMBE expenses is \$521,000, as calculated by Edison. This amount is less than total costs because a portion is capitalized.

B. Adopted 1993 Revenue Requirement

In response to Edison's October 29, 1992 petition for modification of D.91-12-076 and D.92-08-042, we will adopt the following adjustments to the 1993 revenue requirement:

Summary of Adopted 1993 Attrition Adjustments

<u>Request</u>	<u>Amount</u>
Deferred taxes	\$ (20,410,000)
Book depreciation expense	3,704,000
CCFT update	5,837,000
"Other" escalation	5,089,000
WMBE expenses	521,000
Total	\$ (5,259,000)

The revised attrition tables attached to this decision reflect the above amounts. However, the bottom line 1993 revenue requirement in the tables is not exactly \$5,259,000 lower than the amount in the tables adopted in D.92-08-042 because the previous tables inadvertently included the WMBE adjustment in advance of its approval.

These figures may be updated to reflect adopted 1993 labor and nonlabor escalation rates, in accordance with conventional attrition practice. When Edison makes its compliance advice filing following the Commission resolution authorizing 1993 attrition revisions, Edison should include work papers showing the escalation factor updates.

Findings of Fact

1. On October 29, 1992 Edison filed a petition for modification of D.91-12-076 and D.92-08-042, seeking five adjustments to its 1993 and 1994 attrition revenue requirements.

2. No party has protested or responded to the petition.

3. Edison's request to reduce 1993 revenue requirement by \$20,410,000 to correct the inadvertent inclusion of certain deferred taxes in the 1992 base deferred tax figure from which attrition adjustments are derived is reasonable and should be approved.

4. Attrition adjustments should be derived only by previously approved formulas applied to adopted test year costs.

5. The attrition mechanism does not generally allow for attrition year line item adjustments.

6. Edison's request to increase 1993 revenue requirement by \$3,704,000 to correct the inadvertent inclusion of certain book depreciation expenses in 1993 attrition calculations is reasonable and should be approved.

7. It is too late to review all attrition year adjustments made by Edison and DRA in their Phase 1 testimony in this proceeding, but in its test year 1995 general rate case Edison should show explicitly the adjustments and calculations made in its pro forma attrition tables.

8. Updating of 1992 and 1993 CCFT amounts in Edison's 1993 and 1994 attrition calculations is reasonable and should be approved.

9. A 1993 revenue requirement increase of \$5,837,000 to update the CCFT income tax deduction is reasonable and should be approved.

10. "Other" expenses are so categorized for two principal reasons: (1) they are specifically exempted from escalation because no escalation is justified, or (2) test year amounts are constructed in test year dollars without escalation from a base

year. Costs of the second type may be escalated in attrition years only if escalation is justified.

11. The Phase 1 evidentiary record supports nonlabor escalation of "Other" health care costs.

12. Edison's request to increase 1993 revenue requirement by \$2,360,000 to escalate "Other" health care costs is reasonable and should be approved.

13. Edison's request to increase 1993 revenue requirement by \$1,876,000 to escalate "Other" pensions and benefits expenses is reasonable and should be approved.

14. Edison's request to increase 1993 revenue requirement by \$477,000 to escalate "Other" property insurance expenses is reasonable and should be approved.

15. Edison has not justified its requests to increase 1993 revenue requirement to escalate "Other" injuries and damages expenses, "Other" miscellaneous A&G expenses, and "Other" rent expenses. The requests should be denied.

16. Attrition year costs for government-mandated programs should be offset by productivity gains.

17. Edison and DRA agree that NRC fees may be escalated in attrition years 1993 and 1994.

18. It is not reasonable to allow attrition year revenue requirement increases due to specific NRC fee increases, but it is reasonable to apply nonlabor escalation to Edison's NRC fees in 1993 and 1994.

19. Edison's request to increase 1993 revenue requirement by \$376,000 to escalate NRC fees is reasonable and should be approved.

20. Edison's request to increase 1993 revenue requirement by \$521,000, subject to refund, to extend rate recovery of WMBE expenses through 1993 is reasonable and should be approved.

21. The 1993 revenue requirement changes approved in this decision should be updated to reflect 1993 labor and nonlabor

escalation rates adopted in response to Edison's 1993 attrition advice filing.

Conclusions of Law

1. Updating 1993 attrition calculations to include 1992 CCFT amounts as a 1993 Federal income tax deduction complies with D.89-11-058.

2. The Commission has never granted utilities the authority to move expenses from "Other" to labor or nonlabor categories at their own discretion.

3. D.91-12-076 does not authorize attrition year escalation of "Other" health care costs.

4. Attrition year escalation of "Other" pensions and benefits expenses was authorized in D.82-12-055.

5. Attrition year escalation of "Other" property insurance expenses was authorized in D.82-12-055.

6. The Commission has not explicitly approved attrition year escalation of Edison's "Other" injuries and damages expenses, "Other" miscellaneous A&G expenses, or "Other" rent expenses.

7. Edison should be ordered to rejustify all attrition year escalation of "Other" expenses in its test year 1995 general rate case.

8. Edison should be authorized to make attrition year 1994 revenue requirement adjustments consistent with the 1993 adjustments authorized in this decision.

9. Edison should be ordered to reduce its 1993 revenue requirement by \$5,259,000, as set forth in this decision.

10. This decision should become effective today, so that revenue requirement changes can become effective January 1, 1993.

SIXTEENTH INTERIM ORDER

IT IS ORDERED that:

1. Southern California Edison Company (Edison) shall, on or before December 23, 1992, file with this Commission revised tariff sheets which reduce its Authorized Level of Base Rate Revenue by \$5,259,000, as set forth in this decision.

2. The revised tariff sheets shall become effective January 1, 1993 and shall comply with General Order 96-A. The revised tariffs shall apply to service rendered on or after their effective date.

3. Edison shall incorporate the revised level of Authorized Level of Base Rate Revenue into customer rates ordered in Application 92-05-047.

4. The estimated 1993 and 1994 attrition revenue requirements set forth in Appendix E - Second Revision, attached to this decision, are adopted. Appendix E to Decision (D.) 91-12-076 and Appendix E - Revised to D.92-08-042 are rescinded.

5. During 1993 Edison may recover in rates a revenue requirement of \$521,000 associated with \$644,000 of expenses to manage its Women and Minority Business Enterprise program. The revenue requirement amount is included in the \$5,259,000 reduction ordered above. All associated revenues collected during 1993 shall be subject to refund, as ordered in D.92-08-042.

6. Edison shall update the 1993 revenue requirement changes approved in this decision to reflect 1993 labor and nonlabor escalation rates adopted in response to Edison's 1993 attrition advice filing.

7. In its test year 1995 general rate case Edison shall rejustify all attrition year escalation of "Other" expenses, and shall show explicitly the adjustments and calculations made in its pro forma attrition tables.

8. Edison is authorized to make attrition year 1994 revenue requirement adjustments consistent with the 1993 adjustments authorized in this decision.

9. A 1992 jurisdictional California Corporate Franchise Tax amount of \$100,434,000 is adopted for 1993 attrition purposes.

10. A 1993 jurisdictional California Corporate Franchise Tax amount of \$104,299,000 is adopted for 1994 attrition purposes.

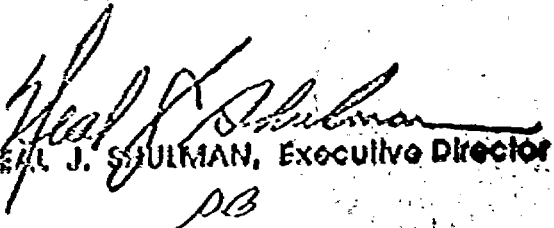
11. Except as ordered herein, Edison's October 29, 1992 petition for modification of D.91-12-076 and D.92-08-042 is denied. This order is effective today.

Dated December 16, 1992, at San Francisco, California.

DANIEL Wm. FESSLER  
President

JOHN B. OHANIAN  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY

  
NEAL J. SHULMAN, Executive Director  
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APPENDIX E - SECOND REVISION  
SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION REVENUE REQUIREMENT ESTIMATES

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APPENDIX E - SECOND REVISION  
 SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION REVENUE REQUIREMENT ESTIMATES  
 - CPUC Jurisdiction  
 (Thousands of Dollars)

Description	GRC Adopted 1992	Incremental Attrition 1993	Attrition 1993	Incremental Attrition 1994	Attrition 1994
Operating Revenues	\$4,002,104	\$98,403	\$4,100,506	\$124,444	\$4,224,950
Operating Expenses					
Production	512,475	1,184	513,658	34,400	548,058
Transmission	77,332	2,269	79,601	2,544	82,145
Distribution	179,863	5,943	185,805	6,640	192,445
Customer Accounts	120,785	3,506	124,291	3,969	128,260
Uncollectibles	8,324	205	8,529	259	8,788
Cust. Serv. & Inform.	153,467	3,328	156,795	3,606	160,401
Administrative & Gen.	411,625	12,830	424,455	14,175	438,631
Franchise Requirements	31,525	775	32,300	980	33,280
Sales Tax Increase	1,808	36	1,844	81	1,925
Compensation Adjustment	0	0	0	0	0
Cost Containment	0	0	0	0	0
Revenue Credits	(107,628)	0	(107,628)	0	(107,628)
Subtotal	\$1,389,576	\$30,075	\$1,419,652	\$66,654	\$1,486,305
Depreciation (Excl. Nucl. DeComm.)	650,894	39,042	689,936	29,339	719,275
Nuclear DeComm. Exp.	96,209	(1,254)	94,955	0	94,955
Taxes Other Than On Income	199,463	2,419	201,882	1,508	203,390
Taxes On Income	498,585	18,180	516,766	12,692	529,458
Total Operating Expenses	\$2,834,728	\$88,462	\$2,923,190	\$110,193	\$3,033,383
Net Operating Income	\$1,167,376	\$9,940	\$1,177,316	\$14,251	\$1,191,567
DSM Incentive	0	0	0	0	0
Total Net Oper. Rev.	\$1,167,376	\$9,940	\$1,177,316	\$14,251	\$1,191,567
Rate Base	\$11,023,374	\$93,865	\$11,117,238	\$134,570	\$11,251,808
Rate of Return	10.59%		10.59%		10.59%

APPENDIX E - SECOND REVISED  
 SOUTHERN CALIFORNIA EDISON COMPANY

SUMMARY OF ATTRITION INCREMENTAL REVENUE REQUIREMENTS  
 - CPUC Jurisdiction  
 (Thousands of Dollars)

Description	Incremental Attrition 1993	Incremental Attrition 1994
Operating Expenses		
O&M Expenses		
Labor	\$22,046	\$25,534
Nonlabor & Other	22,520	23,758
SONGS Refueling	(15,507)	16,042
Sales Tax Increase	30	74
Revenue Credits	0	0
Subtotal	\$29,089	\$65,407
franchise fees and Uncoll.	\$293	\$658
Total Expenses	\$29,382	\$66,065
Capital Related 1/ Depreciation (Excl. Nucl. Decomm.)	\$69,106	\$51,931
Nuclear Decomm. Exp.	(2,220)	0
Ad Valorem Tax	2,444	1,523
Income Taxes	(14,828)	(15,892)
Rate Base	14,520	20,816
Total Cap. Related	\$69,021	\$58,378
<b>Total Attrition Incremental Rev. Reqtd.</b>	<b>\$98,403</b>	<b>\$124,444</b>

1/ Incl. franchise fees, Uncollectibles and Income Taxes.

APPENDIX E - SECOND REVISION

SOUTHERN CALIFORNIA EDISON COMPANY

ESCALATION RATES FOR ATTRITION YEARS

Year	Labor		Nonlabor	
	Rate	Index	Rate	Index

1. Adopted Escalation Rates for Test Year 1993 1/

1988	-	100.00	-	100.00
1989	3.43%	102.65	4.08%	103.30
1990	3.47%	105.42	4.16%	106.78
1991	3.90%	108.71	3.16%	109.32
1992	4.16%	112.37	2.91%	111.65

2. Estimated Escalation Rates for Attrition Years 2/

1992	-	100.00	-	100.00
1993	3.30%	103.30	3.31%	103.31
1994	3.70%	107.12	3.38%	106.80

1/ As shown in Appendix C, Page 1 of 1. Indices include cost containment adjustment.

2/ Estimates from Exhibit 174. Actual escalation rates for Attrition Year 1993 & 1994 should be updated in Edison's Attrition filings.

APPENDIX E - SECOND REVISION  
 SOUTHERN CALIFORNIA EDISON COMPANY

CPUC JURISDICTIONAL FACTORS FOR ATTRITION YEARS

Description	Attrition	
	1993	1994 1/
Operating Expenses		
Production	99.717%	
Transmission	99.891%	
Distribution	99.935%	
Customer Accounts	99.982%	
Cust. Serv. & Inform.	100.000%	
Administrative & General	99.854%	
Sales Tax Increase	.	
Compensation Adjustment	.	
Cost Containment	.	
Revenue Credits	99.922%	
Depreciation	99.880%	
Taxes Other Than On Income	99.862%	
Taxes On Income	99.862%	
State	99.862%	
Federal	99.862%	
Rate Base	99.870%	

1/ Test Year values from Appendix D, Page 32. Edison may revise the CPUC jurisdictional factors in its attrition filings as authorized in D. 85-12-076.

APPENDIX E - SECOND REVISION  
SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION INCREMENTAL O&M EXPENSES  
- CPUC Jurisdiction  
(Thousands of Dollars)

Description	GRC Adopted 1992	Transfer of Other to Labor/ Non-Labor	Total for Attrition Purpose	CPUC Jur. 1992	Increment. Attrition 1993	Increment. Attrition 1994
<b>Operating Expenses</b>						
<b>PRODUCTION</b>						
Labor	\$220,763	\$0	\$220,763	\$220,139	\$7,265	\$8,414
Nonlabor	274,305	11,280	285,585	284,778	9,426	9,944
Other	18,859	(11,280)	7,579	7,558	0	0
Total	\$513,927	\$0	\$513,927	\$512,475	\$16,691	\$18,358
Number of Refueling Outages (SONGS)	2 (Unit 1 & 3)			99.717X	1 (Unit 2)	2 (Unit 1 & 3)
<b>Refueling Outage for SONGS</b>						
Labor	3,164			3,155	104	225
Nonlabor	11,889			11,855	392	806
Total	\$15,053			\$15,010	\$497	\$1,031
<b>Total Production Adjustment</b>						
Labor					(3,259)	3,380
Nonlabor					(12,248)	12,662
Total					(\$15,507)	\$16,042
<b>TOTAL PRODUCTION</b>						
Labor					4,005	11,794
Nonlabor					(2,822)	22,606
Other					0	0
Total					\$1,184	\$34,400
<b>TRANSMISSION</b>						
Labor	44,256	0	44,256	44,208	1,459	1,690
Nonlabor	24,498	0	24,498	24,471	810	855
Other	8,663	0	8,663	8,654	0	0
Total	\$77,417	\$0	\$77,417	\$77,332	\$2,269	\$2,544
<b>DISTRIBUTION</b>						
Labor	108,843	0	108,843	108,772	3,589	4,157
Nonlabor	71,137	0	71,137	71,091	2,353	2,482
Other	0	0	0	0	0	0
Total	\$179,979	\$0	\$179,979	\$179,863	\$5,943	\$6,640
<b>CUSTOMER ACCOUNTS</b>						
Labor	79,376	0	79,376	79,342	2,619	3,033
Nonlabor	26,798	0	26,798	26,793	887	936
Other (Less Uncoll.)	14,633	0	14,633	14,630	0	0
Total	\$120,807	\$0	\$120,807	\$120,765	\$3,506	\$3,969
<b>CUSTOMER SERV. &amp; INFORM.</b>						
Labor	27,869	0	27,869	27,869	920	1,065
Nonlabor	72,769	0	72,769	72,769	2,409	2,541
Other	52,829	0	52,829	52,829	0	0
Total	\$153,467	\$0	\$153,467	\$153,467	\$3,328	\$3,606
(Incl. DSM Amort. Dept.)	\$12,606				\$0	\$0
<b>ADMINISTRATIVE &amp; GENERAL</b>						
Labor	131,617	56,375	187,992	187,717	6,195	7,175
Nonlabor	115,788	84,976	200,764	200,470	6,636	7,000
Other (Less Franchise Fees)	164,824	(141,351)	23,473	23,439	0	0
Total	\$412,229	\$0	\$412,229	\$411,625	\$12,830	\$14,175

APPENDIX E - SECOND REVISION

SOUTHERN CALIFORNIA EDISON COMPANY  
Test Year 1992

ATTRITION INCREMENTAL O&M EXPENSES (Cont.)  
+ CPUC Jurisdiction  
(Thousands of Dollars)

Description	GRC Adopted 1992	Transfer of Other to Labor/ Non-Labor	Total for Attrition Purpose	CPUC Jur. 1992	Increment. Attrition 1993	Increment. Attrition 1994
Operating Expenses						
(Unadjusted)						
Total Labor	612,723	56,375	669,098	668,066	22,046	25,534
Total Nonlabor	585,295	96,256	681,551	680,372	22,520	23,758
Total Other	259,808	(152,631)	107,177	107,109	0	0
Total Opr. Exp.	\$1,457,826	\$0	\$1,457,826	\$1,455,547	\$44,566	\$49,292
SONGS Refueling						
Labor					(3,259)	3,380
Nonlabor					(12,248)	12,662
Total					(\$15,507)	\$16,042

APPENDIX E - SECOND REVISION  
SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION INCREMENTAL CAPITAL RELATED  
REVENUE REQUIREMENTS - TAXES OTHER THAN ON INCOME  
(Thousands of Dollars)

Description	GAC Adopted 1992	Incremental Attrition 1993	Incremental Attrition 1994
TAXES OTHER THAN ON INCOME	(12/91)	(12/92)	(12/93)
Ad Valorem Taxes:			
Plant in Service	\$17,976,888	\$680,902	\$730,621
Depreciation Resv.	(5,773,616)	(588,743)	(557,507)
Net Change in BOLD Unitary Property	12,203,272	92,159	173,114
Assessed Value of Unitary Property-% of Hold	105.412%	97,147	182,483
Assessed Value of Unitary Property		1,049	1,971
Tax Rate	1.080%		
50% of :			
Previous Year		1,898	525
Current Year		525	985
Total Incr./(Decr.) In Ad Valorem Taxes		\$2,423	\$1,510
CPUC Jurisdiction	99.862%	\$2,419	\$1,508
Franchise Fees & Uncollectibles	0.9957%	24	15
Total Incr./(Decr.) In Rev. Req't.		\$2,444	\$1,523

APPENDIX E - SECOND REVISED

SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION INCREMENTAL CAPITAL RELATED  
REVENUE REQUIREMENTS - TAXES ON INCOME  
(Thousands of Dollars)

Description	GRC Adopted 1992	Increment. Attrition 1993	Increment. Attrition 1994
<b>TAXES ON INCOME</b>			
<b>State Tax Depreciation:</b>			
Incr./((Decr.) in SIT (AZ, & NM Only)	0.1997%	\$16,467 (33)	\$15,237 (30)
Incr./((Decr.) in FIT	34%	11	10
Incr./((Decr.) in SIT (CA Only)	8.7251%	(1,437)	(1,329)
<b>Total Incr./((Decr.) in Income Taxes</b>		<b>(1,458)</b>	<b>(1,350)</b>
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	(2,582)	(2,389)
CPUC Jurisdiction Factor	99.862%	(92,578)	(92,385)
<b>Total Incr./((Decr.) in Rev. Req.</b>			
<b>Federal Tax Depreciation:</b>			
Incr./((Decr.) in FIT	34%	(\$69,438) 23,609	\$5,513 (1,874)
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	41,789	(3,318)
CPUC Jurisdiction Factor	99.862%	\$41,731	(\$3,313)
<b>Total Incr./((Decr.) in Rev. Req.</b>			
<b>Flow-Thru. of Prior Year's CCFT - CPUC Jurisdiction:</b>			
Incr./((Decr.) in FIT	34%	(\$9,798) 3,331	\$3,864 (1,316)
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	5,896	(2,325)
CPUC Jurisdiction Factor	N/A	\$5,896	(\$2,325)
<b>Total Incr./((Decr.) in Rev. Req.</b>			
<b>Income Tax Deferred:</b>			
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	(33,989)	(4,438)
CPUC Jurisdiction	99.862%	(60,161)	(7,856)
<b>Total Incr./((Decr.) in Rev. Req.</b>		<b>(\$60,078)</b>	<b>(\$7,845)</b>
<b>Investment Tax Credit - Deferred:</b>			
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	\$214	\$57
CPUC Jurisdiction Factor	99.862%	379	101
<b>Total Incr./((Decr.) in Rev. Req.</b>		<b>\$378</b>	<b>\$101</b>
<b>Avg. Accumd. Deferred ITC As A Reduction To Rate Base for CCFT Interest Ded.:</b>			
Weighted Cost for Long Term Debt	4.31%	(\$26,295)	(\$18,286)
Incr./((Decr.) in CCFT Interest		1,133	788
<b>Incr./((Decr.) in SIT (AZ, &amp; NM Only)</b>			
Incr./((Decr.) in FIT	0.1997%	(2)	(2)
Incr./((Decr.) in SIT (CA Only)	34%	1	1
	8.7251%	(99)	(69)
<b>Total Incr./((Decr.) in Income Taxes</b>		<b>(100)</b>	<b>(70)</b>
<b>Net-To-Gross Multiplier</b>			
Incr./((Decr.) in Rev. Req.	1.7700	(178)	(124)
CPUC Jurisdiction Factor	99.862%	(\$177)	(\$123)
<b>Total Incr./((Decr.) in Rev. Req.</b>			
<b>Total Incr./((Decr.) in Rev. Req. - CPUC Jurisdiction</b>		<b>(\$14,828)</b>	<b>(\$15,892)</b>



APPENDIX E - SECOND REVISED  
 SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION INCREMENTAL CAPITAL RELATED  
 REVENUE REQUIREMENTS - DEPRECIATION EXPENSE  
 (Thousands of Dollars)

Description	GRC Adopted 1992	Incremental Attrition 1993	Incremental Attrition 1994
DEPRECIATION EXPENSE			
Depreciation Expense:		\$39,089	\$29,376
CPUC Jurisdiction	99.880%	39,042	29,339
Net-To-Gross Multiplier	1.7700	\$69,106	\$51,931
Total Incr./(Decr.) in Rev. Reqt.			
Decommissioning Expense:		(1,256)	0
CPUC Jurisdiction	99.880%	(1,254)	0
Net-To-Gross Multiplier	1.7700	(\$2,220)	\$0
Total Incr./(Decr.) in Rev. Reqt. - CPUC Jurisdiction		\$66,885	\$51,931

APPENDIX E - SECOND REVISED  
 SOUTHERN CALIFORNIA EDISON COMPANY

ATTRITION INCREMENTAL CAPITAL RELATED  
 REVENUE REQUIREMENTS - RATE BASE  
 (Thousands of Dollars)

Description	GRC Adopted 1992	Incremental Attrition 1993	Incremental Attrition 1994
PLANT IN SERVICE - WTD. AVG.	\$18,301,925	\$718,601	\$766,155
Rate of Return	10.59%	76,100	81,136
Net-To-Gross Multiplier	1.4607		
Incr./Decr. in Rev. Req.		111,159	118,515
CPUC Jurisdiction Factor	99.870%		
Total Incr./Decr. in Rev. Req.		\$111,014	\$118,361
DEFERRED DEBIT ACCOUNTS	\$69,602	\$3,783	\$958
Rate of Return	10.59%	401	101
Net-To-Gross Multiplier	1.4607		
Incr./Decr. in Rev. Req.		585	148
CPUC Jurisdiction Factor	99.870%		
Total Incr./Decr. in Rev. Req.		\$584	\$148
DEPRECIATION RESERVE		(\$545,992)	(\$568,444)
Rate of Return	10.59%	(57,821)	(60,198)
Net-To-Gross Multiplier	1.4607		
Incr./Decr. in Rev. Req.		(84,459)	(87,932)
CPUC Jurisdiction Factor	99.870%		
Total Incr./Decr. in Rev. Req.		(\$84,348)	(\$87,817)
DEFERRED TAXES - ACRS		(\$82,405)	(\$63,924)
Rate of Return	10.59%	(8,727)	(6,770)
Net-To-Gross Multiplier	1.4607		
Incr./Decr. in Rev. Req.		(12,747)	(9,888)
CPUC Jurisdiction Factor	99.870%		
Total Incr./Decr. in Rev. Req.		(\$12,730)	(\$9,875)
Total Incr./Decr. in Rev. Req.		\$14,520	\$20,816
Total Incr./Decr. in Rate Base - Wtd. Avg. CPUC Jurisdiction	99.870%	\$93,987 \$93,865	\$134,745 \$134,570

(END OF APPENDIX E - SECOND REVISION)