Southern California Edison Company
DRAFT Language to reflect intent of new memorandum account

SCE will track the revenue requirement impact of the New Tax Law from the effective date of this Resolution to the effective date of SCE's 2012 GRC which is expected to be January 1, 2012, in the New Tax Law memorandum account.

SCE's revenue requirement impact will be calculated based on the change in the 2011 weighted average CPUC jurisdictional rate base associated with:

1. A reduction to reflect the incremental increased deferred taxes on property qualifying for New Tax Law bonus depreciation; and
2. An increase to reflect the timing of when the increased deferred taxes begin to accrue for customers through the reduced revenue requirement (i.e. the beginning of the Memo Account Period) and when the tax benefit is actually monetized by SCE (i.e. an increase in working cash).

In addition, SCE will reflect all other changes to cost of service due to the New Tax Law such as the increase in federal income tax expense resulting from a reduction in the Internal Revenue Code Section 199 Manufacturer's tax deduction.

Disposition of the balance recorded in the memorandum account shall be addressed by the Commission in a future advice letter rather than the GRC because a final Commission decision will be issued in SCE's 2012 GRC before the final revenue requirement for 2011 tracked in the new memorandum account is known.