RR. NEW SYSTEM GENERATION BALANCING ACCOUNT (NSGBA)

The purpose of the New System Generation Balancing Account (NSGBA) is to record the benefits and costs of Power Purchase Agreements (PPAs) and SCE owned peaker generation unit associated with new generation resources pursuant to D. 07-09-044, D.06-07-029, and D.09-03-031, and the Sutter PPA pursuant to Resolution E-4471. Sub-accounts shall be established in the NSGBA for each PPA associated with a new generation resource.

1. Definitions:
   
a. Authorized Peaker Generation Revenue Requirement

   2009 APGRR ($000): $63,643
   Effective: January 1, 2009:

   2010 APGRR ($000) $66,348
   Effective January 1, 2010

   2011 APGRR ($000) $69,234
   Effective January 1, 2011

   2012 APGRR ($000)
   Effective January 1, 2012*
   $64,593

   2013 APGRR ($000) $58,736
   Effective January 1, 2013*

   2014 APGRR ($000)
   Effective January 1, 2014*
   $61,070

   2014 APGRR ($000)
   Effective July 1, 2014*
   $76,337

*Revenue requirements before revision in August 2014 were $64,730 thousand for 2012, $58,838 thousand for 2013 and $61,054 thousand for 1/1/2014 and $76,318 thousand for 7/1/2014.

(Continued)
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      2013 APGRR ($000) $58,838

      2014 APGRR ($000) $76,318

   b. Monthly Distribution Percentages (MDPs)
      
      MDPs are the estimated monthly billed and unbilled distribution rate revenues as a percentage of annual New System Generation Charge (NSGC) revenues.

      NSGC MDPs:
      2010  
      January 8.25%  
      February 7.46%  
      March 7.94%  
      April 7.41%  
      May 7.53%  
      June 8.28%  
      July 9.14%  
      August 9.65%  
      September 9.64%  
      October 8.84%  
      November 7.77%  
      December 8.09%  
      Total 100.00%

   c. Franchise Fees and Uncollectibles Accounts Expense:
      
      Franchise Fees and Uncollectibles Accounts Expense (FF&U) shall be the CPUC-authorized rate derived from SCE’s most recent General Rate Case (GRC) decision to provide for Franchise Fees and Uncollectibles accounts expense.

(Continued)
RR. NEW SYSTEM GENERATION BALANCING ACCOUNT (NSGBA)

The purpose of the New System Generation Balancing Account (NSGBA) is to record the benefits and costs of Power Purchase Agreements (PPAs) and SCE owned peaker generation unit associated with new generation resources pursuant to D. 07-09-044, D.06-07-029, and D.09-03-031, and the Sutter PPA pursuant to Resolution E-4471. Sub-accounts shall be established in the NSGBA for each PPA associated with a new generation resource.

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      (Continued)
RR. NEW SYSTEM GENERATION BALANCING ACCOUNT (NSGBA) (CONTINUED)

1. Definitions:
   
b. Monthly Distribution Percentages (MDPs)

MDPs are the estimated monthly billed and unbilled distribution rate revenues as a percentage of annual New System Generation Charge (NSGC) revenues.

<table>
<thead>
<tr>
<th>Month</th>
<th>2010</th>
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<tbody>
<tr>
<td>January</td>
<td>8.25%</td>
</tr>
<tr>
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<td>7.46%</td>
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<td></td>
</tr>
<tr>
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</tr>
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</table>

   
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Franchise Fees and Uncollectibles Accounts Expense (FF&U) shall be the CPUC-authorized rate derived from SCE’s most recent General Rate Case (GRC) decision to provide for Franchise Fees and Uncollectibles accounts expense.
RR. NEW SYSTEM GENERATION BALANCING ACCOUNT (NSGBA) (Continued)

2. Entries to the NSGBA shall be made as follows:
   a. A debit entry equal to the monthly amount of the APGRR calculated by multiplying the applicable MDP (as determined above) to the annual APGRR, less a provision for FF&U.
   b. A debit entry to record costs associated with PPA contracts, including:
      1. Capacity and energy costs, including QF/CHP Program contracts that are eligible for net capacity cost recovery,
      2. Applicable proxy energy and fuel costs, and
      3. Applicable costs associated with conducting energy auctions1;
   c. Credit entries to record:
      1. Proxy energy and ancillary service revenues during periods in which the generating facility is not subject to an energy auction contract; or
      2. Proceeds from the energy auction, including avoidable cost payments made to SCE by the successful bidder(s);
      3. Recorded billed and unbilled revenue from a non-bypassable wires charge applicable to all benefiting customers2.
      4. Energy revenues for QF/CHP Program contracts that are eligible for net capacity cost recovery.
   d. One-time transfer of amounts recorded in the New System Generation Memorandum Account, consistent with Resolution E-4115.

Interest expense shall accrue monthly by applying an applicable interest rate to the average monthly NSGBA balance.

The interest rate shall be one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-financial, from the Federal Reserve Statistical Release H.15. If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

1 The principles of the energy auction process and related products are contained in the Settlement Agreement (Appendix A) of D.07-09-044, and are incorporated by reference herein.

2 "Benefiting customers" are defined in D.06-07-029 as all Bundled Service Customers, Direct Access Customers, Community Choice Aggregation Customers, and customers who are located or locate within the distribution territory of an investor-owned utility but take service from a local publicly-owned utility subsequent to the date that the new generation goes into service.
RR. NEW SYSTEM GENERATION BALANCING ACCOUNT (Continued):

New System Generation Rate Level Changes:

SCE shall update its New System Generation rate levels to reflect the most current Commission-adopted revenue requirements in its August Energy Resource Recovery Account (ERRA) application. The balance forecast to be recorded in the NSGBA (either over-collected or under-collected on December 31 of the current year), plus an amount for Franchise Fees & Uncollectibles (FF&U), shall be included in the New System Generation revenue requirement to either be returned to, or recovered from, SCE’s retail electric customers in New System Generation rate levels. Prior to implementing consolidated Commission-authorized revenue requirements and unfunded rate levels to recover those revenue requirements, the NSGBA balance will be updated to reflect the latest recorded balance available.

Review Procedures:

The recorded operation of the NSGBA for the Record Period (previous calendar year 12-month period) shall be reviewed by the Commission in SCE’s annual April ERRA reasonableness application to ensure that the entries made in the NSGBA are stated correctly and are consistent with Commission decisions.

SCE shall provide a monthly report showing the activity in the NSGBA to the Energy Division within 30 days of the end of each month.