

PRELIMINARY STATEMENT

Sheet 1

G. INCOME TAX COMPONENT OF CONTRIBUTION PROVISION

1. General. All Contributions in Aid of Construction and Advances For Construction (Contributions) made to SCE pursuant to its tariffs shall include a cost component to cover SCE's estimated liability for Federal Income Tax resulting there from. California Corporate Franchise Tax (CCFT) shall be collected beginning January 10, 1992.
  
2. Definitions.
  - a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided to SCE by a person or agency. The value of all contributions shall be based on SCE's estimates. Contributions shall consist of two components as follows:
    - (1) Income Tax Component of Contribution (ITCC); and
    - (2) The balance of the Contribution (Balance of Contribution).
  
  - b. Government Agency: For purposes of administering this part of the Preliminary Statement, a Government Agency shall be a California state, county, or local government agency.
  
  - c. Public Benefit: Where, in the opinion of SCE, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.
  
3. Determination of ITCC.
  - a. The ITCC shall be calculated by multiplying the Balance of the Contribution by the Tax Factor of 0.09 (9%). The 9 percent Tax Factor shall be applicable to contributions received by SCE on or after September 9, 2010. Contributions received prior to the effective date of Advice 170-G-A will be subject to the applicable ITCC factors approved by the California Public Utilities Commission. (R) (T) (T)
  
  - b. The tax factors included herein are established using Method 5 as set forth in and pursuant to the Commission's Decision No. 87-09-026 as modified by Decision No. 87-12-028. Should the Internal Revenue Service (IRS) deem Method 5 to be a violation of the tax normalization rules, any penalties, interest or taxes incurred by SCE shall be recovered through general rates.

(Continued)

(To be inserted by utility)

Advice 170-G-A  
Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)

Date Filed Dec 27, 2010  
Effective Sep 9, 2010  
Resolution \_\_\_\_\_

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  - c. Public Benefit: Where, in the opinion of SCE, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.
  
3. Determination of ITCC.
  - a. The ITCC shall be calculated by multiplying the Balance of the Contribution by the Tax Factor of 0.31 (31%). The 31 percent Tax Factor shall be applicable to contributions received by SCE on or after January 1, 2010. Contributions received prior to the effective date of Advice 162-G will be subject to the applicable ITCC factors approved by the California Public Utilities Commission. (C)
  
  - b. The tax factors included herein are established using Method 5 as set forth in and pursuant to the Commission's Decision No. 87-09-026 as modified by Decision No. 87-12-028. Should the Internal Revenue Service (IRS) deem Method 5 to be a violation of the tax normalization rules, any penalties, interest or taxes incurred by SCE shall be recovered through general rates. (C)

(Continued)

(To be inserted by utility)  
 Advice 162-G  
 Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
 Date Filed Dec 2, 2009  
 Effective Jan 1, 2010  
 Resolution \_\_\_\_\_

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  - c. Public Benefit: Where, in the opinion of SCE, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.
  
3. Determination of ITCC.
  - a. The ITCC shall be calculated by multiplying the Balance of the Contribution by the Tax Factor of 0.20 (20%). The 20 percent Tax Factor shall be applicable to contributions received by SCE on or after January 1, 2010. Contributions received prior to the effective date of Advice 168-G will be subject to the applicable ITCC factors approved by the California Public Utilities Commission. (R) (T)
  
  - b. The tax factors included herein are established using Method 5 as set forth in and pursuant to the Commission's Decision No. 87-09-026 as modified by Decision No. 87-12-028. Should the Internal Revenue Service (IRS) deem Method 5 to be a violation of the tax normalization rules, any penalties, interest or taxes incurred by SCE shall be recovered through general rates. (T)

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(To be inserted by utility)  
 Advice 168-G  
 Decision \_\_\_\_\_

Issued by  
Akbar Jazayeri  
Vice President

(To be inserted by Cal. PUC)  
 Date Filed Oct 5, 2010  
 Effective Jan 1, 2010  
 Resolution \_\_\_\_\_