

PRELIMINARY STATEMENT

Sheet 1

G. Gross Revenue Sharing Mechanism

The purpose of the Gross Revenue Sharing Mechanism (GRSM) is to record the customers' share of certain Other Operating Revenue (OOR) pursuant to Decision No. 99-09-070 (D.99-09-070).

In D.99-09-070 the Commission adopted, with clarifications, a Settlement Agreement between SCE and the Office of Ratepayer Advocates (ORA) for a gross revenue sharing mechanism associated with the SCE's non-tariffed products and services.

The gross revenue sharing mechanism adopted in D.99-09-070 applies to all of SCE's OOR, except revenue that is:

- Derived from tariffs, fees, or charges established by the Commission or Federal Energy Regulatory Commission;
- Subject to other established ratemaking procedures or mechanisms; or
- Subject to the Demand Side Management Balancing Account.

1. Definitions

a. Active Sharing Allocation

The Active Sharing Allocation is 90%/10% (shareholder/customer) for Incremental OOR associated with non-tariffed products and services deemed "active" by the Commission. The allocation shall apply over the life of the non-tariffed product or service offering and/or applicable contract.

b. Incremental OOR

Incremental OOR is the recorded gross revenue derived from non-tariffed products and services subject to the GRSM that exceeds the OOR Threshold during each calendar year. Incremental OOR is subject to the gross revenue sharing mechanism adopted in D.99-09-070, and shall be allocated between shareholders and customers using the Active Sharing Allocation or the Passive Sharing Allocation.

(Continued)

(To be inserted by utility)

Advice 1413-E-A
Decision 99-09-070Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jan 24, 2000
Effective Oct 22, 1999
Resolution _____

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G. Gross Revenue Sharing Mechanism (Continued)

1. Definitions (Continued)

c. OOR Threshold

The annual calendar year OOR Threshold is equivalent to the amount of OOR from non-tariffed products and services reflected as a revenue credit in SCE's most recent General Rate Case (GRC). The current OOR Threshold is \$16,671,389 and is based upon the level of OOR from non-tariffed products and services reflected as a revenue credit in SCE's 1995 Test Year GRC (D.96-01-011). This amount shall remain fixed until SCE's next GRC or otherwise modified by the Commission. Recorded non-tariffed products and services gross revenues that is greater than the OOR Threshold during any calendar year is considered Incremental OOR and shall be allocated to SCE's shareholders and customers using the Active Sharing Allocation or the Passive Sharing Allocation.

d. Passive Sharing Allocation

The Passive Sharing Allocation is 70%/30% (shareholder/customer) for Incremental OOR associated with non-tariffed products and services deemed "passive" by the Commission. The allocation shall apply over the life of the non-tariffed product or service offering and/or applicable contract.

2. Operation of the Gross Revenue Sharing Tracking Account

SCE shall maintain a Gross Revenue Sharing Tracking Account (GRSTA). Entries to the GRSTA shall be made on a monthly basis and shall be determined as follows:

a. GRSTA entries when the annual calendar year OOR Threshold is not reached.

The following calculation shall commence on January 1st of each calendar year, and shall continue until the OOR Threshold is reached during the calendar year.

- (1) Annual calendar year OOR Threshold;
- (2) Less: Recorded calendar year-to-date gross revenues from non-tariffed products and services subject to the GRSM (as of the end of the applicable month);
- (3) If the result of "2.a.(1)" and "2.a.(2)" above is a positive amount, there shall be no entries made to the GRSTA for the month.

(Continued)

(To be inserted by utility)

Advice 1413-E-A
Decision 99-09-070Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jan 24, 2000
Effective Oct 22, 1999
Resolution _____

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G. Gross Revenue Sharing Mechanism (Continued)

2. Operation of the GRSTA (Continued)

a. GRSTA entries when the annual calendar year OOR Threshold is not reached. (Continued)

(4) If the result of the calculation of "2.a.(1)" and "2.a.(2)" above is a negative amount, then the OOR Threshold has been reached and recorded Incremental OOR must be allocated between shareholders and customers. See 2.b. and 2.c. below.

b. GRSTA entries in the month that the OOR Threshold is reached.

(1) If the result of the calculation of "2.a.(1)" and "2.a.(2)" above is a negative amount, then the Incremental OOR for that month shall be shared between shareholders and customers using the Active Sharing Allocation and the Passive Sharing Allocation.

(2) In the month of each calendar year that the OOR Threshold has been reached, Incremental OOR shall be allocated between "active" and "passive" non-tariffed products and services based upon the proportion for each of the non-tariffed products and services gross revenues recorded during the month.

(3) The customers' share of Incremental OOR shall be credited to the GRSTA by applying the Active Sharing Allocation and the Passive Sharing Allocation. The shareholder portion of Incremental OOR shall not be recorded in the GRSTA.

c. GRSTA entries in the months during the calendar year subsequent to the month in which the OOR Threshold is reached.

During these months of each calendar year all recorded non-tariffed products and services OOR subject to the GRSM shall be considered Incremental OOR for gross revenue sharing purposes.

(1) Recorded Incremental OOR for the month shall be allocated to shareholders and customers by applying the applicable Active Sharing Allocation or Passive Sharing Allocation to the recorded gross revenues from non-tariffed products and services subject to the GRSM.

(2) The customers' share of the resultant allocations shall be credited to the GRSTA. The shareholder portion of Incremental OOR shall not be recorded in the GRSTA.

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(To be inserted by utility)

Advice 1413-E-A
Decision 99-09-070

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jan 24, 2000
Effective Oct 22, 1999
Resolution _____

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G. Gross Revenue Sharing Mechanism (Continued)

2. Operation of the GRSTA (Continued)

d. Monthly Interest

Interest shall accrue monthly in the GRSTA by applying the Interest Rate to the average of the beginning of month balance and the end of month balance.

e. Annual Calendar Year-End Transfers of the GRSTA

At the end of each calendar year SCE shall transfer the balance in the GRSTA (including accrued interest) to the Electric Deferred Refund Account (EDRA), or other ratemaking mechanism authorized by the Commission. On each January 1st the balance in the GRSTA shall be reset to zero subsequent to the transfer of the December 31st GRSTA balance.

3. Advice Letter Process

SCE may request a change in classification from "passive" to "active" for an existing non-tariffed product and service offering, as defined in Section F of the OOR Settlement Agreement (as authorized in D.99-09-070), by filing an advice letter with the Commission.

To reclassify a product or service offering as "active," the advice letter must show that the product or service offering involves incremental shareholder investment of at least \$225,000 (either on a one-time basis or within a twelve-month period).

SCE shall not file more than four such advice letters in any calendar year. Prior to filing any such advice letter, SCE shall meet with the ORA, or its successor organization, to discuss the planned advice letter and the proposed classification of the new product or service offering.

Advice letters requesting a reclassification of a product or service offering from "passive" to "active" shall be governed by General Order 96-A, or its successor.

(Continued)

(To be inserted by utility)

Advice 1413-E-A
Decision 99-09-070Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jan 24, 2000
Effective Oct 22, 1999
Resolution _____

PRELIMINARY STATEMENT

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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation
Secondary Use of Transmission Right-of-Ways and Land	- Placement of third-party communications equipment, attachments, conduit and cable	Passive
	- Agricultural/Horticultural	
	- Storage facilities	
	- Parking lots	
	- Vehicle storage	
	- Film production site locations	
	- Sale or trading of excess water rights	
	- Sale or trading of mineral rights	
	- Billboard Placements	(N)
	- Parks and Recreation	
- Stables	(N)	
Secondary Use of Distribution Right-of-Ways, Land, Facilities and Substations	- Placement of third-party communications equipment, attachments, conduit and cable	Passive
	- Agricultural/Horticultural	
	- Parking lots	
	- Vehicle storage	
	- Film production site locations	
	- Sale or trading of excess water rights	
	- Sale or trading of mineral rights	
	- Billboard Placements	(N)
	- Parks and Recreation	
	- Stables	
- Storage Facilities	(N)	
Secondary Use of SCE-Owned Generation Facilities and Land	- Placement of third-party communications equipment, attachments, conduit and cable	Passive
	- Agricultural/Horticultural	
	- Film production site locations	
	- Sale or trading of excess water rights	
	- Sale or trading of mineral rights	
	- Billboard Placements	(N)
	- Parks and Recreation	
	- Stables	
	- Vehicle Storage	
- Parking Lots	(N)	

(Continued)

(To be inserted by utility)
 Advice 1286-E-A
 Decision _____

Issued by
John R. Fielder
 Senior Vice President

(To be inserted by Cal. PUC)
 Date Filed Apr 5, 2000
 Effective May 15, 2000
 Resolution E-3639



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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation
Secondary Use of Utility Owned Buildings and Offices	- Meetings/Conferences	Passive (T)
	- Office space - Placement of third party communications equipment, attachments, conduit and cable	(T)
	- Cafeteria and Vending Machines	(N)
Use of Transmission Towers, Distribution Poles, Facilities, Conduits, Ducts and Streetlight Poles	- Placement of third-party communications equipment, attachments, conduit and cable	Passive
Use of Communications and Computing Systems	<ul style="list-style-type: none"> - Circuits, wave lengths and radio spectrum - Dark fiber on fiber optic system - Cable pairs on copper communication cables - Communications and computing capacity, installation, maintenance and support - Fiber optic and other communications cable construction, equipment installation, and site development - Marketing of third parties' right-of-ways, poles, towers and other facilities for communication-related purposes - Infrastructure-related telecommunication services - Infrastructure-related computing services - Communication and computing service center services 	<p>Active</p> <p>(N) (N)</p>

(Continued)

(To be inserted by utility)
Advice 1286-E-A
Decision _____

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)
Date Filed Apr 5, 2000
Effective May 15, 2000
Resolution E-3639

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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation
License of Utility Software	<ul style="list-style-type: none"> - Utility developed software (e.g., Outage Management System, Fleet Management System) - Software licensed to Utility (e.g., energy usage tracking software) 	Passive
Licensing of Utility-Held Patents^{1/}	<ul style="list-style-type: none"> - Licensing of Utility developed technologies such as the Insulator Washing Technology 	Passive (T)
Property Management, Property Maintenance and Real Property Brokerage Services	<ul style="list-style-type: none"> - Title searches - Brokerage activities - Property management - Janitorial and building maintenance 	Passive
Recreation, Fish and Wildlife Activities	<ul style="list-style-type: none"> - Campground rentals - Campground maintenance - Fish hatchery 	Passive
Sales of Timber Stands on Utility-Owned Property	<ul style="list-style-type: none"> - Timber sales 	Passive
Use of Customer Technology Application Center (CTAC) and Agricultural Technology Application Center (AgTAC) Facilities	<ul style="list-style-type: none"> - Conference facilities - Audiovisual services - Catering - Teleconferencing/downlinks - Technical seminars and training - Partnership training (e.g., with federal government) - Customer product/technology testing and demonstrations - Display space and display set-up - Display development and consulting 	Passive
Electric Vehicle (EV), Battery, and Charger-Related Services	<ul style="list-style-type: none"> - EV operational, performance, calibration and reliability testing - Battery performance, safety, power quality and reliability testing - Charger operational, performance, reliability, safety, power quality, efficiency and life cycle testing - Customer education and training on EV technologies, operations, charging safety, diagnosis and maintenance 	Active

1/ Does not include revenue sharing mechanism related to financial benefits of Intellectual Property that was developed under Electric Program Investment Charge (EPIC) funds in D.13-11-025. (N)

(Continued)

(To be inserted by utility)

Advice 3007-E
Decision 13-11-025

Issued by

Megan Scott-Kakures
Vice President

(To be inserted by Cal. PUC)

Date Filed Feb 27, 2014
Effective Mar 29, 2014
Resolution _____



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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation
Energy Efficiency Engineering Consulting and Technical Services	<ul style="list-style-type: none"> - Lighting surveys - Lighting systems bid specifications - Lighting systems construction observation - Building energy simulations - End-use consulting - Facilities engineering, analysis and commissioning - Submetering 	Passive
Billing and Customer Communication Center Services for Non-ESPs	<ul style="list-style-type: none"> - Bill Customization - Usage Calculation - Bill calculation - Bill presentation (e.g., mailing, summary billing, EDI billing, flexible bill routing) - Payment processing (e.g., mail, in-person through APA network etc.) - Credit and collections activities - Customer Communications Center Services for clients' customer calls. These services can be provided in seven languages and include, but are not limited to: <ul style="list-style-type: none"> - requests for service connection (turn ons) - transfer of service or turn offs - customer credit inquiries - customer extension/payment arrangements - billing inquiries - billing investigations - outage reports - account transfers 	Active (D)

(Continued)

(To be inserted by utility)
 Advice 2861-E
 Decision _____

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)
 Date Filed Mar 13, 2013
 Effective Apr 12, 2013
 Resolution _____



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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation
Meter Reading and Field Services for Non-ESPs	<ul style="list-style-type: none"> - Meter reading (usage measurement) - Transfer of meter reading information - Special and mid-cycle meter reads - Physical and remote turn ons; turn offs - Physical and remote disconnects and reconnects - Meter change-outs - Other field services 	Active
Bill Payment Options	<ul style="list-style-type: none"> - Pay-by-phone - Pay-by-Internet - Direct Payment - Acceptance of payments for telecommunications providers in rural locations 	Passive (D)
Vehicle Maintenance and Repair	<ul style="list-style-type: none"> - Vehicle maintenance and repair - Comprehensive Fleet management 	Passive
Transportation and Disposal of Hazardous Materials	<ul style="list-style-type: none"> - Transportation and disposal of hazardous material such as waste by-product from generation 	Active
Use of Heavy Equipment and Machinery	<ul style="list-style-type: none"> - Use of heavy equipment such as cranes and rigging services, helicopters and other machinery or equipment 	Passive

(Continued)

(To be inserted by utility)
 Advice 2990-E
 Decision _____

Issued by
Megan Scott-Kakures
Vice President

(To be inserted by Cal. PUC)
 Date Filed Dec 30, 2013
 Effective Jan 29, 2014
 Resolution _____

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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation		
		Active	(L) (T)(N)(D)	
Operation and Maintenance, and Repair of Generation, Transmission and Distribution Related Facilities and Equipment	- Operation of power generation, transmission, and distribution equipment and facilities		 (N)	
	- On-site inspection, maintenance, troubleshooting, repair, replacement, and installation of distribution and transmission facilities (e.g., electrical apparatus, streetlights, conductors, towers, poles, transformers)		(T)(C) (C)	
	- On-site inspection, maintenance, troubleshooting, and repair of protection systems, telecommunication cables and equipment (e.g., fiber optics and microwave)		(N) (D) (N)	
	- Metering, measurement and test equipment services (e.g., engineering, system analysis, meter installation, maintenance, testing, calibration, and repair)		(N) (D) (N)	
	- Electrical and mechanical engineering and consulting services		(C) (C)	
	- Precision dimensional measurement consulting and engineering		(N)(D) (N)	
	- Nuclear decommissioning consulting and engineering		(N)(D) (N)	
	Advanced Testing of Hydraulic Pumps	- Advanced testing of hydraulic pump and associated electrical equipment	Passive	(L) (L)

(Continued)

(To be inserted by utility)

Advice 1286-E-A
Decision _____

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Apr 5, 2000
Effective May 15, 2000
Resolution E-3639

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G. Gross Revenue Sharing Mechanism (Continued)

4. Approved Non-Tariffed Products and Services (Continued)

Product or Service Category	Description of Existing Products and Services	Active/Passive Designation		
Equipment and Machinery Repair, Testing, Maintenance and Calibration	- Shop service repairs of mechanical and electrical apparatus and equipment such as valves, motors, turbines, transformers, and generators	Active	(L) (T) (T)	
	- Material testing			
	- Instrumentation repair and calibration			
	- Metering, measurement and test equipment services (e.g., engineering, system analysis, meter installation, maintenance, testing, calibration, and repair)		(N) (D) (N)	
	- Electrical and mechanical engineering and consulting and engineering			
	- Training			
	- Precision dimensional measurement consulting and engineering			
	- Nuclear decommissioning consulting and engineering			
	Geographic Information Systems (GIS) Services	- Mapping services - Map creation - Specialized geographic data base analysis and development - User training	Passive	(D)
	Tariff Sheet Sales	- Tariff sheet sales	Passive	(D) (N)
Recycling Services	- Paper Recycling - Trash Recycling	Passive	 	
Training and Technical Certification Services	- Training, technical certification, conferences, and seminars	Passive	(N)	
Material Procurement and Purchasing Services	- Aggregated procurement and purchasing services of machinery, materials, equipment, tools, parts, office equipment, and supplies	Passive	(L) 	
Fuel Oil Pipeline System and Storage Facilities	- Fuel oil transportation services - Fuel oil storage services	Not subject to proposed revenue sharing mechanism	 (L)	

(To be inserted by utility)
 Advice 1286-E-A
 Decision _____

Issued by
John R. Fielder
 Senior Vice President

(To be inserted by Cal. PUC)
 Date Filed Apr 5, 2000
 Effective May 15, 2000
 Resolution E-3639