

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: September 7, 1994  
Date of earliest event reported: September 6, 1994

SCEcorp  
(Exact name of registrant as specified in its charter)

CALIFORNIA	1-9936	95-4137452
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. employer identification no.)

2244 Walnut Grove Avenue  
(P.O. Box 800)  
Rosemead, California 91770  
(Address of principal executive offices, including zip code)

818-302-2222  
(Registrant's telephone number, including area code)

Item 5. Other Events

On September 6, 1994, Southern California Edison Company ("Edison") issued a press release announcing the signing of a memorandum of understanding with the California Public Utilities Commission's ("CPUC") Division of Ratepayer Advocates ("DRA") that will form the basis for negotiation of a final settlement regarding Edison's 1995 General Rate Case ("GRC"). The memorandum of understanding provides for: (1) a \$67 million non-fuel revenue decrease in Edison's GRC, (2) an accelerated eight-year recovery of Edison's \$2.7 billion remaining investment in San Onofre Nuclear Generating Station Units 2 and 3 (SONGS 2 & 3) at a reduced rate of return, and (3) an incentive pricing plan for electricity produced by SONGS 2 & 3. Edison and the DRA will seek CPUC approval of the proposed settlement by the end of 1994. Copies of the press release and memorandum of understanding are filed herewith as Exhibits 20.1 and 20.2 and are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

See Exhibit Index on page 4.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCEcorp

C. Alex Miller

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C. Alex Miller  
Treasurer

September 7, 1994

EXHIBIT INDEX

Exhibit Number -----	Description -----
20.1	Press Release Regarding General Rate Case Memorandum of Understanding with DRA.
20.2	Memorandum of Understanding Between Edison and DRA re 1995 General Rate Case.

EDISON REACHES UNDERSTANDING WITH CPUC ADVOCACY  
ARM ON 1995 GENERAL RATE CASE

September 6, 1994 -- Southern California Edison Company has signed a memorandum of understanding with the California Public Utilities Commission's Division of Ratepayer Advocates (DRA) that will form the basis for a final settlement regarding the utility's 1995 General Rate Case (GRC). The memorandum of understanding contains these terms:

- \* A \$67 million revenue non-fuel revenue decrease in Edison's 1995 GRC;
- \* Accelerated eight-year recovery of Edison's \$2.7 billion remaining investment in San Onofre Nuclear Generating Station Units 2 and 3 (SONGS 2 & 3) at a reduced rate of return; and
- \* An incentive pricing plan for electricity produced by SONGS 2 & 3.

"The concepts contained in the understanding serve the basic interest of our customers and our shareholders," said John E. Bryson, chairman and chief executive officer of Southern California Edison. For customers, the understanding results in present-value savings and provides certainty regarding future costs of operating SONGS 2 & 3.

For SCEcorp's shareholders, the understanding calls for the accelerated recovery of Edison's nuclear investment and clear incentives for continued operation of SONGS. "The understanding also is consistent with the direction the CPUC is taking on regulation of the state's electric utilities," Bryson said.

Under the terms of the understanding, Edison's 1995 non-fuel revenues would decrease by \$67 million from the 1994 level. In its original GRC filing, Edison requested a revenue increase of \$117 million. Subsequently, Edison reduced its request to \$70 million because of revised cost estimates and sales and customer growth forecasts. DRA had proposed a \$151 million reduction for 1995.

"While the understanding will set revenues below our request, we believe it provides sufficient funding for us to continue delivering high-quality service to our customers and to earn our authorized return -- but only if we manage effectively," Bryson said.

The understanding provides for spending reductions in research and development and traditional demand side management (DSM) energy conservation programs.

However, the understanding does not alter Edison's commitment to invest \$75 million in shareholder funds in ENvestSCE, which provides energy efficiency solutions for large customers.

The memorandum of understanding includes the accelerated recovery of Edison's \$2.7 billion remaining investment in SONGS 2 & 3 over an eight-year period beginning February 1, 1996. During this period, Edison would earn a return of 7.78 percent on its investment in SONGS 2 & 3. Edison's current authorized rate of return is 9.17 percent.

While providing for Edison's recovery of its investment in SONGS 2 and 3, the memorandum also establishes an incentive pricing plan for continued operation of SONGS 2 & 3. Under the plan, Edison customers would pay about four cents for every kilowatt-hour of electricity produced by SONGS 2 & 3 during the eight-year period. This pricing plan will replace traditional ratemaking treatment for Edison's ongoing operating and capital expenses for SONGS 2 & 3. The incentive pricing plan does not affect existing rate recovery for the decommissioning of SONGS 2 & 3 or

for Edison's investment in Palo Verde Nuclear Generating Station.

Edison's board of directors has approved going forward with the proposed settlement based upon the terms of the memorandum of understanding. Edison and the DRA are working to complete a definitive settlement agreement, and they will hold a settlement conference in the near future to explain the settlement terms. Edison and the DRA will seek Commission approval of the proposed settlement by the end of 1994. The Commission can accept, modify, or reject Edison and DRA's proposal.

Memorandum of Understanding Between Edison and DRA  
Re 1995 General Rate Case

This MOU is not a settlement agreement or stipulation between Edison and DRA, but forms the basis for a future settlement or stipulation. This MOU is subject to approval by Edison's Board of Directors. Edison and DRA agree not to publicly disclose the terms of this MOU until approved by Edison's Board. Edison and DRA will conduct these negotiations in confidence pursuant to Rule 51.9 of the Commission's Rules of Practice and Procedure. Edison and DRA will make all reasonable efforts to negotiate the settlement or stipulation in time for rates to be effective 1/1/95.

1. Edison will accelerate the recovery of its share of SONGS 2 & 3 sunk costs commencing on 2/1/96 and terminating on 12/31/03 ("8-Year Period").
2. The sunk costs Edison will recover is a SONGS 2 & 3 rate base amount of \$2,749 million less the accumulated deferred taxes of \$562 million.<sup>1</sup>
3. During the 8-Year Period, Edison will earn a return on SONGS 2 & 3 sunk costs equivalent to 7.78% on rate base.
4. Edison will remove the revenue requirement in rates as of 1/31/96 for items identified as SONGS 2 & 3 sunk costs. Starting 2/1/96, the SONGS 2 & 3 sunk costs shall be placed in rates and recovered over 8 years.
5. DRA and Edison shall negotiate terms and conditions in the final settlement document consistent with those in the SONGS 1 model to address the permanent closure of SONGS 2 and/or 3.
6. From 2/1/96 through 12/31/03, Edison must accept on behalf of its customers all of its share of SONGS 2 & 3 output. The following Incremental Cost Incentive Pricing ("ICIP"), by year, subject to verification is:

For: 1996	- 3.80 cents/kWh	2000	- 4.05 cents/kWh
1997	- 3.85 cents/kWh	2001	- 4.10 cents/kWh
1998	- 4.00 cents/kWh	2002	- 4.15 cents/kWh
1999	- 4.00 cents/kWh	2003	- 4.15 cents/kWh

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<sup>1</sup> The amount to be amortized will consist of Edison's SONGS 2 & 3 sunk costs recorded as of 1/1/96 and will include amounts for Marine Mitigation costs - \$41 million; Design Basis Documentation - \$31 million; COD Adjustment - \$17 million; and MS Inventory - \$52 million.

7. Subsequent to 12/31/03, Edison may sell power generated by SONGS 2 and 3 to any customer.
8. Subsequent to 2/1/96, there will be no apparent need for SONGS 2 or 3 reasonableness reviews. Edison retains the option to produce power at any level or permanently close either SONGS 2 and/or 3 at any time.
9. The Nuclear Unit Incentive Procedure for SONGS 2 & 3 shall terminate

at the completion of Fuel Cycle 7 operations.

10. Edison will continue traditional cost-of-service rate recovery of SONGS 2 & 3 decommissioning expenses, unamortized loss on reacquired debt, and DOE decommissioning expense from EAct 1992. Edison may also seek recovery of assessments, retrospective premiums or other costs associated with worker or third party claims.
11. Edison's 1995 base rate revenue requirement<sup>2</sup> will be reduced by \$67 million from the currently estimated 12/31/94 authorized level of \$3,932 million, resulting in an ALBRR of \$3,865 million. This will include funding DSM programs and activities at \$65 million, of which \$14 million will be transferred to Customer Service O&M expense. RD&D programs and activities will be funded at \$28 million.
12. If a PBR mechanism is effective by 1/1/96, attrition will not be required.

By: Bruce C. Foster 9/2/94  
Southern California Edison  
Company

By: James D. Pretti 9/2/94  
Division of Ratepayer  
Advocates

- - - - -  
2 Nominal dollars.