

SOUTHERN CALIFORNIA EDISON COMPANY
NUCLEAR FACILITIES
QUALIFIED CPUC DECOMMISSIONING
MASTER TRUST AGREEMENT

**FOR SAN ONOFRE AND PALO VERDE
NUCLEAR GENERATING STATIONS**

As Amended and Restated November 1, 2002

**SOUTHERN CALIFORNIA EDISON COMPANY
NUCLEAR FACILITIES QUALIFIED CPUC DECOMMISSIONING
MASTER TRUST AGREEMENT**

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SOUTHERN CALIFORNIA EDISON COMPANY
NUCLEAR FACILITIES QUALIFIED CPUC DECOMMISSIONING
MASTER TRUST AGREEMENT

AGREEMENT by and between Southern California Edison Company, a California corporation ("Company"), and Mellon Bank, N.A., a national banking association ("Trustee"), as amended and restated effective November 1, 2002.

WHEREAS, the Company is the owner of: (1) an 80 percent undivided interest in Unit One of the San Onofre Nuclear Generating Station ("SONGS Unit No. 1"); (2) a 75.05 percent undivided interest in Unit Two of the San Onofre Nuclear Generating Station ("SONGS Unit No. 2"); (3) a 75.05 percent undivided interest in Unit Three of the San Onofre Nuclear Generating Station ("SONGS Unit No. 3"); (4) a 15.80 percent undivided interest in Unit One of the Palo Verde Nuclear Generating Station ("Palo Verde Unit No. 1"); (5) a 15.80 percent undivided interest in Unit Two of the Palo Verde Nuclear Generating Station ("Palo Verde Unit No. 2"); and (6) a 15.80 percent undivided interest in Unit Three of the Palo Verde Nuclear Generating Station ("Palo Verde Unit No. 3"); and

WHEREAS, the Company is subject to regulation by the California Public Utilities Commission ("CPUC"), an agency of the State of California created and existing pursuant to California Constitution Article XII, § 1, and by the Nuclear Regulatory Commission ("NRC"), an agency of the United States government created and existing pursuant to 42 U.S.C. § 5841; and

WHEREAS, pursuant to Section 468A of the Internal Revenue Code of 1986, 26 U.S.C. § 1 *et seq.*, certain Federal income tax benefits are available to the Company by creating and funding qualified decommissioning funds associated with the San Onofre Nuclear Generating Station ("SONGS") and the Palo Verde Nuclear Generating Station ("Palo Verde"); and

WHEREAS, the CPUC has permitted the Company to include in its cost of service for ratemaking purposes certain amounts to be contributed by the Company to qualified decommissioning funds in order to provide adequate monies for the Company's share of decommissioning costs with respect to SONGS and Palo Verde; and

WHEREAS, the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations ("Master Trust") was established on November 25, 1987, for the qualified decommissioning funds, and Mellon Bank, N.A. has been selected as successor trustee of the Master Trust;

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Master Trust agreement is amended and restated November 1, 2002, to reflect the selection of Mellon Bank, N.A. as Trustee, and the Trustee hereby agrees to hold the qualified decommissioning funds and such additional monies as may from time to time

be added thereto as provided herein, together with the proceeds and reinvestments thereof;

IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions set forth:

**I.
DEFINITIONS, PURPOSE AND NAME**

1.01 Definitions.

As used in this Decommissioning Master Trust Agreement, the following terms shall have the following meanings:

- (1) "Act" shall mean the Uniform Principal and Income Act from time to time in effect in the State of California, and on the date hereof set forth in California Probate Code § 16300 et seq.
- (1A) "Advance Withdrawal Certificate" shall mean a document properly completed and executed by one Authorized Representative of the Company and substantially in the form of Exhibit C hereto.
- (2) "Agreement" shall mean and include this Decommissioning Master Trust Agreement as the same may from time to time be amended, modified, or supplemented.
- (3) "Authorized Representative" shall mean, with respect to the Company, the Chief Executive Officer, President, or any Vice President of the Company; and with respect to the Committee, the members of the Committee, or any other person designated as an Authorized Representative of the Committee by a Certificate filed with the Trustee.
- (4) "Board of Directors" shall mean the Board of Directors of the Company, as duly elected from time to time.
- (5) "Certificate" or "Certification" shall mean a written Certificate signed by two Authorized Representatives of the Company for a Certificate of the Company, or two Authorized Representatives of the Committee for a Certificate of the Committee.
- (6) "Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.
- (7) "Committee" shall mean the Nuclear Facilities Decommissioning Master Trust Committee established pursuant to Article III.
- (8) "CPUC" shall mean the California Public Utilities Commission, as defined and set forth in Section I of Article XII of the California Constitution, or its successor.
- (9) "CPUC Order" shall mean an order or resolution issued by the CPUC after the Company, the Committee, the CPUC Staff, the Trustee, and other interested parties have been given notice and an opportunity to be heard. The order may

be issued with or without hearing or by the CPUC Advice Letter procedure or comparable procedure.

- (10) "Decommissioning Contributions" shall mean all amounts for decommissioning expenses of the Plants reflected in the Company's adopted annualized cost of service in and for the CPUC jurisdiction and contributed to the Funds for decommissioning expenses of the Plants.
- (11) "Decommissioning Costs" shall mean the costs incurred in decommissioning the Plants, to the extent that such costs may be paid out of the Funds pursuant to Section 468A of the Code, and any regulations or rulings of the Service issued thereunder.
- (12) "Disbursement Certificate" shall mean a document properly completed and executed by two Authorized Representatives of the Company and substantially in the form of Exhibit A hereto.
- (13) "Excess Contribution" shall have the meaning set forth in Section 2.03 hereof.
- (14) "Funds" shall mean the SONGS Unit No. 1 Qualified Fund, the SONGS Unit No. 2 Qualified Fund, the SONGS Unit No. 3 Qualified Fund, the Palo Verde Unit No. 1 Qualified Fund, the Palo Verde Unit No. 2 Qualified Fund, and the Palo Verde Unit No. 3 Qualified Fund, collectively.
- (15) "Fund Account" shall mean a separate account established by this Agreement and maintained by the Trustee for each Fund to account for all Decommissioning Contributions (or other contributions as described in Section 2.02) made to each Fund, all income and other increments to each Fund and all disbursements from each Fund.
- (16) "Final Disbursements" shall have the meaning set forth in Section 2.01(6) hereof.
- (17) "Interim Disbursements" shall have the meaning set forth in Section 2.01(5) hereof.
- (18) "Investment Manager(s)" shall mean the fiduciary specified in the Investment Manager Agreement(s):
 - (a) Which has been retained by the Committee to manage, acquire, or dispose of any asset belonging to the Master Trust; and
 - (b) Which is:
 - (i) registered as an investment adviser under the Investment Advisers Act of 1940, or
 - (ii) a bank, as defined in that Act, or
 - (iii) An insurance company qualified to perform services described in subsection (a) above, under the laws of more than one state, and
 - (c) Which has acknowledged, in writing, that it is a fiduciary with respect to the Master Trust, that it is qualified to act under

subsection (b) above, and has agreed to be bound by all of the terms, provisions, and covenants of this Agreement.

- (19) "Investment Manager Agreement(s)" mean the agreement(s) between the Committee and an investment manager(s) selected by the Committee which agreement governs the management of the assets of the Master Trust and is confirmed by the CPUC.
- (20) "Master Trust" shall be used merely to refer to the Funds in the aggregate and is not intended nor should it be construed to constitute a separate entity.
- (21) "Plants" shall mean the San Onofre Nuclear Generating Station Unit Nos. 1, 2 and 3 and the Palo Verde Nuclear Generating Station Unit Nos. 1, 2, and 3, collectively.
- (22) "Palo Verde Unit No. 1" shall mean Unit One of the Palo Verde Nuclear Generating Station.
- (23) "Palo Verde Unit No. 1 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning Palo Verde Unit No. 1 to which monies are contributed subject to the conditions and limitations of Section 468A of the Code.
- (24) "Palo Verde Unit No. 2" shall mean Unit Two of the Palo Verde Nuclear Generating Station.
- (25) "Palo Verde Unit No. 2 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning Palo Verde Unit No. 2 to which monies are contributed subject to the conditions and limitations of Section 468A of the Code.
- (26) "Palo Verde Unit No. 3" shall mean Unit Three of the Palo Verde Nuclear Generating Station.
- (27) "Palo Verde Unit No. 3 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning Palo Verde Unit No. 3 to which monies are contributed subject to the conditions and limitations of Section 468A of the Code.
- (28) "Ratepayers" shall mean those customers of the Company receiving electric service in accordance with CPUC approved tariff schedules.
- (29) "Schedule of Ruling Amounts" shall have the meaning set forth in Section 468A(d) of the Code.
- (30) "Service" shall mean the Internal Revenue Service.
- (31) "SONGS Unit No. 1" shall mean Unit One of the San Onofre Nuclear Generating Station.
- (32) "SONGS Unit No. 1 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning SONGS Unit No. 1 to

which monies are contributed subject to the conditions and limitations of Section 468A of the Code.

- (33) "SONGS Unit No. 2" shall mean Unit Two of the San Onofre Nuclear Generating Station.
- (34) "SONGS Unit No. 2 Qualified Fund" shall mean the Fund established and maintained under the Master Trust for decommissioning SONGS Unit No. 2 to which monies are contributed subject to the conditions and limitations of Section 468A of the Code.
- (35) "SONGS Unit No. 3" shall mean Unit Three of the San Onofre Nuclear Generating Station.
- (36) "SONGS Unit No. 3 Qualified Fund" shall mean the Fund established and maintained for decommissioning SONGS Unit No. 3 to which monies are contributed subject to the conditions and limitations of Section 468A of the Code.
- (37) "Trustee" shall have the meaning set forth in the first paragraph of this Agreement.
- (38) "Units" shall mean SONGS Unit No. 1, SONGS Unit No. 2, SONGS Unit No. 3, Palo Verde Unit No. 1, Palo Verde Unit No. 2, and Palo Verde Unit No. 3, collectively.
- (39) "Withdrawal Certificate" shall mean a document properly completed and executed by two Authorized Representatives of the Company and substantially in the form of Exhibit B hereto.

1.02 Authorization.

The Trustee and the Company hereby represent and warrant that each has full legal authority and is duly empowered to enter into this Agreement, and has taken all action necessary to authorize the execution of this Agreement by the officers and persons signing it.

1.03 Master Trust Purpose.

The exclusive purposes of this Master Trust are to provide monies for the decommissioning of the Plants; and to constitute qualified nuclear decommissioning funds for the Units within the meaning of Section 468A of the Code, any applicable successor provision and the regulations thereunder. Assets of the Funds must be used as authorized by Section 468A of the Code and the regulations thereunder.

1.04 Establishment of Master Trust.

By execution of this Agreement, the Company:

- (a) amends and restates the Master Trust Agreement, which established the Funds, each of which constitutes a trust consisting of such Decommissioning Contributions (or other contributions as described in Section 2.02) as may be delivered to the Trustee by the Company designated for such Fund. Each Fund shall also include additional Decommissioning Contributions (or other

contributions as described in Section 2.02) designated for such Fund, together with investments and reinvestments thereon; and

- (b) appoints Mellon Bank, N.A. as successor Trustee of each of the Funds.

1.05 Name of Master Trust.

The monies received by the Trustee from the Company (together with any additional monies contributed by the Company and the proceeds and reinvestments thereof) shall constitute the "Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations".

**II.
DISPOSITIVE PROVISIONS**

After payment of the expenses described in Section 6.01 hereof, the Trustee shall distribute the Master Trust as follows:

2.01 Payment of Nuclear Decommissioning Costs.

The Trustee shall make payments of the Decommissioning Costs in accordance with the following procedures:

- (1) **Authorized Representative.** The Committee shall promptly notify the Trustee of the selection and appointment of any Authorized Representative of the Committee. The Trustee shall have no duty to inquire into or investigate the continued authority of such person to act as the Authorized Representative. The Committee shall provide the Trustee with written notice of the termination of any Authorized Representative's authority.
- (2) **Disbursement to Third Parties.** Evidence of payments for Decommissioning Costs to any person (other than the Company) for goods provided or labor or other services rendered to the Company in connection with the decommissioning of the Plants shall be submitted to the Trustee on a Disbursement Certificate.
- (3) **Reimbursement to the Company.** Requests for payments to the Company in reimbursement of Decommissioning Costs actually incurred by the Company and paid by the Company to any other person shall be submitted to the Trustee on a Withdrawal Certificate.
- (4) **Payment of Decommissioning Costs.** The Trustee shall pay Decommissioning Costs when a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee, showing with respect to each withdrawal of money:
 - (a) the name and address of the person or entity to whom payment is due (which may be the Company);
 - (b) the amount of money to be paid;
 - (c) the purpose for which the obligation to be paid was incurred; and

- (d) a CPUC Order authorizing either Interim Disbursements or Final Disbursements. A copy of such order shall accompany the Disbursement Certificate or Withdrawal Certificate.

Each Disbursement Certificate or Withdrawal Certificate must certify that the expenses to be paid constitute Decommissioning Costs and shall provide satisfactory evidence to the Trustee of same.

- (5) Advance Withdrawals for Payment of Decommissioning Costs. An Authorized Representative may request disbursement of funds to pay expected Decommissioning Costs by submitting an Advance Withdrawal Certificate to the Trustee. Requests for advance withdrawals may be made up to one month before expected payments are made. Amounts withdrawn shall be deposited in an interest-bearing account. Interest earned in such account shall be used for paying Decommissioning Costs, and shall not benefit the Company. Any request for withdrawal of funds shall be accompanied by documentation supporting the amount of advance withdrawal, and shall take into account any unexpended balance of funds previously disbursed. Any funds remaining in such account upon termination of the Master Trust shall be distributed pursuant to Section 2.09.
- (6) Documentation of Payment of Decommissioning Costs. Actual expenditures for Decommissioning Costs and a reconciliation of advance withdrawals with actual expenditures will be submitted by the Company to the CPUC quarterly.
- (7) Interim Disbursements. The estimated costs and schedule for decommissioning each of the Plants shall be reviewed periodically and updated when the revenue requirement for decommissioning is reviewed by the CPUC in the Company's general rate cases. One year prior to the time decommissioning of a Plant or Plants is estimated to begin, the Company shall apply for CPUC approval of the estimated cost and schedule for decommissioning each Plant or Plants. Upon approval of the cost and schedule for decommissioning each Plant or Plants, the CPUC shall authorize Interim Disbursements from the applicable Fund to pay Decommissioning Costs. Upon the occurrence of changed circumstances the Company may apply to the CPUC for approval of amendments to the cost and schedule for decommissioning each Plant. Interim Disbursements shall be limited to 90% of the forecast of Decommissioning Costs approved by the CPUC. Final payment from the applicable Fund for all Decommissioning costs shall be made pursuant to Section 2.01(6).

Prior to the issuance of an Interim Disbursement order, the Trustee is authorized to pay up to 3 percent of the amount specified in paragraph 50.75 of Title 10 of the Code of Federal Regulations for decommissioning planning purposes upon receipt of a Disbursement Certificate or a Withdrawal Certificate meeting the requirements of Section 2.01(4)(a)-(c) which certifies to the Trustee that the

amount requested and prior amounts paid are within the 3 percent limit specified in such paragraph.

- (8) **Final Disbursements.** The Company shall apply for and acquire CPUC approval of the estimated final cost for decommissioning each Plant or Plants. Such application shall be made one year in advance of the time the Company estimates use of funds exceeding 90% of the forecast of Decommissioning Costs approved by the CPUC will be required. Upon approval of the final cost of decommissioning each Plant or Plants, the CPUC shall authorize Final Disbursements from the applicable Fund to pay Decommissioning Costs. The Trustee shall make a Final Disbursement when a CPUC Order and a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee to show:
- (a) the name and address of the person or entity to whom payment is due, including reimbursement to the Company;
 - (b) the amount of money to be paid; and
 - (c) the purpose for which the obligation to be paid was incurred.

2.02 Additions to Master Trust.

From time to time after the initial contribution to the Master Trust and prior to the termination of this Trust, the Company may make, and the Trustee shall accept, additional contributions of money to the Master Trust to satisfy the purpose of this Master Trust as set forth in Section 1.03, which contributions may be made to the applicable Fund Account(s).

2.03 Adjustments for Excess Contributions.

The Trustee and the Company understand and agree that the contributions made by the Company to any of the Funds from time to time may exceed the amount permitted to be paid into such fund(s) pursuant to Section 468A of the Code and any regulations thereunder based upon changes in estimates, subsequent developments, or any other event or occurrence which could not reasonably have been foreseen by the Company at the time such contribution was made (Excess Contribution). Upon Certification of the Company, setting forth the amount of the Excess Contribution, the amount of any Excess Contribution (together with any income accrued thereon) shall be paid to the person or persons specified by the Company in a Certification to the Trustee.

2.04 No Transfers Between Fund Accounts.

The Trustee and the Company further understand and agree that it is of the essence that no transfer of monies is to occur between Fund Accounts except when explicitly indicated by Certificate of the Company that such transfer is necessary to effectuate the purposes of this Master Trust and is not contrary to the requirements of Section 468A of the Code.

2.05 Designation of Funds.

Upon: (a) the initial contribution to the Master Trust; (b) any withdrawal from the Master Trust for Decommissioning Costs pursuant to Section 2.01 or for administrative expenses pursuant to Section 6.01; (c) any addition to the Master Trust pursuant to Section 2.02; or (d) any adjustment to the Funds pursuant to Section 2.03, the Company shall designate, by Certificate, the appropriate Fund Account(s) which are to be credited or debited by such contribution, withdrawal, addition, or adjustment, and the Trustee shall credit or debit the appropriate Fund Account(s) in accordance with such designation.

2.06 Distribution of Income.

- (1) The Trustee shall not be precluded from pooling Decommissioning Contributions (or other contributions as described in Section 2.02) with respect to each of the Fund Accounts for investment purposes, and may treat each Fund Account's Decommissioning Contributions (or other contributions as described in Section 2.02) as having received or accrued a ratable portion of the Master Trust income in any year. Any pooled arrangement undertaken as permitted in this Section 2.06(1) can be terminated at any time by any Fund. No Fund in a pooling arrangement may substitute for itself in such arrangement any person that is not a member of that pooling arrangement.
- (2) Principal and Income. Except as provided in 2.06(3), all questions relating to the ascertainment of income and principal and the allocation of receipts and disbursements between income and principal shall be resolved by the Trustee in accordance with the terms of the Act.
- (3) Income on Current Collections. As of the end of each accounting period of the Trust, the income of the Master Trust shall, for purposes of all subsequent accounting periods, be treated as Master Trust principal.

2.07 No Transferability of Interest in Trust.

The interest of the Company in the Master Trust is not transferable by the Company, whether voluntarily or involuntarily, nor subject to the claims of creditors of the Company, provided, however, that any creditor of the Company as to which a Disbursement Certificate has been properly completed and submitted to the Trustee may assert a claim directly against the Master Trust in an amount not to exceed the amount specified on such Disbursement Certificate. Nothing herein shall be construed to prohibit a transfer of the Company's interest in the Master Trust upon sale of all or part of the Company's ownership interest in any Plant or Plants; provided, however, that any such transfer shall be subject to the prior approval of the CPUC.

2.08 Resolution of Disagreements.

If any disagreement arises between the Company, the Committee, and/or the CPUC Staff regarding the Master Trust, the disagreement shall be submitted to the CPUC for resolution by issuance of a CPUC Order after notice and an opportunity to be heard, as provided in the California Public Utilities Code, has been given to the Company, the

Committee, the CPUC Staff, the Trustee, and any interested parties. The CPUC, on its own motion, may raise and consider any issue with regard to the Master Trust, and any such issue raised on the CPUC's own motion shall be resolved as provided above. Pending resolution of the disagreement, the Trustee shall act in accordance with the Committee's direction. Nothing in this Agreement shall be construed to limit the rights of the Company, the Committee, the CPUC Staff, the Trustee or any other interested party under the California Public Utilities Code or the California Constitution or other applicable laws or regulations.

2.09 Termination of Master Trust.

This Master Trust shall be irrevocable and will terminate (in whole or in part) upon the earlier of:

- (1) Receipt by the Trustee of a Certificate from the Committee stating that substantial completion of the nuclear decommissioning of the Plants has occurred (as defined in Treasury Regulations promulgated under Code Section 468A);
- (2) The twentieth anniversary of the date of the death of the survivor from among a class consisting of all of the descendants of John D. Rockefeller, late of New York, New York, born on or prior to November 25, 1987; or
- (3) At such earlier time as the CPUC may order the Committee to terminate all or a portion of this Master Trust.

2.10 Termination of Funds of Master Trust.

One or more of the Funds shall terminate upon the earlier of:

- (1) Its disqualification from the application of Section 468A of the Code, whether pursuant to an administrative action on the part of the Service or the decision of any court of competent jurisdiction, but in no event earlier than the date on which all available appeals have been either prosecuted or abandoned and the period of time for making any further appeals has elapsed; or
- (2) The disposition by the Company of any interest in the Plants, to the extent provided in regulations by the Service promulgated under Code Section 468A.

2.11 Distribution of Master Trust Upon Termination.

Upon termination of this Master Trust or of any one or more of the Fund(s), the Trustee shall assist the Investment Manager in liquidating the assets of the Master Trust, or Fund(s), and thereupon distributing the then-existing assets of the Master Trust, or Fund(s) (including accrued, accumulated, and undistributed net income) less final Master Trust administrative expenses (including accrued taxes) to the Company; provided, however, that no such distribution shall be made unless the Committee provides a Certificate to the Trustee stating that a CPUC Order has been issued which specifically authorizes such payment to the Company for distribution to the Company's then current Ratepayers, or as otherwise provided in the order. In the event the Funds are no longer needed for Decommissioning Costs and/or Master Trust administration

expenses, they shall be returned to the Company for distribution to the Company's then current Ratepayers in a manner to be prescribed in an Order of the CPUC. In the event the CPUC or a successor no longer exists, the Trustee shall make such distribution to the Company upon receipt of an opinion of legal counsel to the Company accompanying a Certificate of the Company stating that no CPUC Order is necessary to authorize such distribution.

2.12 Alterations and Amendments.

The Trustee and the Company understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purposes of this Trust. This Agreement may not be amended so as to violate Section 468A of the Code or the regulations thereunder.

The CPUC by Order may direct the Company to amend, in whole or in part, any or all of the provisions of this Agreement; provided that the CPUC shall not cause the Company to amend this Agreement if such action would defeat the purpose of the Master Trust or the Company's right to elect a current income tax deduction under Code Section 468A and the regulations promulgated thereunder. The Committee may also amend this Agreement thirty days after filing a copy of the proposed amendment with the CPUC. No proposed amendment may be made if written objections to the proposed amendment are filed within the thirty-day period. Any party making written objections to a proposed amendment shall serve the written objections with a certificate of service on the Company, the Committee, the Trustee, and the CPUC Staff on the same day the written objections are filed with the CPUC. Any written objections which cannot be settled shall be resolved in accordance with Section 2.08. Proposed amendments filed with the CPUC shall include in the transmittal letter a reference to the foregoing procedure for making written objection to such proposed amendments. Notwithstanding anything herein to the contrary, no amendment which affects the specific rights, duties, responsibilities, or liabilities of the Trustee, shall be made without its consent and no amendment shall be effective prior to the Trustee receiving reasonable notice thereof.

2.13 No Authority to Conduct Business.

The purpose of this Master Trust is limited to the matters set forth in Section 1.03 above, specifically, and there is no objective to carry on any business unrelated to the Master Trust purposes set forth in Section 1.03 hereof, or divide the gains therefrom.

III. THE COMMITTEE

3.01 Members.

The Committee shall consist of five (5) members. The members shall be nominated by the management of the Company, and their nomination shall be confirmed by the Board of Directors of the Company. No more than two (2) of the members of the Committee shall be employees, officers, or directors of the Company, or otherwise be agents of the Company in any capacity except as members of the Committee. The names of the

nominees shall be furnished to the CPUC in writing within ten (10) days of their nomination. The Company shall furnish the CPUC with a resume of their background and qualifications. The three (3) nominees who are not affiliated with the Company shall be confirmed by the CPUC within 60 days of their submittal. For these three nominees, the Company shall furnish to the CPUC a statement in writing affirming that such nominees are not employees, officers, directors, or otherwise agents of the Company and providing sufficient additional information to determine the existence of any conflict or potential conflict of interest. The three (3) nominees who are not affiliated with the Company shall furnish the CPUC with a declaration that the nominee has no financial or other interest that would conflict with the discharge of their responsibilities as Committee members. Ownership of minor amounts of the Company's stock and/or being a customer of the Company, and/or having routine business relationships such as providing normal banking services shall not be regarded as creating such a conflict or an agency relationship.

If at any time and for any reason there are insufficient members of the Committee not affiliated with the Company to permit the Committee to obtain a quorum, the CPUC, at the request of the Company, may issue an Order allowing the Committee to function for a limited period of time with more than two (2) members who are employees, officers and/or directors of the Company. Should the CPUC issue such an Order, it shall prescribe in that Order the limited period of time during which the Committee may be composed of more than two (2) members who are officers, employees and/or directors of the Company, and it shall prescribe a time by which the Company must submit the names of new nominees for confirmation by the CPUC. The Committee shall not function with more than two (2) members who are officers, employees and/or directors of the Company except upon such Order of the CPUC, and then only within the period of time prescribed in the Order of the CPUC.

3.02 Term.

The term of each member shall be five (5) years; however, any member may be removed by the CPUC for reasonable cause at any time. The Company shall notify the Trustee and the Investment Manager(s) of all appointments and replacements of Committee members in writing signed by an Authorized Representative. Initial appointments of Committee members may be for less than a five-year term in order to establish staggered membership terms among the members of the Committee.

3.03 Acts of Committee.

Each member of the Committee shall have one vote and the Committee shall act by majority decision. It shall require a minimum of four (4) members of the Committee to constitute a quorum in order for the Committee to act. Votes of members of the Committee shall be recorded on all matters voted on or decided by the Committee. Full minutes of Committee meetings shall be maintained. The Committee shall be subject to the jurisdiction of the CPUC.

3.04 Duties of Committee.

The Committee shall direct and manage the Master Trust and perform all duties attendant thereto, including the appointment of trustees and investment managers and the execution of whatever contracts, agreements, or other documents it deems necessary to manage and invest such assets. The Committee may retain the services of such professional advisors, legal counsel, and administrative support as it deems necessary to carry out its responsibilities hereunder. The reasonable fees and/or compensation of any such assistance the Committee may desire to retain shall be regarded as appropriate Master Trust administration expenses.

3.05 Committee Reports.

The Committee shall evaluate the performance of the Trustee and Investment Manager(s) annually and submit a written report to the CPUC. The report shall be confidential and submitted to the CPUC by the Company under the provisions of Section 583 of the Public Utilities Code or applicable successor provision. The report shall include, at a minimum:

- (a) A finding, with supporting analysis, as to whether the current Trustee and Investment Manager(s) should be retained or replaced;
- (b) In the case where more than one investment manager is used, a justification therefor;
- (c) The voting record of the Committee members and the minutes of all Committee meetings; and
- (d) An itemized accounting of the Master Trust administration expenses and the basis therefor.

At least once every three years the Committee shall evaluate potential substitute trustees and investment managers and submit a report thereon to the CPUC. The report shall be confidential and submitted to the CPUC by the Company under the provisions of Section 583 of the Public Utilities Code or applicable successor provision. This report may be combined with the annual report described above, and shall include, at a minimum:

- (a) A description of the Committee's attempts to solicit proposals from other firms which can perform the trust and investment management duties;
- (b) An evaluation of at least three firms which could potentially replace the current Trustee and/or Investment Manager(s); and
- (c) A justification of the continued use of investment manager(s) on a retainer basis, as opposed to the Trustee's employment of an "in house" investment advisor.

The Committee shall not be required to solicit proposals to replace a Trustee(s) or Investment Manager(s) who, in the judgment of the Committee, are performing adequately and have served as a Trustee and/or Investment Manager hereunder for less than three years.

3.06 Compensation.

Each Committee member who is not an employee, officer, director, or otherwise an agent of the Company shall be entitled to reasonable fees and/or compensation for their services hereunder. At the time a nominee's name is furnished to the CPUC, the Company shall furnish to the CPUC a statement in writing setting forth all proposed fee and/or compensation arrangements with such nominee. The fee and/or compensation arrangements shall be subject to the approval of the CPUC. If the fee and/or compensation arrangements with any member should be changed for any reason whatsoever, within ten (10) days of such change, the Company shall furnish to the CPUC a statement in writing fully describing the new fee and/or compensation arrangements, and such changes shall be subject to the approval of the CPUC. Each Committee member shall be reimbursed for all reasonable expenses incurred in connection with the performance of his duties under this Agreement. Fees and/or compensation paid to members of the Committee, reasonable expenses of the members of the Committee, including premiums for liability insurance if applicable, shall be regarded as appropriate Master Trust administration expenses.

3.07 Committee May Limit Trustee Actions.

The Trustee shall not take any act or participate in any transaction which would violate the terms and conditions of any instructions provided by a Certificate of the Committee so long as the terms and conditions of the Certificate are consistent with this Agreement.

IV. TRUSTEES

4.01 Designation and Qualification of Successor Trustee(s).

The Company by this Agreement has appointed the corporate fiduciary named herein having all requisite corporate power and authority to act as the sole Trustee. The Trustee shall act in accordance with the directions provided to it by the Committee under the terms of this Agreement. At any time during the term of this Trust, the Committee shall have the right to remove the Trustee acting hereunder and appoint another qualified corporation as a Successor Trustee upon thirty (30) days' notice in writing to the Trustee, or upon such shorter notice as may be acceptable to the Trustee. In the event that the Trustee or any Successor Trustee shall: (a) become insolvent or admit in writing its insolvency; (b) be unable or admit in writing its inability to pay its debts as such debts mature; (c) make a general assignment for the benefit of creditors; (d) have an involuntary petition in bankruptcy filed against it; (e) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute, or proceeding; or (f) resign, the Trustee or Successor Trustee shall cease to act as a fiduciary of this Master Trust and the Committee shall appoint a Successor Trustee. In the event of any such removal or resignation, the Trustee or Successor Trustee shall have the right to have its accounts settled as provided in Section 4.05 hereof. Any successor to the

Committee, as provided herein, shall have the same right to remove and to appoint any Trustee or Successor Trustee.

Any Successor Trustee shall qualify by a duly acknowledged acceptance of this Master Trust, delivered to the Company, the Committee, and the CPUC. Upon acceptance of such appointment by the Successor Trustee, the Trustee shall assign, transfer and pay over to such Successor Trustee the monies and properties then constituting the Master Trust. Any Successor Trustee shall have all the rights, powers, duties and obligations herein granted to the original Trustee.

If for any reason the Committee cannot or does not act in the event of the resignation or removal of the Trustee, as provided above, the Trustee may apply to the CPUC for the appointment of a Successor Trustee. Any expenses incurred by the Trustee in connection therewith shall be deemed to be an expense of administration payable in accordance with Section 6.01 hereof.

4.02 Resignation.

The Trustee or any Successor Trustee hereof may resign and be relieved as Trustee at any time without prior application to or approval by or order of the CPUC or of any court by a duly acknowledged instrument, which shall be delivered to the Company and the Committee by the Trustee not less than sixty (60) days prior to the effective date of the Trustee's resignation or upon such shorter notice as may be acceptable to the Company and the Committee.

4.03 Compensation.

The Trustee shall be entitled to compensation from the Master Trust specified in the Fee Schedule attached as Exhibit D. Custody fees for all trust assets in the aggregate shall not exceed 10 basis points, or such other limit specified by CPUC Order. The Fee Schedule is effective for three years from the date the Company's nuclear decommissioning Master Trust assets are transferred to the Trustee. Nothing herein shall preclude renegotiation of the Fee Schedule due to significantly changed circumstances, provided, however, that any change in the Fee Schedule shall require the approval of the CPUC prior to becoming effective. If the Trustee advances cash or securities for any purpose, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Fund or under this Agreement shall be security therefor and the Trustee shall be entitled to collect from the Fund sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Fund held under this Agreement to the extent necessary to obtain reimbursement. To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee to the extent permitted under Section 468A of the Internal Revenue Code shall be entitled to collect from the Fund with respect to domestic assets, (i) an amount equal to what would have been earned on the sums advanced (an amount approximating the "federal funds" interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market with respect to non-domestic assets."

4.04 Establish Fund Accounts.

The Trustee shall maintain separate Fund Accounts for each Fund established by this Agreement to account for Decommissioning Contributions (or other contributions as described in Section 2.02) made to each Fund, and all income and other increments to each Fund, and disbursements from each Fund subject to the provisions of Section 2.05 above.

4.05 Accounts.

The Trustee shall present financial statements to the Company and the Committee on a quarterly basis (within forty-five (45) days following the close of each quarter), or at such other frequency as the Committee shall from time to time require. The financial statements shall show the financial condition of the Master Trust, including, without limitation, income and expenses of the Master Trust for the period. Unless otherwise directed by the Committee, the Trustee shall assume responsibility for employing independent certified public accountants to audit the Master Trust financial statements not less frequently than annually, subject to the provisions contained in Section 6.05. The Company and the Committee shall have the right to object to any of the Master Trusts' audited financial statements. If either the Company or the Committee desires to object to the Master Trust's audited financial statements it shall deliver notice of its objection to the Trustee in writing within three years from the day the Trustee shall mail or deliver such audited financial statements to the Company and the Committee. If the Trustee concurs, an adjusting entry will be made going forward. If no written objection is made within that time, the presentation of the Master Trust's audited financial statements to the Company and the Committee shall release and discharge the Trustee with respect to all acts or omissions to the date of said audited financial statements; provided, however, that nothing contained herein shall be deemed to relieve the Trustee of any liability which may be imposed pursuant to Section 4.07 hereof.

4.06 Tax Returns and Other Reports.

The Trustee, the Committee, and the Company shall cooperate in the preparation of income or franchise tax returns or other reports as may be required from time to time and, subject to the limitations contained in Section 6.05, may employ independent certified public accountants or other tax counsel to prepare or review such returns and reports. The Trustee shall present to the Company and the Committee on a monthly basis a report setting forth all investments purchased by the Investment Manager(s) during the previous month. The Trustee shall advise the Company and the Committee if any of the investments, in the Trustee's opinion, may constitute a violation of the restrictions on investment of trust assets outlined in Code Section 468A(e)(5), or successor provision, and to the extent mutually agreed upon by the Trustee and Company, the Trustee shall advise the Company and the Committee if any of the investments, in the Trustee's opinion may constitute a violation of any CPUC Order filed with the Trustee by the Committee which contains investment restrictions applicable to the Master Trust.

4.07 Liability.

In performing its duties under this agreement, the Trustee shall exercise the same care and diligence that it would devote to its own property in like circumstances. The Trustee shall be liable for the acts, omissions or defaults of its own officers and employees. The Trustee shall not be liable for the acts, omissions or defaults of its agents, provided any such agents were selected with reasonable care and the performance and status of the agent is monitored with reasonable care throughout the duration of the agency relationship. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization. The Trustee shall not be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity. Under no circumstances shall the Trustee be liable for any indirect, consequential, or special damages with respect to its role as Trustee.

Except where the Trustee exercises its investment discretion as provided in this Agreement, the Trustee shall not be liable for the acts or omissions of any Investment Manager(s) acting hereunder. Except as provided in Section 4.05, the Trustee shall not be liable in regard to the exercise or nonexercise of any powers and discretions properly delegated pursuant to the provisions of this Agreement.

Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for any tax imposed pursuant to Section 4951 of the Code (or any applicable successor provision) as such section is made applicable to the Master Trust or the Trustee where the act giving rise to the imposition of any tax pursuant to Section 4951 of the Code was made by or was in the power and control of the Trustee as provided in this Agreement.

Pursuant to Section 6.08 of this Agreement, the Trustee is prohibited from doing any act or knowingly engaging in any transaction that would violate the terms and conditions of any instructions provided by written Certificate of the Committee that are consistent with the provisions of this Agreement, or contravening any provision of this Agreement. Upon receipt of a Certificate of the Committee giving the Trustee notice of either (a) instructions of the Committee to the Trustee, or (b) acts or transactions the Committee believes constitute a violation by the Trustee of the provisions of this Agreement, the Trustee shall follow the instructions of the Committee, and/or cease and desist from the acts identified in the Certificate as violating the provisions of this Agreement. To the extent the Trustee fails to follow the instructions of the Committee that are consistent with the provisions of this Agreement, or continues with any act identified in the Certificate as violating the provisions of this Agreement, from the date of receipt of the Certificate providing the instructions and/or notice of violation of the provisions of this Agreement, the Trustee (and not the Master Trust) shall be liable for all direct consequences flowing from any failure to follow the Committee's instructions, and/or flowing from any violation by the Trustee of the provisions of this Agreement.

Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for all direct consequences flowing from any violation by the Trustee of the provisions of this Agreement, regardless of whether notice thereof was provided by the Committee.

4.08 Indemnity of Trustee.

The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result of the Trustee's own negligence or willful misconduct. This indemnification shall survive the termination of this Agreement.

V. INVESTMENTS

5.01 Appointment of Investment Manager(s).

The Committee may appoint one or more Investment Managers to direct the investment of all or part of the Master Trust. The Committee shall also have the right to remove any such Investment Manager. The appointment of the Investment Manager(s) shall be made in accordance with any procedures specified by the Committee. The Committee shall provide notice of any such appointment by Certification to the Trustee which shall specify the portion of the Master Trust with respect to which the Investment Manager(s) has been designated. The Investment Manager(s) shall certify in writing to the Trustee that it is qualified to act in the capacity provided under the Investment Manager Agreement, shall accept its appointment as such Investment Manager(s), shall certify the identity of the person or persons authorized to give instructions or directions to the Trustee on its behalf, including specimen signatures, and shall undertake to perform the duties imposed on it under the Investment Manager Agreement. The Trustee may continue to rely upon all such certifications unless otherwise notified in writing by the Committee or the Investment Manager(s), as the case may be.

5.02 Direction by Investment Manager(s).

Notwithstanding Section 7.04, the Investment Manager(s) designated by the Committee to manage any portion of the Master Trust shall have authority to manage, acquire, and dispose of the assets of the Master Trust, or a portion thereof as the case may be. The Investment Manager(s) is authorized to invest in the securities specified in Section 7.02. The Investment Manager(s) shall have the power and authority, exercisable in its sole discretion at any time, and from time to time, to issue and place orders for the purchase or sale of portfolio securities directly with qualified brokers or dealers. The Trustee, upon proper notification from an Investment Manager, shall execute and deliver in accordance with the appropriate trading authorizations. Written notification of the issuance of each such authorization shall be given promptly to the Trustee by the Investment Manager(s), and the Investment Manager(s) shall cause the execution of such order to be confirmed in writing to the Trustee by the broker or dealer. Such notification shall be proper authority for the Trustee to pay for portfolio securities

purchased against receipt thereof and to deliver portfolio securities sold against payment therefor, as the case may be.

The authority of the Investment Manager(s) and the terms and conditions of the appointment and retention of the Investment Manager(s) shall be the responsibility solely of the Committee, and the Trustee shall not be deemed to be a party to or to have any obligations under any agreement with the Investment Manager(s). Any duty of supervision or review of the acts, omissions or overall performance of the Investment Manager(s) shall be the exclusive responsibility of the Committee, and, except as provided in Section 4.06, the Trustee shall have no duty to review any securities or other assets purchased by the Investment Manager(s), or to make suggestions to the Investment Manager(s) or to the Committee with respect to the exercise or nonexercise of any power by the Investment Manager(s).

Unless the Trustee participates knowingly in, or knowingly undertakes to conceal an act or omission of an Investment Manager(s) knowing such act or omission to be a breach of the fiduciary responsibility of the Investment Manager(s), the Trustee shall be under no liability for any loss of any kind which may result by reason of any action taken by it in accordance with any direction of the Investment Manager(s). In any event, the Trustee shall be under no liability for any loss of any kind by reason of changes in value of the investments purchased, sold, or retained by the Investment Manager(s), nor for the risk or diversification of the portfolio, nor for the turnover of the investments, nor for any other aspect of a portfolio for which an Investment Manager(s) has been appointed.

VI. TRUSTEE'S GENERAL POWERS

The Trustee shall have, with respect to the Master Trust, the following powers, all of which powers are fiduciary powers to be exercised in a fiduciary capacity and in the best interests of this Master Trust and the beneficiaries thereof, and which are to be exercised as the Trustee, acting in such fiduciary capacity, in its discretion, shall determine and, except as otherwise provided, which are intended in no way to limit the powers of the office, namely:

6.01 Payment of Expenses of Administration.

To pay all ordinary and necessary expenses and other incidental costs including, but not limited to, Investment Manager(s) fees and Committee member(s) fees, the fees and/or compensation of any professional advisors, legal counsel or administrative support hired by the Committee as provided in Section 3.04, expenses and insurance policy premiums as provided in Section 3.06 incurred in connection with this Master Trust or in the discharge of the Trustee's fiduciary obligations under this Agreement, but only to the extent that such amount may be incurred and paid from the Master Trust without causing the Funds to become disqualified from the application of Section 468A of the Code or any applicable successor provisions.

6.02 Extension of Obligations and Negotiation of Claims.

To renew or extend the time of payment of any obligation, secured or unsecured, payable to or by this Trust, for as long a period or periods of time and on such terms as the Trustee shall determine, and to adjust, settle, compromise, and arbitrate claims or demands in favor of or against this Trust, including claims for taxes, upon such terms as the Trustee may deem advisable, subject to the limitations contained in Section 7.03 (regarding self-dealing), and the procedures contained in Section 2.01.

6.03 Registration of Securities.

To hold any stocks, bonds, securities, and/or other property in the name of a nominee, in a street name, or by other title-holding device, without indication of trust.

6.04 Location of Assets.

To keep any property belonging to the Master Trust at any place in the United States, except as provided in Section 6.09.

6.05 Retention of Professional Services.

To execute any of the powers hereof and perform the duties required of it hereunder by or through its employees, agents, attorneys, or receivers.

6.06 Delegation of Ministerial Powers.

To delegate to other persons such ministerial powers and duties as the Trustee may deem to be advisable.

6.07 Powers of Trustee to Continue Until Final Distribution.

To exercise any of such powers after the date on which the principal and income of the Master Trust shall have become distributable and until such time as the entire principal of, and income from, the Master Trust shall have been actually distributed by the Trustee. It is intended that distribution of the Master Trust will occur as soon as possible upon termination of the Trust, subject, however, to the limitations contained in Sections 2.09, 2.10, and 2.11 hereof.

6.08 Discretion in Exercise of Powers.

To do any and all other acts which the Trustee shall deem proper to effectuate the powers specifically conferred upon it by this Master Trust Agreement, provided, however, that the Trustee may not do any act or knowingly engage in any transaction which would:

- (1) Disqualify the Funds from the application of Section 468A (or any applicable successor provision) of the Code;
- (2) Contravene any provision of this Agreement; or
- (3) Violate the terms and conditions of any instructions provided by written Certificate by the Committee that are consistent with the provisions of this Agreement.

6.09 Appointment of Foreign Custodians.

To appoint foreign custodians as agents of the Trustee to custody foreign securities holdings of the Master Trust.

6.10 Tax Refund Claim Procedures.

To utilize any tax refund claim procedures with respect to taxes withheld to which the Trust Fund may be entitled under applicable tax laws, treaties and regulations; any exercise of such power by the Trustee shall be on a best efforts basis.

VII. TRUSTEE'S INVESTMENT POWERS

The Trustee recognizes the authority of the Investment Manager(s) to manage, invest, and reinvest the assets of the Master Trust pursuant to the Investment Manager Agreement and as provided in Section 5.02 of this Agreement, and the Trustee agrees to cooperate with the Investment Manager(s) as deemed necessary to accomplish these tasks. Notwithstanding the foregoing, the Trustee shall without the written authorization of the Committee invest cash balances in an investment account on a daily basis to the extent reasonable and consistent with the non-equity investment guidelines of CPUC decision D.95-07-055. Upon the written authorization of the Committee and with respect to assets over which the Trustee has agreed to exercise investment control from time to time, the Trustee shall have the following investment powers, all of which are fiduciary powers to be executed in a fiduciary capacity and in the best interest of this Master Trust and the beneficiaries thereof, and which are to be exercised by the Trustee in its discretion, acting in such fiduciary capacity:

7.01 Preservation of Principal.

The Trustee in its exercise of investment discretion as authorized by the Committee shall hold, manage, and invest the assets of this Master Trust in a manner designed to maximize and preserve the income and principal of this Master Trust for the purposes of this Trust, except as provided in Sections 7.02 and 7.03;

7.02 Investment of Funds.

To invest and reinvest all or part of the Funds, including any undistributed income therefrom as follows; provided, however, that no such investment or reinvestment of the Funds may be made by the Trustee that would constitute an act of self-dealing under Code Section 4951 as applied to the Funds by Code Section 468A(e)(5), the regulations thereunder, and any applicable successor provisions:

- (1) Up to 100% of the fair market value of the Master Trust may be invested in investment grade fixed income securities (rated BBB- or higher by Standard & Poor's or an equivalent rating by other rating agencies) including, but not limited to, government, agency, municipal, corporate, mortgage-backed, asset-backed, nondollar, and cash equivalent securities. No derivative security of any kind shall be considered an investment grade fixed-income security.

- (2) Not more than 50% of the fair market value of the Master Trust may be invested in equity securities. Not more than 20% of the fair market value of the Master Trust may be invested in international equity securities. At least 50% of the equity portion of the Master Trust shall be invested passively.
- (3) Such other investments authorized by the CPUC as the Committee so notifies the Trustee by Certification.
- (4) An investment fund (including but not limited to investment companies and collective funds) whose underlying assets include the investments permitted in (1), (2) and (3) above.
- (5) Derivatives of all descriptions are prohibited, except that the Master Trust may hedge foreign exchange risks between the buy or sell date of a foreign security and the settlement date. Long-term hedges are prohibited.

In all cases, however, the total investments by the Trustee must be sufficiently liquid to enable the Master Trust to fulfill the purposes of the Master Trust and to satisfy obligations as such obligations become due. Nothing in this Section 7.02 shall be construed as authorizing the Trustee to carry on any business or to divide the gains therefrom. No investment in any security of Edison International, Southern California Edison Company, or any of their affiliates is permitted. The Company shall be responsible for providing the Trustee with the names of its affiliated companies. The Trustee shall identify the CUSIP for securities issued by each such affiliate and provide such list to the Company for its approval.

7.03 Management of Master Trust.

To sell, exchange, partition, or otherwise dispose of all or any part of the Master Trust at public or private sale, without prior application to, or approval by, or order of any court, upon such terms and in such manner and at such prices as the Trustee shall determine; to modify, renew or extend bonds, notes or other obligations or any installment of principal thereof or any interest due thereon and to waive any defaults in the performance of the terms and conditions thereof; and to execute and deliver any and all bills of sale, assignments, bonds or other instruments in connection with these powers, all at such times, in such manner and upon such terms and conditions as the Trustee may deem expedient to accomplish the purposes of this Master Trust as set forth in Section 1.03.

To invest in or settle trade in any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or its affiliates. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Trustee or an Investment Manager, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust and, to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For purposes of valuation, the value of the interest maintained by

the Fund in such collective trust shall be the fair market value of the collective fund units held, determined in accordance with generally recognized valuation procedures. The Company expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation from such collective fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in Mellon Financial Corporation stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to the Trustee and its affiliates and to use a cross-trading program in accordance with the Exemption. The Company acknowledges receipt of the notice entitled "Cross-Trading Information," a copy of which is attached to this Agreement as Exhibit E;

To lend the assets of the Fund in accordance with the terms and conditions of a separate securities lending agreement;

Notwithstanding anything contained in this Agreement to the contrary, the Trustee may not authorize or carry out any sale, exchange or other transaction which would constitute an act of "self-dealing" within the meaning of Section 4951 of the Code, as such section is made applicable to the Funds by Section 468A(e)(5) of the Code; any regulations thereunder, and any applicable successor provision.

7.04 Disposition of Investments.

When required to make any payments under Sections 2.01 or 6.01 hereof, the Trustee shall sell investments at the best price reasonably obtainable, or present investments for prepayment, but only upon written direction from the Committee. The Trustee shall have no liability, except for its own negligence or willful misconduct, with respect to any sale or prepayment of an investment directed by the Committee or an Investment Manager or made by an Investment Manager through a broker-dealer.

7.05 Foreign Investments.

The Committee shall have sole responsibility for the decision to maintain the custody of foreign investments abroad. Except as otherwise directed by the Committee, custody of foreign investments shall be maintained with foreign custodians selected by the Trustee. Except as provided in Section 4.07, the Trustee shall have no responsibility for losses resulting from the acts or omissions of any foreign custodian appointed by the Trustee unless due to the foreign custodian's fraud, negligence or willful misconduct. The Trustee may agree to maintain custody of foreign investments in any jurisdiction where the Trustee has not selected a custodian solely as directed by the Committee. The Trustee shall have no responsibility for the financial condition, acts or omissions of any foreign custodian holding assets of the Master Trust at the direction of the Committee.

VIII. MISCELLANEOUS

8.01 Headings.

The section headings set forth in this Agreement and the Table of Contents are inserted for convenience of reference only and shall be disregarded in the construction or interpretation of any of the provisions of this Agreement.

8.02 Particular Words.

Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine, or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word "person" shall be taken to mean and include an individual, partnership, association, trust, company, or corporation.

8.03 Parties Interested Herein.

Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Company, the Committee, the Trustee and the CPUC any right, remedy or claim under or by reason of this Agreement, or any covenant, condition or stipulation contained herein. The Company shall be entitled to receive payments for Decommissioning Costs and administrative expenses of the Master Trust which the Company may incur in carrying out the purpose set forth in Section 1.03 of this Agreement. It is intended by all parties hereto that the Company's Ratepayers, who shall be represented solely by the CPUC, be the ultimate beneficiary of this Agreement in that the decommissioning activities contemplated by this Agreement, which are to be performed by the Company, will inure to the benefit of the Company's Ratepayers and the General Public.

8.04 Severability of Provisions.

If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement, shall not be affected by such invalidity or unenforceability.

8.05 Form and Content of Communications.

The names of any person authorized to act on behalf of the Company and/or the Committee shall be certified, with the specimen signature of such person, to the Trustee by the Company and the Committee. Until appropriate written evidence to the contrary is received by the Trustee, it shall be fully protected in relying upon or acting in accordance with any written notice, instruction, direction, certificate, resolution, or other communication believed by it to be genuine and to be signed and/or certified by any proper person, and the Trustee shall be under no duty to make any investigation or inquiry as to the truth or accuracy of any statement contained therein. Until notified in

writing to the contrary, the Trustee shall have the right to assume that there has been no change in the identity or authority of any person previously certified to it hereunder.

8.06 Delivery of Notices Under Agreement.

Any notice required by this Agreement to be given to the Company or the Trustee shall be deemed to have been properly given when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:

IF TO THE COMPANY:

SOUTHERN CALIFORNIA EDISON COMPANY
Treasurer's Department
P. O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770

Attention: Secretary, Nuclear Facilities
Decommissioning Trust Committee

IF TO THE TRUSTEE:

Mellon Global Securities Services
One Mellon Bank Center
Room 151-1320
Pittsburgh, PA 15258

Attention: Paul Kraus

IF TO THE CPUC:

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Attention: Executive Director

IF TO THE CPUC STAFF:

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Attention: Director of the Energy Division

The Company or the Trustee may change that address by delivering notice thereof in writing to the other party.

8.07 Contractual Income and Settlement.

- (a) In accordance with the Trustee's standard operating procedure, the Trustee shall credit the Fund with income and maturity proceeds on securities on contractual payment date net of any taxes or upon actual receipt. To the extent the Trustee credits income on contractual payment date, the Trustee may reverse such accounting entries to the contractual payment date if the Trustee reasonably believes that such amount will not be received.
- (b) In accordance with the Trustee's standard operating procedure, the Trustee will attend to the settlement of securities transactions on the basis of either contractual settlement date accounting or actual settlement date accounting. To the extent the Trustee settles certain securities transactions on the basis of contractual settlement date accounting, the Trustee may reverse to the contractual settlement date any entry relating to such contractual settlement if the Trustee reasonably believes that such amount will not be received.
- (c) Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash. In such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) or nondelivery of securities or other property (or late delivery) by the counterparty.

8.08 Real Estate Investment Prohibition.

Notwithstanding anything else in this Agreement to the contrary, including, without limitation, any specific or general power granted to the Trustee, including the power to invest in real property, no portion of the Fund shall be invested in real estate. For this purpose, "real estate" includes, but is not limited to, real property, leaseholds or mineral interests.

8.09 Force Majeure.

Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

8.10 Successors and Assigns.

Subject to the provisions of Sections 2.07 and 4.01, this Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, assigns, personal representatives, executors and heirs.

8.11 Governing Jurisdiction.

This Master Trust is a California trust and all questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the State of California as if executed in and to be wholly performed within the State of California.

8.12 Accounting Year.

The Master Trust shall operate on an accounting year which coincides with the calendar year, January 1 through December 31.

8.13 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

8.14 Disbursement/Withdrawal Certificate.

No provision of this Agreement shall be construed or applied so as to require the preparation of a Disbursement Certificate or a Withdrawal Certificate to authorize the payment of compensation to the Trustee under Section 4.03 or of the expenses of administration under Section 6.01.

8.15 Approval.

This agreement shall be effective when approved by the CPUC and signed by all parties.

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IN WITNESS WHEREOF, the CPUC, the Company and the Trustee have set their hands and seals to this Agreement as of the day and year first above written.

CALIFORNIA PUBLIC UTILITIES COMMISSION

By: Wesley M. Franklin
Title: Executive Director

SOUTHERN CALIFORNIA EDISON COMPANY

By: [Signature]
Title: V.P. & CFO

Attest: [Signature]
Title: VP & Corporate Sec'y

MELLON BANK, N.A.

By: Paul L. Kraus
Title: VP

Attest: [Signature]
Title: TRUST OFFICER

LW022730008

EXHIBIT A

DISBURSEMENT CERTIFICATE

The undersigned, being Authorized Representatives of Southern California Edison Company ("Company"), a California corporation, and, in such capacity, being authorized and empowered to execute and deliver this certificate, hereby certify to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.01 of that certain Master Trust Agreement, dated _____, between the Trustee and Company as follows:

- (1) there is due and owing to each payee ("Payees") [all]-or-[a portion of] the invoiced cost to the Company for goods or services provided in connection with the decommissioning of [SONGS/Palo Verde] as evidenced by the Invoice Schedule (with supporting exhibits) attached as Exhibit 1 hereto;
- (2) all such amounts due and owing to the Payees constitute Decommissioning Costs; and
- (3) all conditions precedent to the making of this withdrawal and disbursement set forth in any agreement between such Payee and the Company have been fulfilled.

Accordingly, you are hereby authorized to withdraw \$_____ from the [SONGS Unit No. 1/SONGS Unit No. 2/SONGS Unit No. 3/Palo Verde Unit No. 1/Palo Verde Unit No. 2/Palo Verde Unit No. 3] Qualified Fund of the Master Trust in order to permit payment of such sum to be made to Payees for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to such Payees in the following manner: [DESCRIBE: JOINT PAYEE CHECK, WIRE TRANSFER, ETC.] on or before _____, _____.

Executed this _____ day of _____, _____.

SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Authorized Representative

By _____
Authorized Representative

EXHIBIT B

WITHDRAWAL CERTIFICATE

The undersigned, Authorized Representatives of Southern California Edison Company ("Company"), a California corporation, and _____, a _____ corporation and, in such capacity, being duly authorized and empowered to execute and deliver this certificate, hereby certify to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.01 of that certain Master Trust Agreement, dated _____, as follows:

- (1) there is due and owing to the Company [all] or [a portion of] the invoiced cost to the Company for goods or services provided in connection with the decommissioning of [SONGS/Palo Verde] as evidenced by the Invoice Schedule with supporting exhibits attached as Exhibit 1 hereto;
- (2) all such amounts have been paid by the Company and constitute Decommissioning Costs; and
- (3) all conditions precedent to the making of this withdrawal and disbursement and the payment by the Company of the Decommissioning Costs set forth in any agreement between such payee of the Company and the Company have been fulfilled.

Accordingly, you are hereby authorized to withdraw \$_____ from the [SONGS Unit No. 1/SONGS Unit No. 2/SONGS Unit No. 3/Palo Verde unit No. 1/Palo Verde unit No. 2/Palo Verde unit No. 3] Qualified Fund of the Master Trust in order to permit payment of such sum to be made to the Company for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to the Company in the following manner: [DESCRIBE: CHECK, WIRE TRANSFER, ETC.] on or before _____, _____.

Executed this _____ day of _____, _____.

SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Authorized Representative

By _____
Authorized Representative

EXHIBIT C

ADVANCE WITHDRAWAL CERTIFICATE

The undersigned, Authorized Representative of Southern California Edison Company (Company), a California corporation, being duly authorized and empowered to execute and deliver this certificate, hereby certifies to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.01 of that certain Master Trust Agreement, dated _____, as follows:

- 1) Within 30 days of the date of this certificate, there will be due and owing to the Company [all] or [a portion of] the cost for goods or services provided in connection with the decommissioning of [SONGS/Palo Verde] as evidenced by the Schedule with supporting exhibits attached as Exhibit 1 hereto;
- 2) All such amounts will constitute Decommissioning Costs; and
- 3) All conditions precedent to the making of this withdrawal and disbursement and the payment by the Company of the Decommissioning Costs set forth in any agreement between any third-party provider and the Company have been fulfilled.

Accordingly, you are hereby authorized to withdraw \$_____ from the [SONGS Unit No. 1/SONGS Unit No. 2/SONGS Unit No. 3/Palo Verde Unit No. 1/Palo Verde Unit No. 2/Palo Verde Unit No. 3] Qualified Fund of the Master Trust in order to permit payment of such sum to be made to the Company for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to the Company in the following manner: [DESCRIBE: CHECK, WIRE TRANSFER, ETC.] on or before _____. Executed this ____ day of _____.

SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Authorized Representative

By _____
Attest

EXHIBIT D

TRUSTEE FEE SCHEDULE

Mellon Bank, N.A.

TRUSTEE SERVICES

A. Structural Fees

\$2,000 per active investment portfolio
\$ 500 per cash flow through account
\$6,000 flat fee for unitized plan accounts

B. Asset -Based Fees

Domestic Custody:

0.50 basis points on domestic market value balance

Global Custody:

Global Developed - Tier 1 5.00 basis points
Countries Canada, Euroclear, France, Germany, Italy,
: Japan, Netherlands, New Zealand, Spain,
Sweden, Switzerland, United Kingdom

Global Developed - Tier 2 7.00 basis points
Countries Australia, Belgium, CEDEL, Finland, Ireland,
: Luxembourg, Mexico, Norway, South Africa

Global Developed - Tier 3 8.00 basis points
Countries Argentina, Austria, Brazil, Denmark, Hong
: Kong, Malaysia, Portugal, Singapore, South
Korea, Sri Lanka, Thailand, Turkey

Global Intermediate - Tier 4 30.00 basis points
Countries Czech Republic, Greece, Hungary,
: Indonesia, Israel, Peru, Taiwan, Zimbabwe

Global Intermediate - Tier 5 30.00 basis points
Countries Bangladesh, Bermuda, Botswana, Ghana,
: Kenya, Mauritius, Pakistan, Philippines,
Poland, Slovak Republic, Uruguay

Global Emerging - Tier 6 50.00 basis points
Countries Chile, China – Shanghai, China - Shenzhen,
: Colombia, Cyprus, Egypt, India, Jordan,
Venezuela

**Total Estimated Mellon Fee for Providing NDT Services to Southern California Edison
for both the Qualified and the Nonqualified trusts: \$454,500**

C. Transaction Fees

Domestic:

\$ 9	Per U.S. depository buy / sell transaction
\$ 9	Per canceled trade initiated by client or manager
\$ 9	Per free receipt or delivery
\$ 10	Per principal and interest transaction
\$ 25	Per U.S. physical buy / sell transaction
\$ 25	Per futures transaction
\$ 10	Per margin variation wire
\$2,000	Per establishment of futures contract where Boston Safe boilerplate is not utilized
\$ 40	Per options round trip
\$ 7	Per wire transfer
\$ 10	For each vendor check
\$ 10	For each stop payment

International:

Global Developed	- Tier 1	\$25 per buy / sell
Global Developed	- Tier 2	\$25 per buy / sell
Global Developed	- Tier 3	\$25 per buy / sell
Global Intermediate	- Tier 4	\$60 per buy / sell
Global Intermediate	- Tier 5	\$60 per buy / sell
Global Emerging	- Tier 6	\$85 per buy / sell

\$ 50 Per foreign exchange transaction executed outside of Mellon Bank

D. Russell/Mellon Analytical Services

Monthly Return Calculations, per portfolio:

Portfolio gross and net of fee return	\$ 750
After tax return	\$ 250
Variations of After tax return, per level	\$ 100
Custom benchmark, pre and post tax	\$ 500

Monthly Characteristics Calculations:

Portfolio Summary and Detail Level	\$ 750
------------------------------------	--------

Quarterly Reporting:

3 Custom Excel spreadsheets	\$ 8,500
Custom PowerPoint Report	\$20,000

E. Custom Reporting

The following custom report charges will be assessed in the support of special NDT reporting required by Southern California Edison:

\$1,500	Minimum development fee per report
\$ 500	Annual maintenance charge per report

F. Tax Reporting

Mellon tax fee for supporting the NDT business will be billed to Southern California at a rate of \$165 per hour. Mellon has estimated 450 hours to complete NDT tax preparation.

E. Comments

1. Mellon will pass through all out-of-pocket expenses including, but not limited to, international trading expenses such as registration fees, stamp duties, telex charges, in addition to internal/external tax, legal and consulting expenses, custom programming and reporting, etc. Additionally, Mellon reserves the right to charge an administrative fee equal to 10% of the total out of pocket expenses.
2. Mellon reserves the right to amend this fee schedule with the prior consent of Southern California Edison if the plan or service requirements change in a way that materially affects our responsibilities or costs.
3. A payment of approximately 1/12 of the estimated annual fees will be billed monthly at the start of each month in which service is provided. The payment may be debited from one or more trust accounts. A "true-up" will be done semi-annually, at which time fees will be calculated (based on quarter-end market values) according to this schedule and compared with payments already debited. Additional amounts due will be payable within 30 days. Fees not paid within 60 days of the date of the invoice will be subject to a late charge of 2.5% of the amount billed.
4. Mellon will file class action Proofs of Claim on behalf of the Southern California Edison NDT. An amount equal to 2% of the proceeds will be charged against each participating account at the time the proceeds are credited.
5. Additional fees may apply in situations where the client's billing requirements are exceptional, the client requires "rush" service or systems development, the client requires consulting services, securities require manual or otherwise exceptional pricing, or the client requires on-site training.
6. The Structural, Asset-Based and Transaction Fees (sections A, B & C, respectively) will be discounted an additional 10% at the time of billing to reflect relationship pricing so long as Mellon continues to be the trustee for Southern California Edison's Defined Benefit Plan.
7. Mellon guarantees this fee schedule for 3 years.

EXHIBIT E

CROSS-TRADING INFORMATION

As part of the cross-trading program covered by the Exemption for the Trustee and its affiliates, the Trustee is to provide to each affected Trust the following information:

I. The existence of the cross-trading program

The Trustee has developed and intends to utilize, wherever practicable, a cross-trading program for Indexed Accounts and Large Accounts as those terms are defined in the Exemption.

II. The "triggering events" creating cross-trade opportunities

In accordance with the Exemption three "triggering events" may create opportunities for cross-trading transactions. They are generally the following (see the Exemption for more information):

- 1) A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
- 2) A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the account's opening date, where the account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of the Trustee's own plans (other than the Trustee's defined contribution plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a "triggering event"; or
- 3) A recorded declaration by the Trustee that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than 0.5% of the account's total value has occurred.

III. The pricing mechanism utilized for securities purchased or sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt securities - the current market value of the debt security will be the price determined by the Trustee as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange will be valued based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. The Trustee will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The allocation methods

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a prorata basis. With respect to equity securities, please note the Trustee imposes a trivial share constraint to reduce excessive custody ticket charges to participating accounts.

V. Other procedures implemented by the Trustee for its cross-trading practices

The Trustee has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

AMENDMENT NO. 1

SOUTHERN CALIFORNIA EDISON COMPANY NUCLEAR FACILITIES QUALIFIED CPUC DECOMMISSIONING MASTER TRUST AGREEMENT

FOR SAN ONOFRE AND PALO VERDE NUCLEAR GENERATING STATIONS

As Amended and Restated November 1, 2002

WHEREAS, the California Public Utilities Commission, the Southern California Edison Company, and Mellon Bank, N.A. (the "Parties") have executed the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement for San Onofre and Palo Verde Nuclear Generating Stations as Amended and Restated November 1, 2002 (the "Master Trust Agreement") and the Parties desire to amend the Master Trust Agreement;

NOW, THEREFORE, the Master Trust Agreement is amended as provided herein below effective December 23, 2003.

The introductory text of Article II is amended to read as follows:

II. DISPOSITIVE PROVISIONS

After payment of the expenses described in Section 6.01 hereof, the Trustee shall distribute the Master Trust as provided in this Article II. Except for payments or disbursements made pursuant to Section 2.01 or as otherwise permitted under paragraph 50.82(a)(8) of Title 10 of the Code of Federal Regulations, no disbursement or payment may be made from the Master Trust until written

notice of the intention to make disbursement or payment has been given to the Nuclear Regulatory Commission Director of the Office of Nuclear Regulation, or Director of the Office of Nuclear Material Safety and Safeguards, as applicable, at least 30 working days before the date of the intended disbursement or payment.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 effective December 23, 2003.

CALIFORNIA PUBLIC UTILITIES COMMISSION

By: Walt Aher
Title: Executive Director

SOUTHERN CALIFORNIA EDISON COMPANY

By: [Signature]
Title: SVP & CFO

Attest: [Signature]
Title: Secretary

MELLON BANK, N.A.

By: Paul R. Kraus
Title: VP

Attest: [Signature]
Title: TRUST OFFICER

AMENDMENT NO. 2

SOUTHERN CALIFORNIA EDISON COMPANY NUCLEAR FACILITIES QUALIFIED CPUC DECOMMISSIONING MASTER TRUST AGREEMENT

FOR SAN ONOFRE AND PALO VERDE NUCLEAR GENERATING STATIONS

As Amended and Restated November 1, 2002

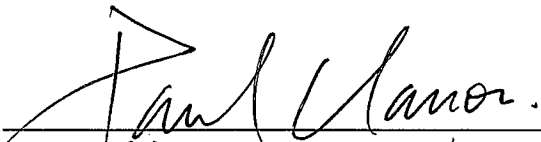
WHEREAS, the California Public Utilities Commission, the Southern California Edison Company, and The Bank of New York Mellon (successor by operation of law to Mellon Bank, N.A.) (the "Parties") have executed the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement for San Onofre and Palo Verde Nuclear Generating Stations as Amended and Restated November 1, 2002 (the "Master Trust Agreement") and the Parties desire to amend the Master Trust Agreement;

NOW, THEREFORE, the Master Trust Agreement is amended as provided herein below effective May 27, 2009.

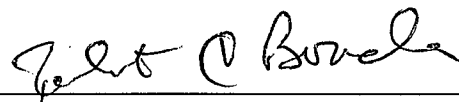
The Fee Schedule attached as Exhibit D to the Master Trust Agreement is hereby replaced with the revised Fee Schedule attached hereto.

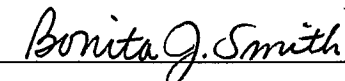
IN WITNESS WHEREOF, the Parties have executed this Amendment No. 2
effective May 27, 2009.

CALIFORNIA PUBLIC UTILITIES COMMISSION

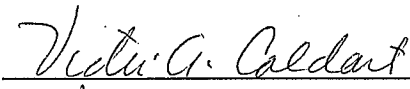
By: 
Name: PAUL CLARON
Title: Executive Director

SOUTHERN CALIFORNIA EDISON COMPANY

By: 
Name: ROBERT C. BOADA
Title: Vice President and Treasurer

Attest: 
Name: BONITA J. SMITH
Title: Assistant Secretary

THE BANK OF NEW YORK MELLON

By: 
Name: VICKI A CALDART
Title: VICE PRESIDENT

Attest: 
Name: Amy Amendola
Title: AVP

Annualized Fee Schedule
for Trustee & Custodial Services
by and between
Southern California Edison Company
Nuclear Decommissioning Trusts

and



BNY MELLON
ASSET SERVICING

Effective July 1, 2008

I. Structural Charges

Investment Pool

\$1,250	per active investment domestic portfolio
\$2,000	per active investment global portfolio
\$750	per line item/mutual fund/commingled fund/ hedge fund/limited partnership/real estate portfolio
\$2,750	per outside managed prop fund portfolio
\$500	per cash portfolio

Plan Accounting

\$500	per plan account
\$1,750	per unitization

II. Administrative Fee

United States

.10 basis points on US active assets

Global

Developed Markets

Tier 1*	1.75 basis points on active assets
Tier 2*	4.50 basis points on active assets
Tier 3*	6.75 basis points on active assets

Intermediate Markets

Tier 4* 15.00 basis points on active assets
Tier 5* 25.00 basis points on active assets

Emerging Markets

Tier 6* 40.00 basis points on active assets

* Please note that the market values for all ADR positions are included in the US Administrative Fee charge not by global market.

III. Transaction Fees

United States

\$5 per depository/MF buy/sell transaction
\$20 per physical delivery buy/sell transaction
\$7 per each wire out
\$25 per f/x not executed at Mellon
\$15 per futures transaction
\$25 per options roundtrip
\$20 per SWAP
\$7 per margin variation wire
\$10 per each vendor checks

Global

Developed Markets

Tier 1 * \$12 per buy/sell transaction
Tier 2* \$15 per buy/sell transaction
Tier 3 * \$18 per buy/sell transaction

Intermediate Markets

Tier 4* \$25 per buy/sell transaction
Tier 5* \$45 per buy/sell transaction

Emerging Markets

Tier 6* \$85 per buy/sell transaction

***Countries within each Market Tier include the following:**

Developed Markets

Tier 1: Canada, Euroclear, France, Germany, Italy, Japan, Netherlands, New Zealand, Spain, Sweden, Switzerland, UK

Tier 2: Australia, Belgium, Cedel, Finland, Ireland, Luxembourg, Mexico, Norway, South Africa

Tier 3: Argentina, Austria, Brazil, Denmark, Hong Kong, Malaysia, Portugal, Singapore, South Korea, Sri Lanka, Thailand, Turkey

Intermediate Markets

Tier 4: Czech Republic, Greece, Hungary, Indonesia, Israel, Peru, Taiwan, Zimbabwe

Tier 5: Bangladesh, Bermuda, Botswana, Ghana, Kenya, Mauritius, Pakistan, Philippines, Poland, Slovak Republic, Uruguay

Emerging Markets

Tier 6: Bahrain, Bolivia, Bulgaria, Chile, China, Colombia, Egypt, Estonia, Iceland, India, Jordan, Kazakhstan, Latvia, Lebanon, Lithuania, Morocco, Oman, Panama, Romania, Russia, Slovenia, Tunisia, Ukraine, Venezuela, Vietnam, Zambia

IV. On-Line Information Delivery

Workbench

Included

Client Reporting and Report Writer

Internet access to Workbench, including Client Reporting and Inquire, for an unlimited number of users and Report Writer has been included.

V. Performance Measurement Services

A flat fee of \$40,000 will be charged for performance measurement services. This flat fee applies to the current level of service, i.e. actual services provided, number of accounts and existing custom reports. Additional charges may apply as noted in Attachment A should there be changes to the parameters as noted.

VI. Cash Management

15 basis point on BNY Mellon short term investment vehicles

VII. Comments

- We will pass through to the client any out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, telex charges, custom reporting or custom programming, internal/external tax, legal or consulting costs, client-specific customized vendor feeds and proxy voting expenses.
- We reserve the right to amend our fees if the service requirements change in a way that materially affects our responsibilities or costs (i.e. external cash management, daily valuation).
- This fee proposal assumes monthly audited valuations.
- Fees for additional Performance, Risk and Analytical Services can be provided upon request.

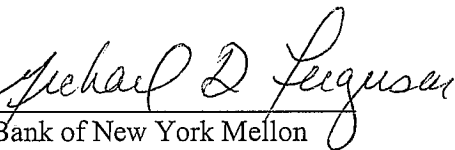
- A payment of approximately 1/12th of estimated annual fees will be paid monthly via an electronic debit with a quarterly true-up to actual fees incurred. Additional amounts due (or overpayments to be refunded) will be payable within 30 days. Fees not paid within 60 days of the date of the invoice will be subject to a late charge of 1.5% per month.
- Mellon will file class action Proofs of Claims on your behalf. An amount equal to 2 percent of the proceeds will be charged against each participating account at the time the proceeds are credited.
- BNY Mellon Asset Servicing will charge a fee of \$165 per hour for supporting the preparation of tax documentation for the Southern California Edison NDT's.
- This fee schedule assumes that BNY Mellon Asset Servicing acts as the Master Trustee/Custodian for the Southern California Edison Company Retirement /401(h) Plans & NDT's. These fees are subject to change should BNY Mellon Asset Servicing not service either of these plans.
- We guarantee the fee schedule for 5 years.

By: 
Southern California Edison Company

Name: Robert C. Borda

Title: Vice President and Treasurer

Date: 2/20/09

By: 
The Bank of New York Mellon
Michael D. Ferguson
First Vice President

Date: 2/5/09

Annualized Fee Schedule
for Trustee & Custodial Services
by and between
Southern California Edison Company
Nuclear Decommissioning Trusts

and



BNY MELLON
ASSET SERVICING

Attachment A

Performance & Risk Analytics

Performance Measurement (per account or line item)

\$1,500	standard monthly performance – includes 10 portfolios (total/asset class returns /sector/country level & security level)
\$7,500	monthly performance – includes 10 portfolios (total/asset class returns /sector/country level & security level for Pre-tax gross & net, after-tax gross & net, and liquidation gross & net)
\$750	monthly total performance per single line item – includes 5 portfolios
\$750	monthly total performance per composite (first 5 are free) – includes 5 additional composites
\$4,000	per custom benchmark - includes 34 benchmarks
\$750	look through (drill down) commingled funds – includes 5 funds

Global Analytics (per account)

\$750	monthly analytics – includes 10 portfolios
\$750	monthly per composite (first 5 are free) – includes 10 additional composites
\$750	look through (drill down) analytics – includes 5 funds

Universe Comparison (per relationship)

Included	Charts (includes Monthly Trust Universes)
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Page 2
Fee Schedule
Attachment A

Private I (per relationship)

\$20,000 Private i software *

** Includes data extract; for 1-99 limited partnerships.*

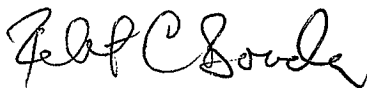
Compliance Monitoring (per relationship)

Included Investment Monitor software
\$80,000 Investment Monitoring Service *

** Please note the fee for the Investment Monitoring Service is an estimated fee. A final fee would be determined based on an understanding of your requirements.*

Custom Reporting

Included Monthly Board Report – Performance returns with tax data
(excel format)
Included Quarterly Board Report – Graphical performance report reflecting
fully liquidated data
(PowerPoint format)

By: 
Southern California Edison Company

Name: Robert C. Boada

Title: Vice President and Treasurer

Date: 2/20/09

By: 
BNY Mellon Asset Servicing
Michael D. Ferguson
First Vice President

Date: 2/5/09

AMENDMENT NO. 3
TO THE
SOUTHERN CALIFORNIA EDISON COMPANY
NUCLEAR FACILITIES QUALIFIED
CPUC DECOMMISSIONING MASTER TRUST AGREEMENT
FOR
SAN ONOFRE AND PALO VERDE NUCLEAR GENERATING STATIONS

This Amendment No. 3 made this 12th day of November, 2011, by and between Southern California Edison Company ("Company"), The Bank of New York Mellon, a New York state bank, successor by operation of law to Mellon Bank, N.A. ("Trustee"), and the California Public Utilities Commission ("CPUC").

WHEREAS, pursuant to Section 2.12 of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement for San Onofre and Palo Verde Nuclear Generating Stations as amended and restated November 1, 2002, as amended ("Agreement") between the Company, the Trustee and the CPUC, the parties specifically reserve the right to amend the Agreement;

NOW, THEREFORE, the parties agree as follows:

1. Section 2.02 of the Agreement is hereby deleted in its entirety and restated to read as follows:

"Additions to Master Trust. From time to time after the initial contribution to the Master Trust and prior to the termination of this Master Trust, the Company may make, and the Trustee shall accept, additional contributions to the Master Trust of money and/or securities, to the extent permitted under Section 468A of the Code, to satisfy the purpose of this Master Trust as set forth in Section 1.03, which contributions may be made to the applicable Fund Account(s). With respect to amounts received as a transfer from the Southern California Edison Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations (the "Nonqualified Master Trust") to this Master Trust, such amounts attributable to a particular Unit or Fund under the Non-Qualified Master Trust shall be allocated to the same Unit or Fund under this Master Trust."

2. Section 2.03 of the Agreement is hereby deleted in its entirety and restated to read as follows:

"Adjustments for Excess Contributions. The Trustee and the Company understand and agree that the contributions made by the Company to any of the Funds from time to time may exceed the amount permitted to be paid into such funds(s) pursuant to Section 468A of the Code and any regulations thereunder based upon changes in estimates, subsequent developments, or any other event or occurrence which could

not reasonably have been foreseen by the Company at the time such contribution was made (Excess Contribution). With respect to any Excess Contribution, the Trustee shall make (i) transfers from the Master Trust to the Nonqualified Master Trust, or (ii) withdrawals from the Master Trust to the Company, as the case may be, upon a presentation of a certificate substantially in the form of Exhibit E, instructing the Trustee to make such payment from the Master Trust to the Nonqualified Master Trust, or substantially in the form of Exhibit F, instructing the Trustee to make such payment from the Master Trust to the Company. The Trustee shall be fully protected in relying upon such certificate."

3. Section 2.04 of the Agreement is amended by adding the following language to the end thereof:

"Notwithstanding the preceding sentence or anything else in this Master Trust to the contrary, monies or securities can be transferred from the Master Trust to the Nonqualified Master Trust to the extent permitted by Section 468A of the Code and directed by the Company upon presentation of a certificate substantially in the form of Exhibit E."

4. Each Party hereby represents and warrants to the others that it has full authority to enter into this Amendment No. 3 upon the terms and conditions hereof and that the individual executing this Amendment No. 3 on its behalf has the requisite authority to bind that Party.

[Signatures to follow]

IN WITNESS WHEREOF, the Company, the Trustee, and the CPUC have set their hands and seals in agreement to these amendments effective as provided above.

SOUTHERN CALIFORNIA EDISON COMPANY

By: Pat C. Boudle
Date: October 13, 2011
Attest: Jean Lambrecht

THE BANK OF NEW YORK MELLON

By: Paul Duing
Date: October 11, 2011
Attest: Patricia L. McCurdy

CALIFORNIA PUBLIC UTILITIES COMMISSION

By: Paul Hauer
Date: November 2, 2011
Attest: _____

Exhibit E

**CERTIFICATE FOR TRANSFER FROM THE QUALIFIED FUND
TO THE NONQUALIFIED FUND**

The Bank of New York Mellon, as Trustee
[Address]

This Certificate is submitted pursuant to Section 2.03 and Section 2.04 of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations ("Master Trust"), as amended and restated November 1, 2002, as amended. All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Master Trust.

In your capacity as Trustee, you are hereby authorized and instructed to pay \$ _____ in cash and the securities identified on the schedule attached hereto from the [Unit name's] qualified fund to that Unit's nonqualified fund.

With respect to such payment, the undersigned, each being an Authorized Representative of Southern California Edison Company ("Company"), a California corporation, and, in such capacity, being authorized and empowered to execute and deliver this certificate, hereby certifies to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.03 and Section 2.04 of the Master Trust, that any amount stated herein to be paid from the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations to the Southern California Edison Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations is an Excess Contribution as set forth in Section 2.03 of the Master Trust.

IN WITNESS WHEREOF, each of the undersigned have executed this Certificate in the capacity as shown below as of _____, _____.

By:

Authorized Representative

By:

Authorized Representative

Exhibit F

CERTIFICATE FOR WITHDRAWAL OF EXCESS CONTRIBUTION

The Bank of New York Mellon, as Trustee
[Address]

This Certificate is submitted pursuant to Section 2.03 of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations ("Master Trust"), as amended and restated November 1, 2002, as amended. All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Master Trust. In your capacity as Trustee, you are hereby authorized and instructed to pay \$ _____ in cash and the securities identified on the schedule attached hereto to the Company from the Master Trust.

With respect to such payment, the undersigned, each being an Authorized Representative of Southern California Edison Company ("Company"), a California corporation, and, in such capacity, being authorized and empowered to execute and deliver this certificate, hereby certifies to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.03 of the Master Trust, that withdrawal pursuant to Section 2.03 of the Master Trust is appropriate and that \$ _____ and securities constitutes an Excess Contribution pursuant to Section 2.03 of the Master Trust.

IN WITNESS WHEREOF, each of the undersigned have executed this Certificate in the capacity as shown below as of _____.

By:

Authorized Representative

By:

Authorized Representative