

Myths and Facts About Southern California Edison Rates



True or False? SCE rates go up, never down.

False. Generally, state regulators adjust Southern California Edison (SCE) rates once a year based on changing utility sales and costs it has carefully reviewed for reasonableness. When SCE and the California Public Utilities Commission (CPUC) determine rates can be

lowered they are. The most recent time SCE customers rates dropped was April 7, 2008. Lower-than-forecast 2007 power plant fuel costs created a surplus that was refunded to customers during 2008. This is part of a regulatory process that forecasts some utility costs, then adjusts for over- or under-collections during the following year.

True or False? Sometimes when SCE rates rise its profits remain unchanged.

True. 60 percent of the revenues SCE collects in customer rates currently are used to pay for power plant fuel and the purchase of wholesale electricity. SCE includes these costs in rates without mark-up. If the cost of natural gas spikes, as it did in 2005 because of refinery damage caused by hurricane Katrina and as it did in 2008 due to rising worldwide demand, any rate increase to pay these higher costs contributes nothing to SCE earnings.

When fuel costs surge unexpectedly above forecasts, as they did in 2008, SCE advances the funds on behalf of its customers to keep the lights on while a careful regulatory review occurs and the CPUC determines whether a rate adjustment is necessary.

True or False? SCE rates fund lucrative executive compensation packages.

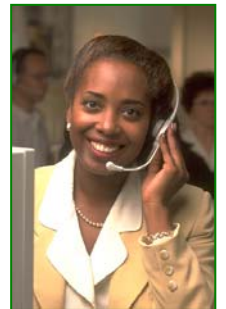
False. Less than 1 percent of SCE's 2009 to 2011 rate case request is for revenues to fund executive compensation. Annual independent reviews conducted by SCE and the CPUC consistently find that the company's compensation program matches other similar companies across the country.

True or False? SCE cannot change its rates unless the state reviews and approves the change.

True. As a regulated California utility, SCE rates are set by the CPUC. Utility costs must be publicly documented and justified in an extremely rigorous independent review process. SCE can change rates only when authorized to do so. And whenever more revenue is collected than authorized, say when a heat wave creates more electricity use than sales forecasts on which rates were set, the unexpected revenue is returned to customers in a rate adjustment.

True or False? Regulators sometimes deny SCE revenue requests.

True. SCE's cost projections are heavily scrutinized before they are approved. Then, in some cases, the way the utility spends rate revenues is studied a second time by regulators after the fact. If the CPUC determines an expenditure was imprudent, it is disallowed.



True or False? If SCE planned better for future infrastructure costs, it wouldn't need to ask for more money for this purpose.

False. SCE manages an extensive infrastructure planning process designed to ensure that its power delivery system is among the most reliable in the industry while not being unnecessarily costly to customers. The utility's maintenance program replaces equipment before it fails – the least costly and most reliable approach to managing a power grid.

Increased infrastructure spending proposed in SCE's 2009 to 2011 general rate case represents a stepped-up level of investment in grid reliability needed now.



True or False? Individual customers can do little to control the rising cost of electricity.

False. Numerous options are available to home and business owners to save energy and money.

SCE urges customers to take steps now to make their homes and businesses more energy efficient. Tips and financial rebates to switch to more energy-efficient devices can be found at: www.sce.com/rebatesandsavings.