



# Barclays CEO Energy-Power Conference



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# Forward-Looking Statements

Statements contained in this presentation about future performance, including, without limitation, operating results, asset and rate base growth, capital expenditures, financial outlook, and other statements that are not purely historical, are forward-looking statements. These forward-looking statements reflect our current expectations; however, such statements involve risks and uncertainties. Actual results could differ materially from current expectations. These forward-looking statements represent our expectations only as of the date of this presentation, and Edison International assumes no duty to update them to reflect new information, events or circumstances. Important factors that could cause different results are discussed under the headings "Risk Factors" and "Management's Discussion and Analysis" in Edison International's Form 10-K, most recent form 10-Q, and other reports filed with the Securities and Exchange Commission, which are available on our website: [www.edisoninvestor.com](http://www.edisoninvestor.com). These filings also provide additional information on historical and other factual data contained in this presentation.

# EIX Strategy Should Produce Superior Value

## Sustainable Earnings and Dividend Growth

### Rate Base and Core Earnings Growth

- 7 – 9% average annual rate base growth through 2017

### Constructive Regulatory Structure

- Decoupling
- Balancing accounts
- Forward-looking ratemaking

### Sustainable Dividend Growth

- Target payout ratio: 45-55% of SCE core earnings
- Returning to target payout ratio in steps over time produces above industry-average dividend growth

## Positioned for Transformative Change

### SCE Focus on Lower-Risk Energy Delivery

- Wires assets represent over 90% of utility plant as of December 31, 2014<sup>1</sup>

### SCE Growth Drivers Beyond 2017

- Public safety and reliability
- Distribution Resources Plan
- Electric vehicle charging and storage
- State environmental policy
- Transmission

### Edison Energy Competitive Strategy

- Integrate emerging technologies and business models to expand electrification and serve commercial and industrial customers

1. Includes assets classified as transmission, distribution and general plant

# Distribution Grid of the Future

## Current State

### One-Way Electricity Flow

- System designed to generate electricity from large central plant
- Very few distributed energy resources
- Voltage relatively simple to maintain
- Limited situational awareness and visualization tools for grid operators

### Renewable Generation Mandates

### Subsidized Residential Solar

### Lack of Electric Vehicle Charging Infrastructure

## Future State

### Variable, Two-Way Electricity Flow

- Distribution system at the center of the grid
- System designed to serve variable resources and customer demand
- Digital monitoring and control devices and advanced communications systems to manage two-way flows
- Improved data management and grid operations with cyber mitigation

### Maximize Distributed Resources and Electric Vehicle Adoption

- Distribution grid infrastructure design supports customer choice and greater resiliency

# SCE Distribution Resources Plan

**AB 327 required IOU submissions of Distribution Resources Plans (DRP) on July 1, 2015 to integrate increasing penetration of Distributed Energy Resources (DERs). Key provisions of the DRP filing include:**

- Methodology/Tools for identifying optimal locations for DERs (includes distributed generation, energy storage, electric vehicle charging, energy efficiency and demand response)
- Enhance the electric system's capability to integrate more DERs at the distribution level through modernization of system planning tools, design and operations
- Technology recommendations (information technology, communications, system planning, voltage and frequency controls, etc.)

**SCE's DRP includes a conceptual capital plan**

- Estimated scope of work, technology roadmap, timeline, and capital and expense cost estimates
- Incremental to traditional general rate case expenditures; implementation recommendations proposed to be integrated into future general rate cases beginning with the 2018 filing
- Overall capital spending expected to be at least in the range of current forecast levels, although could result in higher spending pending CPUC approval in future GRCs



# SCE DRP Capital Expenditure Estimates

| Time Period | Capital Expenditures                  |                              | CPUC Approval Mechanism  |
|-------------|---------------------------------------|------------------------------|--|
| 2015-2017   | Distribution Automation               | \$40-70 million              | <ul style="list-style-type: none"> <li>Proposed memorandum account to record associated revenue requirement until expenditures are authorized by CPUC</li> </ul> |
|             | Substation Automation                 | \$30-60 million              |  |
|             | Communications Systems                | \$7-15 million               |  |
|             | Technology Platforms and Applications | \$130-200 million            |  |
|             | Grid Reinforcement                    | \$140-215 million            |  |
|             | <b>Total</b>                          | <b>\$347-560 million</b>     |  |
| 2018-2020   | Distribution Automation               | \$185-320 million            | <ul style="list-style-type: none"> <li>Request recovery in 2018 GRC</li> </ul>   |
|             | Substation Automation                 | \$185-320 million            |  |
|             | Communications Systems                | \$270-470 million            |  |
|             | Technology Platforms and Applications | \$215-375 million            |  |
|             | Grid Reinforcement                    | \$550-1,100 million          |  |
|             | <b>Total</b>                          | <b>\$1,405-2,585 million</b> |  |

**SCE anticipates capital spending to continue at least in the range of current forecast levels, although could result in higher spending pending CPUC approval in future GRCs**



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