



SOUTHERN CALIFORNIA
EDISON[®]

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GOVERNMENT SEGMENT EDITION

SOUTHERN CALIFORNIA EDISON

POWER BULLETIN

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SCE Updates Business Customers on Proposed Rate Increases

In September and October, Southern California Edison (SCE) held several Electricity Outlook sessions to update business customers on forecasted 2009 rate increases and other current electric utility issues. The sessions also focused on what customers can do to manage energy costs and offset the impacts of an estimated average first-quarter rate increase of 2.6 cents per kilowatt-hour (kWh) for bundled service customers.

Several factors are contributing to the projected increase, including natural gas prices doubling from September 2007 through July 2008 before coming back down. This affects approximately 50% of the power SCE provides and all of the power allocated to SCE from State of California long-term contracts. The costs of purchasing power plant fuel and wholesale power are included without mark-up in customer rates.

The impact on customers of this natural gas price surge would be even greater if not for SCE's use of hedging tools and long-term contracts in natural gas purchases, as well as its diverse generation portfolio. SCE leads the nation in renewable power purchases, with 16% of its energy deliveries coming from eligible renewables.

Other factors causing upward pressure on rates include the need for capital investments to replace aging distribution infrastructure and business systems, plus the need to construct new facilities and reinforce the power grid to serve new customers, accommodate electricity demands and tap into more new renewable energy sources.

Rate Change Factors

Three main components factor into SCE's projected rate increase:

- **General Rate Case (GRC):** A periodic regulatory proceeding in which the California Public Utilities Commission (CPUC) reviews utility costs (other than fuel or purchased power costs) and authorizes cost recovery for the next three years. SCE expects a final CPUC decision on its 2009-2011 GRC Phase I filing before year-end.
- **California Department of Water Resources (DWR) Purchases:** The charges SCE customers pay for obtaining power through the DWR, which is still buying electricity for California utility customers under long-term power purchase contracts acquired during the California energy crisis in 2001. The DWR plans to submit a revised 2009 revenue requirement by the end of October 2008.

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- **Energy Resource Recovery Account (ERRA):** An annual regulatory proceeding created to pass through (with no mark-up) SCE's fuel- and energy-related costs to bundled service customers. The operation of this account protects SCE customers against a forecast that turns out to be higher than recorded costs, meaning over-collections are returned to customers the following year through the next ERRA proceeding.

Rate Change Projections

The following estimated average rate levels for bundled service customers, projected for the end of 2009's first quarter, are subject to change. Several regulatory reviews will result in decisions later this year setting the exact timing and size of the cumulative increase.

Rate Schedule	Current Rates (¢ per kWh)	Projected Q1 2009 Rates (¢ per kWh)
Average Small and Medium Power	14.6	17.2
Average Large Power	10.8	12.2
Average Agricultural and Pumping	11.2	12.8
Average Street and Area Lighting	18.6	21.2
System-Wide Average (Including Residential)	13.7	16.3

Direct access (DA) customers are projected to see an average overall increase of 0.4¢ per kWh on the SCE components of their bill, ranging from average increases of 0.3¢ per kWh for DA large power customers to 0.5¢ per kWh for DA small and medium power customers.

SCE initially will allocate the first-quarter 2009 rate change to customer groups on a system average percent change basis, meaning that each rate component will be increased or scaled by the same percentage regardless of customer classification. In Phase II of the GRC, expected to be implemented in fall 2009, SCE will reallocate the increases across customer rate groups.

Individual customers' rates will vary, so please contact your SCE account representative to discuss your specific situation as 2009 draws closer. Also, talk to your account representative now to learn how SCE can assist you next year with expanded holistic solutions tailored to your energy management needs, with customized offerings in targeted sectors, and with integrated use of programs to stretch your energy dollars to the fullest.

Reminder: Interruptible Program Adjustment Window in November

The annual adjustment window for SCE customers on interruptible rates – I-6 (Large Power Interruptible), TOU-BIP (Time-of-Use Base Interruptible Program) and AP-I (Agricultural Pumping and Interruptible) will take place Nov. 1-Dec. 1.

If you're on an interruptible rate, during this time you can change your program participation options, change your firm service level (TOU-BIP only) or switch to another optional rate. Please review the packet you received in October for details. If you did not receive a packet, contact your account representative immediately.

Important note: Since the CPUC has ordered SCE to terminate the I-6 program on Dec. 31, 2008, I-6 customers must take action to switch to TOU-BIP or another rate during the November adjustment window. If you're a current I-6 customer and don't join TOU-BIP, your account(s) will be placed on your Otherwise Applicable Tariff and no longer receive interruptible credits as of each account's next scheduled meter read date in December 2008.

For customers not currently enrolled in any of these rate options, talk to your account representative about how you can benefit from one of SCE's many demand response programs, which offer financial incentives in exchange for shifting or reducing energy use during critical energy demand periods. For additional details, including a list of third-party aggregators that can enable groups of customers to join together to meet minimum load reduction requirements, visit www.sce.com/drp.

GOVERNMENT SEGMENT FOCUS

Water District Improves Energy Efficiency and Saves With SCE Program

Note to readers: SCE's energy efficiency programs continue to be among the most successful in the nation. As SCE reaches the close of the current three-year funding cycle, many rebate programs are now fully subscribed and funds have been exhausted. Please talk to your account representative about planning for program participation in 2009.

"Ours is an unusually complex system," said Trabuco Canyon Water District General Manager Don Chadd, "with dramatic changes in elevation, 16 square miles of mountains and canyons, and 4,000 service connections in places where pressures vary greatly. We're looking for any measure we can take to keep water where we have it, and to avoid the costs of pumping and treating imported water from the Colorado River. An improvement we just made with incentives from SCE is helping us to do all that and more."



"Now we use a new solar-powered mixer that we got with a financial incentive from SCE, and it's been an improvement across the board with the new technology: better water quality, lower maintenance and no electricity is required to run it," said Hector Ruiz, district engineer at the Trabuco Canyon Water District.

"One of our principal assets is Dove Lake," added District Engineer Hector Ruiz. "It's a man-made lake with over 400 acre-feet of water. It's extremely important to our whole system. Optimizing the oxygenation, algae population and nitrate levels is critical, and it used to be a high-cost operation that needed daily maintenance. Now we use a new solar-powered mixer that we got with a financial incentive from SCE, and it's been an improvement across the board with the new technology: better water quality, lower maintenance and no electricity is required to run it."

Lower Costs, Greater Flexibility and Cost Savings

"We use SCE for pump testing and other energy management programs," Chadd continued, "but this kind of incentive was unprecedented. We have a tenacious SCE representative (Craig Stehsel), though, and he worked with us to qualify for an incentive for this solar-powered mixer that accelerates the payback while we're directly saving over 100,000 kWh (kilowatt-hours) per year."

Chadd went on, "Indirectly, we're saving much more. This new technology gives us an additional 30 million gallons of available recycled water, reducing the need to pump imported water during peak summer demand. That saves as much as 40,000 kWh per year and up to \$5,000 annually in reduced electrical costs, plus several thousand more from not having to purchase as much imported water. Our maintenance and treatment costs are reduced, as well."

"The hardware should pay for itself in about four years," Ruiz said. "The additional savings on electricity and avoided costs and operational improvements mean that we can pass long-term savings along to our customers. We give a lot of credit to SCE for helping us make this step up."

Trabuco Canyon: Estimated Savings by Managing Energy

Industry: Water

SCE Programs Utilized: Industrial Energy Efficiency Program (IEEP)

Savings to Date: \$17,241 and 142,000 kWh, equivalent to keeping 142,000 lbs. of CO₂ out of the atmosphere



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