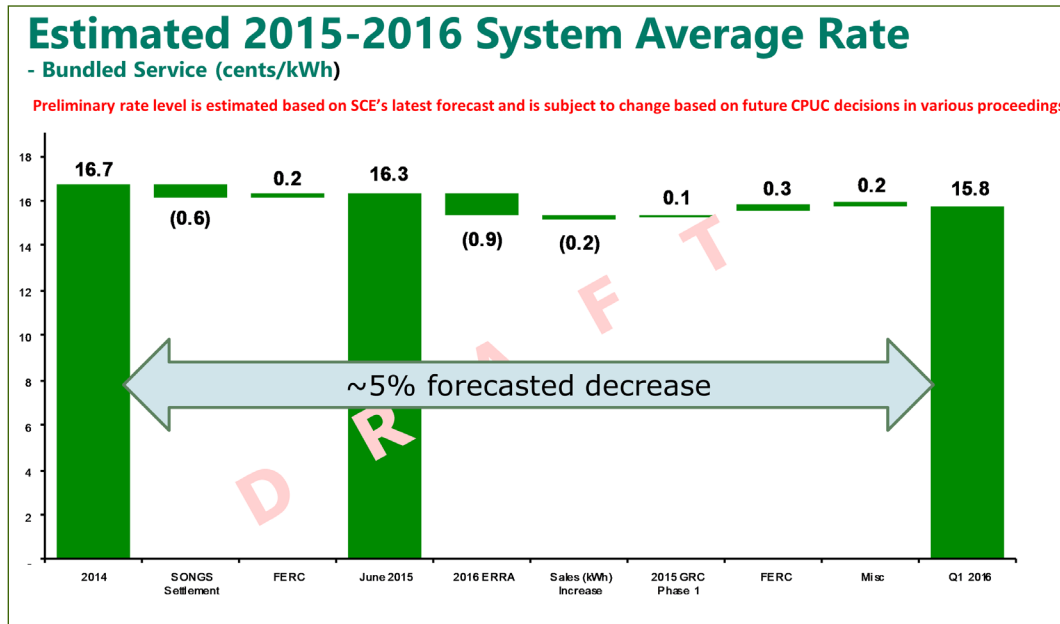


SCE Projects System Average Rate Decrease By Q1 2016

Based on updated revenue and budget forecasts, Southern California Edison (SCE) now is projecting a 5% decrease in our system average rate for bundled service customers* in Q1 2016, compared to the rates that went into effect in June 2014.



* Bundled service customers are those who pay SCE for generation, transmission, and distribution services.

- CPUC: California Public Utilities Commission
- SONGS: San Onofre Nuclear Generating Station
- FERC: Federal Energy Regulatory Commission
- ERRA: Energy Resource Recovery Account
- GRC: General Rate Case

Projected Fuel Cost Revenue Requirement Drop

A key factor in the proposed decrease is the 2015 forecast for the 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.

If the California Public Utilities Commission (CPUC) were to approve our original 2015 ERRA request, we would be required to increase rates this year. This is because when we filed this request in 2014, gas prices were forecasted to increase this year. Then, in 2016, we would need to significantly reduce rates, because market conditions have led to gas prices dropping much lower than expected.

To provide rate stability for our customers, we have requested that the CPUC defer implementing the previously projected 2015 ERRA rate increase. In addition, on May 1 we submitted a new filing with the CPUC, forecasting a \$1 billion decrease in the 2016 ERRA revenue requirement compared to the one currently used to set rates. Our current rate forecast assumes that the CPUC will approve our request.

Lower General Rate Case Revenue Request

In addition, SCE filed updates with the CPUC on May 11 to reduce our General Rate Case (GRC) Phase 1 revenue requirement by \$699 million for the 2015-2017 period. In the GRC Phase I proceeding, SCE forecasts operations and maintenance expenses, plus capital expenditures, for a three-year period. The GRC request is fully transparent and rigorously reviewed prior to approval, with the final revenue allocation subject to regulatory authorization.

The filing to lower the revenue request reflects a more recent estimate of certain infrastructure program tax repair deductions, as well as taxes related to regulatory agency revenue requirements. A final decision on the GRC Phase I revenue request is expected by Q4.

Moving forward, SCE is in discussions with intervening parties on GRC Phase 2, the rate-setting phase where we propose the allocation of all authorized revenue requirements across customer groups into actual customer rates over the three-year rate case time frame.

Please keep in mind that this preliminary rate reduction is estimated based on SCE's latest forecast and is subject to change based on future CPUC decisions in various proceedings. Individual customer rates will vary based on specific customer situations. For rate or related questions at any time, contact your account manager or visit us online for more details on our **powerful solutions** that can help you improve your bottom line.

Direct Access Rate Update

Similar to bundled service rates, SCE expects Direct Access (DA) rates to remain stable through the end of 2015. We currently are unable to forecast 2016 DA rates because they are contingent upon several issues the CPUC must resolve:

- Whether and to what extent DA customers may be entitled to 2000-2001 energy crisis refunds.
- Amount of the 2015 SONGS OII refunds to which DA customers are entitled.
- Outcome of the 2015 Energy Resource Recovery Account forecast proceeding and implementation process.
- Determination of the 2016 DA Cost Responsibility Surcharge amounts.

As a result, we will be unable to provide a 2016 DA rate forecast until at least Q4 of this year, after the CPUC settles these issues. For any questions, please contact your account manager.

SCE Celebrates Asian American Pacific Islander Heritage Month

Engaging and celebrating our business customers and community partners continues to be a high priority for SCE. In May, we celebrated the 10th Annual Asian American Pacific Islander (AAPI) Heritage Month event at the Energy Education Center – Irwindale.

More than 300 guests gathered to recognize the achievements of local Asian American Pacific Islander businesses and leaders, their contributions to economic growth, service to the community, and participation in energy efficiency programs.

Ted Craver, chairman, president, and CEO of Edison International, the parent company of SCE, spoke at the event, which was emceed by NBC4 Southern California reporter Hetty Chang. This year's theme was *The Importance of Giving Back*.

"Appreciation to the Communities We Serve"

"Our Asian American Pacific Islander Heritage event celebrates our cultural diversity and the achievements of Asian American business and community partners," said Lisa Cagnolatti, vice president of SCE's Business Customer Division and Customer Service Safety. "It's also an opportunity for Southern California Edison to show our appreciation to the communities we serve."

Receiving SCE's 2015 Energy Efficiency Participation Awards were:

- **Foreign Exchange**, a new clothing company with more than 30 stores in California, including nine in SCE's service territory. The company's participation in SCE's Energy Efficiency Express Solutions program provides incentives for the installation of more energy-efficient equipment and leads to reduced electricity use.
- **RePET Inc.**, a recycling center, saves money by partnering with SCE via our energy efficiency and demand response programs. The company has installed more efficient lighting and currently is enrolled in the Real-Time Pricing program, which allows it to take advantage of hourly rate changes to reduce its energy bills.

SCE's Community Partnership Award went to the **Asian Pacific Community Fund (APCF)**, which focuses on transforming lives and meeting the diverse needs of the AAPI community. To date, APCF has awarded \$3 million to its affiliate agencies and other community organizations, enabling culturally sensitive and linguistically appropriate services to enhance the lives of 225,000 people annually.

SCE's Diverse Business Enterprise Award was given to the **Chinese American Construction Professionals**, which enhances members' competitiveness in local and global markets, facilitates business networking opportunities, and serves the community while nurturing the future of construction professionals.

If you are interested in attending future customer signature events – such as the Hispanic Heritage Month events in October – including potential opportunities for recognition, contact your SCE account manager for more details. Also follow us on Twitter at [@SCE_Business](#) and [@SCE_Communities](#) to learn more about our key business issues and community initiatives.

Asian American Pacific Islander Heritage Event SCE 2015 Energy Efficiency Participation Awardees



Foreign Exchange: Left to right: John Lee, SCE account executive; Albert Han, Foreign Exchange chief financial officer; Ted Craver, chairman, president, and CEO of Edison International; and Lisa Cagnolatti, SCE vice president, Business Customer Division and Customer Service Safety.



RePET Inc.: Left to right: Martin Gaitan, SCE account executive; Nan Zhao, RePET project engineer; Daniel Galvan, RePET plant manager; Ted Craver, chairman, president, and CEO of Edison International; and Lisa Cagnolatti, SCE vice president, Business Customer Division and Customer Service Safety.

LED Lights: A Bright New Way to Conserve Energy

Lighting can comprise 20% to 50% of energy demand for small businesses. But replacing older incandescent and compact fluorescent (CFL) bulbs with light-emitting diode (LED) lights can decrease this demand, while also helping to protect or reduce strain on the electrical grid.**

Part of our Energy Conservation Series, *LED Lights: A Bright New Way to Conserve Energy*, will assist these businesses in better understanding and implementing the benefits of LED lighting.

LEDs are the most energy-efficient, cost-effective, and safe illumination available, with documented savings of 50% or more over legacy lighting. But they can do much more than lower energy usage. With their lower temperatures, they can help cut A/C usage, too. In addition, because they provide more focused illumination, LED lights are less prone to humming or flickering, can facilitate greater productivity, and are also considered safer than their traditional counterparts.

LED Lights: A Bright New Way to Conserve Energy will also help small business owners identify likely areas for LED light replacement: entry and exit lighting, pools and spas, and so on. Finally, this informative article outlines specific steps businesses can take to retrofit LED lights and leverage incentives available for doing so. Get the full article [here](#).

***Choosing the Right LED Product for Industrial Lighting Applications*. Digital Lumens, Inc. 2012