

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 costs and sales it has reviewed for reasonableness. When SCE and the California Public Utilities Commission (CPUC) determine rates can be lowered they are. For

example, SCE customer rates were reduced in April 2008 because lower-than-forecasted power plant fuel costs had created a surplus that was refunded to our customers that year. SCE expects 2010 rates to remain relatively flat.

True or False? When SCE rates rise the company's profits always rise.

False. 64 percent of the revenues SCE collects in customer rates currently are used to pay for power plant fuel and to purchase wholesale electricity. SCE includes these costs in rates without mark-up. If the cost of natural gas rises, as it did in 2008 due to rising worldwide demand, the 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. The CPUC determines whether a rate adjustment is necessary.

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

False. Two-tenths of 1 percent of total SCE revenues collected in rates fund SCE executive compensation. Annual independent reviews conducted by SCE and the CPUC consistently find that the company's compensation program matches that of other similar companies.



True or False? SCE cannot change its rates unless regulators review and approve the change.

True. As a regulated California utility, SCE rates are set by the CPUC and the Federal Energy Regulatory Commission. Utility costs must be publicly documented and justified in a rigorous independent review process. Whenever more revenue is collected than authorized, for example when a heat wave creates more electricity use than sales forecasts for that year on which rates were based, the unexpected revenue is returned to customers in a rate adjustment the following year.

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, regulators study the way the utility spends authorized rate revenues a second time after the fact. If an expenditure is found to be imprudent, it is disallowed.

True or False? SCE's recent requests for rate increases to cover infrastructure costs could have been avoided if the utility had planned better.

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 currently underway represents the 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.

With the introduction of new Edison SmartConnect meter technology between now and 2012, customers will have even more options. SCE urges customers to take steps 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.

