

## Myths and Facts About Southern California Edison Rates



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

False. Generally, Southern California Edison (SCE) rates are adjusted once a year based on changing utility costs and sales regulators have 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. A large part 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, for example, the cost of natural gas rises, the resulting rate increase to pay these higher costs contributes nothing to SCE earnings.

When fuel costs rise unexpectedly above forecasts, SCE advances the funds on behalf of its customers to keep the lights on while a regulatory review of these higher costs 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 the SCE revenues collected in rates fund SCE executive compensation. Independent reviews conducted by SCE and the CPUC, including one completed during the spring of 2010, 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 before they can be included in customer rates. In addition, whenever more revenue is collected than authorized, for example when a heat wave creates more electricity use than sales forecasts 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 scrutinized before they are approved. 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 requests for rate increases to cover infrastructure costs could be avoided if the utility 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 safest, 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 their electricity costs.*

False. Numerous options are available to home and business owners to help customers save energy and money. And, with the

introduction of new Edison SmartConnect meter technology, customers will have even more options for controlling energy costs. SCE urges customers to take steps to make their homes and businesses as energy efficient as possible. Tips and financial rebates to help customers switch to more energy-efficient devices can be found at [www.sce.com/rebatesandsavings](http://www.sce.com/rebatesandsavings).

