

Thursday, March 06, 2008

Southern California Edison has filed its application to establish marginal costs, allocate revenues among customer classes, and design electric rates - Phase 2 of SCE's 2009 Test Year General Rate Case (GRC). This phase of the rate case would set electric rates for 2009. The first phase of the 2009 GRC establishes the electric revenue requirement for SCE; CAL-SLA has intervened in that phase.

SCE's Phase 2 application will be CAL-SLA's big rate case during 2008. CAL-SLA will intervene in this rate case and actively participate by submitting expert witness testimony, recommending rates for traffic signals and street lights, participate in settlement conferences, attend evidentiary hearings, and submit briefs and comments on the proposed decision.

A quick review of the application and exhibit reveals "bad news" for traffic signals and street lights. SCE proposes to increase rates for traffic signals by 36.4% and for street lights by 20.5% over current rates. CAL-SLA has a lot of work to do!

The overall electric system revenue increase requested by SCE is 12.1%; so, the increases proposed by Edison for traffic signals and street lights are greater than the system average percentage change.

To mollify the rate increases and huge bill impacts to select rate groups (like street lighting and traffic control signals), SCE proposes to limit ("cap") revenue increases to any particular customer group to the system average percentage change (SAPC) plus 3%. Since the SAPC is 12.1% and adding the cap of 3%, the revenue increase proposed for traffic signals and street lighting is 15.1%.

The attached Excel workbook includes a table illustrating the percent increases proposed for the different customer groups and rate schedules. The table shows the illustrative average rates and capped and uncapped percent changes. It also includes a table showing historical average rates for traffic signals and street lights as well as for the other customer classes. If SCE gets everything it requests, the average rate for traffic signals would almost triple since 2000 and the average rate for street lighting would increase by 65% since 2000.

The revenue requirement and allocation used in SCE's Phase 1 and Phase 2 GRC applications are based on the electric sales and revenue requirement provided in the Phase 1 Application 07-11-011, Edison's forecast of the energy recovery requirement in 2008, and SCE's estimate of California Department of Water Resources' power and bond charges assigned to SCE in 2009. The final revenue allocation and rate design will incorporate the CPUC decision in Phase 1 of the 2009 GRC, the CPUC determination of the energy recovery requirement in 2009, and DWR's power and bond charges authorized for 2009. Consequently, everything in the Phase 2 application and exhibits and the attached table are illustrative and will definitely change.

A case schedule has not been set by the CPUC; neither has a prehearing conference been scheduled. CAL-SLA, like other parties, has to April 3 to protest the application and the huge increases proposed by SCE for traffic signals and street lights. A prehearing conference is anticipated to be held at the CPUC sometime in mid-April. .

The Phase 2 proceeding should continue throughout 2008 into 2009. While the CPUC will probably decide the Phase 2 case in the summer of 2009, Edison has requested new electric rates adopted in Phase 2 to be implemented in October 2009, at the beginning of SCE's winter billing period.

**Southern California Edison
2009 Test Year General Rate Case Phase 2
Application 08-03-____**

**Illustrative Average Rates (cents per kilowatt-hour)
Proposed for Retail Service
With and Without 3% Capping**

Customer Class / Rate Schedule	Current Rate (¢/kWh)	Uncapped		Capped	
		Proposed Rate (¢/kWh)	Percent Change (%)	Proposed Rate (¢/kWh)	Percent Change (%)
Total Domestic	14.9	17.5	17.5%	17.1	15.1%
GS-1	16.9	18.0	6.2%	18.4	8.9%
TC-1	15.0	20.5	36.4%	17.3	15.1%
GS-2	14.4	15.7	9.0%	16.1	12.0%
TOU-GS-3	13.2	13.7	4.1%	14.1	7.1%
Total Small and Medium Power	14.5	15.5	7.4%	16.0	10.3%
TOU-8-Sec	12.3	12.9	4.7%	13.3	8.0%
TOU-8-Pri	11.6	11.8	2.0%	12.2	5.3%
TOU-8-Sub	7.6	9.0	18.9%	8.7	15.1%
Total Large Power	10.7	11.4	6.9%	11.5	8.5%
PA-1	18.4	20.3	9.9%	20.7	12.3%
PA-2	12.9	14.7	13.4%	14.9	15.1%
AG-TOU	9.1	12.8	39.9%	10.5	15.1%
TOU-PA-5	9.4	12.7	34.1%	10.9	15.1%
Total Ag and Pumping	10.9	13.9	27.1%	12.5	14.5%
Total Street Lighting	19.1	23.0	20.5%	22.0	15.1%
Total electric system	13.7	15.3	12.1%	15.3	12.1%

Source: Application of Southern California Edison Company (U 338-E) to Establish Marginal Costs Allocate Revenues and Design Rates, filed March 4, 2008, page 5.

Southern California Edison
2009 Test Year General Rate Case Phase 2
Application 08-03-____

Illustrative Average Rates (cents per kilowatt-hour)
Historical and Proposed Average Rates for Retail Service

Customer Class / Rate Schedule	Dec-00 (¢/kWh)	June-01 (¢/kWh)	Current Rate (¢/kWh)	Proposed Rate (¢/kWh)	Percent Change (%)
Total Domestic	11.5	13.7	14.9	17.5	17.5%
GS-1	12.0	17.3	14.9	18.0	6.2%
TC-1	7.4	13.0	16.9	20.5	36.4%
GS-2	10.1	15.3	15.0	15.7	9.0%
TOU-GS-3	10.2	14.7	14.4	13.7	4.1%
Total Small and Medium Power	10.4	15.6	14.5	15.5	7.4%
TOU-8-Sec	8.7	14.3	12.3	12.9	4.7%
TOU-8-Pri	7.9	13.1	11.6	11.8	2.0%
TOU-8-Sub	5.7	9.7	7.6	9.0	18.9%
Total Large Power	7.7	12.5	10.7	11.4	6.9%
PA-1	12.1	15.1	18.4	20.3	9.9%
PA-2	8.7	11.2	12.9	14.7	13.4%
AG-TOU	7.5	9.9	9.1	12.8	39.9%
TOU-PA-5	7.0	9.4	9.4	12.7	34.1%
Total Ag and Pumping	8.7	11.2	10.9	13.9	27.9%
Total Street Lighting	13.9	17.6	19.1	23.0	20.5%
Total electric system	10.0	13.9	13.7	15.3	12.1%

Dec-00 average rates were in effect in December 2000 before the energy crisis occurred in 2001.

June-01 average rates reflect the surcharges adopted by the CPUC in response to the California energy crisis.

Current rates are estimated average rates to be effective April 2008 by SCE.

Proposed rates in the 2008 Application that SCE request to go into effect October 2009.

Proposed rates are illustrative and assume CPUC adoption of SCE's proposed electric revenue requirement in Application 07-01-011, 2009 Test Year General Rate Case, Phase 1, and assume CPUC approval of other proceedings affecting the electric revenue requirement in 2009.

Percent change from current average rate to proposed average rate.

Proposed rates do not reflect any capping by SCE.

Source: Application of Southern California Edison Company (U 338-E) to Establish Marginal Costs Allocate Revenues and Design Rates, filed March 4, 2008, Exhibit No. SCE-01, Table III-1, "Proposed Bundled Service Average Rates by Rate Group (¢/kwh)", page 9.