



SOUTHERN CALIFORNIA  
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# ***SCE 2008 Rate Update***

March 2008

# 1<sup>st</sup> Quarter 2008 Rate Actions

## Three Rate Changes:

- Department of Water Resources (DWR) – January 1
  - 2007 Revenue Requirement
  - Bond Charge
- CWIP transmission related change associated with large transmission projects – March 1
- Consolidated Rate Change – April 7
  - ERRA
    - Primarily, fuel and purchased power
    - Various balancing accounts
  - 2006 GRC Proceeding
    - 2008 post test-year ratemaking (aka Attrition costs)
  - Other
    - CA Solar Initiative, Energy Efficiency, Nuclear Decommissioning, etc.
    - Elimination of Trust Transfer Amount (TTA)
      - Revenue reduction to offset upper tier residential rates

## 2008 DWR Rate Change

- Commission issued final decision on DWR's 2008 revenue requirement on December 20, 2007
- DWR Power Charge
  - Decrease due to decrease in 2008 DWR Revenue Requirement
  - Decrease mainly due to decrease in natural gas costs
- DWR Bond Charge
  - Slight increase
- January 1, 2008 Rate Change
  - DWR Power and Bond
  - Transmission - TOTCA

	<b>2007 Rate (¢/kWh)</b>	<b>2008 Rate (¢/kWh)</b>
<b>DWR Charge</b>		
Power Charge	9.49	8.875
Bond Charge	0.469	0.477

# Impact to Customer Rates – April 7, 2008

- On average, bundled rates will decrease by 1.2% over 2007
  - Generation costs decreased by 2.4%
  - Delivery costs increased by 3.0%
- Average rates for most customer groups will decrease slightly
  - Increase in delivery costs was offset by decrease in generation costs
- Average rates for streetlight customers will increase
  - Mainly due to a 14.7% increase in distribution costs
  - Distribution costs makes up 61% of total rate
  - Preliminary analysis indicates that customers can expect to experience an average bill increase of approx 6-9%
  - Bill impact analyses at the service account level should be available by mid April
- Average rates for TC-1 customers will increase
  - Mainly due to a decrease in sales forecast for 2008
  - Customers with similar usage in 2007 and 2008 can expect to experience an average bill increase of approx 4%
  - Bill impact analyses at the service account level should be available by mid April

# Bundled Service – Average Rate Levels (cents/kWh)

## Southern California Edison Company

Estimated Average Rate Summary - March 2008

Rate Schedule By Customer Group	2007 Rate	April 7, 2008 Rate	Percent Change
Domestic	15.2	15.0	-1.3%
Lighting-SM Med Power			
GS-1	17.5	17.0	-2.6%
TC-1	13.3	14.6	9.9%
GS-2	14.5	14.5	0.2%
TOU-GS-3	13.8	13.3	-3.0%
Group Total	14.8	14.6	-1.3%
Large Power			
TOU-8-SEC	12.8	12.4	-2.9%
TOU-8-PRI	11.8	11.7	-0.5%
TOU-8-SUB	8.1	7.9	-1.5%
Group Total	11.1	10.9	-1.6%
Agricultural & Pumping			
PA-1	19.4	18.6	-4.3%
PA-2	13.5	13.0	-3.9%
TOU-AG	10.3	9.3	-9.6%
TOU-PA-5	9.4	9.6	1.9%
Group Total	11.6	11.1	-4.3%
Street & Area Lighting	17.0	19.5	14.5%
Grand Total	14.0	13.8	-1.2%

**Notes:**

2007 rates reflect current charges as of Oct 7, 2007 based on 2007 sales forecast.

2008 rates reflect estimated April 2008 revenue requirements based on 2008 sales forecast.



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# ***DA Cost Responsibility Surcharge (DA CRS)***

## 1<sup>st</sup> Quarter 2008 Changes

# Background

- DA CRS is capped at 2.7 cents/kWh and consists of four components:
  - Department of Water Resources (DWR) Bond Charge
    - Recovers the interest and principal of DWR bonds.
  - Competition Transition Charge (CTC)
    - Recovers the above market costs of utility retained generation
  - Power Charge Indifference Adjustment (PCIA)
    - Reflects DA customers' share of ongoing power costs after 2002
  - DA CRS Undercollection Contribution (DA-CRS-UC)
    - Recovers revenues uncollected from DA customers during the period over which the full cost DA-CRS exceeded the capped DA-CRS.
- DA customers that return to bundled service remain responsible for DA-CRS-UC
  - Schedule DAEBSC-CRS (DA Eligible Bundled Service Customer) 7

# Customer Impact

- Forecasted 1<sup>st</sup> Quarter 2008 Rate Change
  - DWR Bond Charge increased from 0.469 to 0.477 cents/kWh
  - Indifference Rate will increase from 0.222 to 0.443 cents/kWh
    - Indifference Rate is the sum of CTC and PCIA
  - DA-CRS-UC will decrease from 2.009 to 1.780 cents/kWh to offset the increases to the other DA-CRS components
    - DA CRS continues to be capped at 2.7 cents/kWh
- Most DA customers will see no impact to their bills

**2008 DA CRS Sample Table**  
**DA Customer**

DA CRS Component	Current Rate (¢/kWh)	April 7, 2008 Rate (¢/kWh)
DWR Bond	0.469	0.477
CTC*	0.613	0.336
PCIA*	(0.391)	0.107
DA CRS UC	2.009	1.780
<b>Total</b>	<b>2.700</b>	<b>2.700</b>

\*Based on a TOU-8 SEC rate

# Continuous DA Customer Impact

- Continuous DA customers will experience a rate decrease
  - Decrease due to a decrease in CTC
  - Customers who were DA from Feb. 1 to Sept. 20, 2001
  - Exempt from the DWR Bond Charge, PCIA and DA CRS UC components of the DA-CRS

**2008 DA CRS Sample Table  
Continuous DA Customer**

DA CRS Component	Current Rate (¢/kWh)	April 7, 2008 Rate (¢/kWh)
DWR Bond	0.000	0.000
CTC*	0.613	0.336
PCIA	0.000	0.000
DA CRS UC	0.000	0.000
<b>Total</b>	<b>0.613</b>	<b>0.336</b>

\*Based on a TOU-8 SEC rate

# (DA Eligible Bundled Service Customer)

## DAEBSC Customer Impact

- DAEBSC customers are former DA customers who have returned to bundled service but are still DA-eligible
- DAEBSC customers will experience a rate decrease
  - Decrease due to decrease in DA-CRS-UC

**2008 DA CRS Sample Table  
DAEBSC Customer**

DA CRS Component	Current Rate (¢/kWh)	April 7, 2008 Rate (¢/kWh)
DA CRS UC	2.009	1.780
<b>Total</b>	<b>2.009</b>	<b>1.780</b>

- DAEBSC customers who retain their Continuous DA status are not currently paying DA-CRS-UC and will see no impact to their bills

# Glossary Of Terms

- BPS – Bundled Portfolio Service
- CAISO – California Independent System Operator
- CPUC – California Public Utilities Commission
- CRC – Consolidated Rate Change
- CTC – Competition Transition Charge
- CWIP – Construction Work in Progress
- DA – Direct Access
- DA-CRS – DA Cost Responsibility Surcharge
- DA-CRS-UC – DA-CRS Under collection Charge
- DAEBSC – DA Eligible Bundled Service Customer
- DWR – Department of Water Resources
- ERRRA – Energy Resource Recovery Account
- FERC – Federal Energy Regulatory Commission
- GRC – General Rate Case
- kWh – kilo Watt Hour
- MW – Mega Watt
- OAT – Otherwise Applicable Tariff
- PCIA – Procurement Charge Indifference Adjustment
- PROACT – Procurement Related Obligations Account
- TTA – Trust Transfer Amount
- URG – Utility Retained Generation