SOUTHERN CALIFORNIA EDISON®

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RATE REFORM | What is Rate Reform?

The California Public Utilities Commission unanimously voted on July 3, 2015 to adopt a new residential rate structure. The new structure is more cost-based, and it will provide customers living in high-temperature areas long-overdue relief from punitive high electric rates.

The current residential customer rate structure was put in place during California's energy crisis more than a decade ago. The structure adopted in 2001 resulted in high-usage customers subsidizing others, while low-usage customers' rates were frozen.

Summary of New Rate Structure

The commission's decision moves rates from four to two tiers, establishes customer default time-of-use rates on Jan. 1, 2019, postpones a monthly fixed charge and requires utilities to create a special outreach program to educate lower-tier customers on no-cost and low-cost conservation measures. Under the decision, the more electricity that customers use, the higher price they will pay.

Over time, with the lower-tier rates being frozen since the energy crisis in 2001, the rate structure departed increasingly from any cost basis and imposed ever greater inequities on large-family households that were pushed into higher tiers in hot climates. The decision helps align rates with the cost of service. It also builds a rate structure to allow adding more renewables to the grid, and to encourage customers to use energy when there is excess renewables and to cut back during peak usage periods.

Under the decision, low-usage customers will see an average $1.50 - $2 a month increase each year as the changes are phased in over four years. Medium-usage customers will see an average $2 a month bill increase during the same time period, while high-usage customers will see an average $1.50 - $2 a month decrease during the transitional time.

More information about rates is available at:
on.sce.com/ratechange

Protections for low-income customers remain in what is known as the CARE program (California Alternate Rates for Energy). About one-third of SCE's residential customers are on the low-income rate. On average, low-income customers' bills are about one-third lower than those for other customers.

Commission Timeline Implementing a New Residential Rate Structure

The new rate structure will be phased in over four years. In 2015, four tiers will remain. The commission is requiring a minimum bill be adopted this year of $10 for non-CARE customers and $5 for CARE customers.

The number of tiers will be reduced to three in 2016, and in 2017, there will be two tiers, along with a super-user surcharge the commission adopted. The super-user surcharge will send a signal to conserve specifically for those customers that use more than twice the average amount of electricity.

Default time-of-use rates are scheduled to take effect in 2019. SCE and the other investor-owned utilities will develop pilots for residential customers in the next few months.

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Why Rate Reform is Needed

About one-quarter of SCE's customers have been paying for most of the investments made to improve electric system reliability and transition California to cleaner energy since the energy crisis.

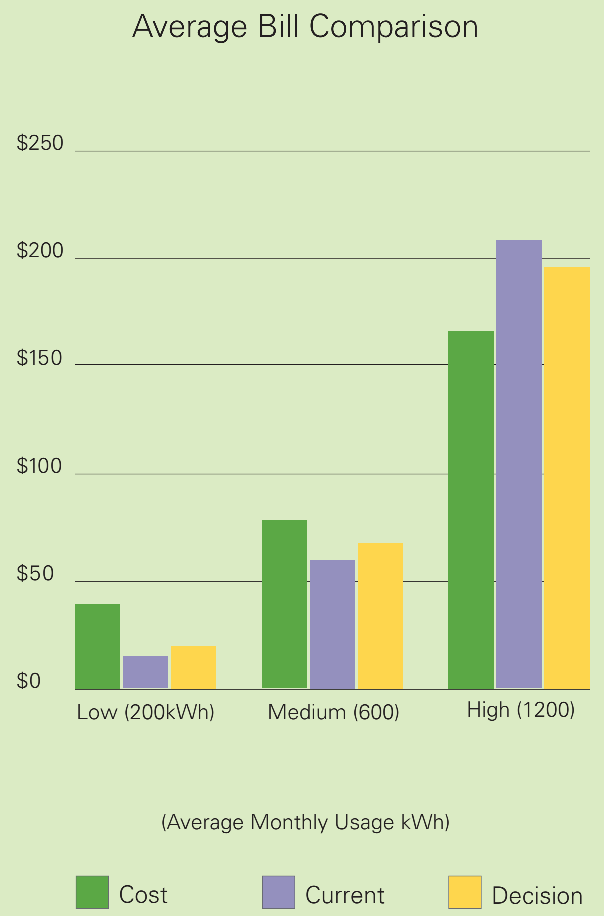
A significant number of these customers are low-to-moderate income families or seniors on a fixed income, many of whom live in warm climates where the need for air conditioning puts them into the higher-cost, top-tier rate levels.

Changing the structure won't result in a change in the overall amount SCE collects from all customers or the profit it makes.

Other Proceedings at the Commission

There are other ongoing proceedings at the commission that will impact customer usage and customer rates. Those include energy efficiency, low-income customer programs and one for the power network of the future to determine how best to integrate plug-in electric cars, energy storage and solar. The commission also has a separate proceeding for solar, known as net metering, that has a decision expected by the end of the year.

As decisions are made in these proceedings, customers will have greater choices for how and when they use electricity.



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