SOUTHERN CALIFORNIA EDISON®
An EDISON INTERNATIONAL® Company

6040 N. Irwindale Ave., Bldg. A
Irwindale, CA 91702

Contact your account representative for additional information and assistance.

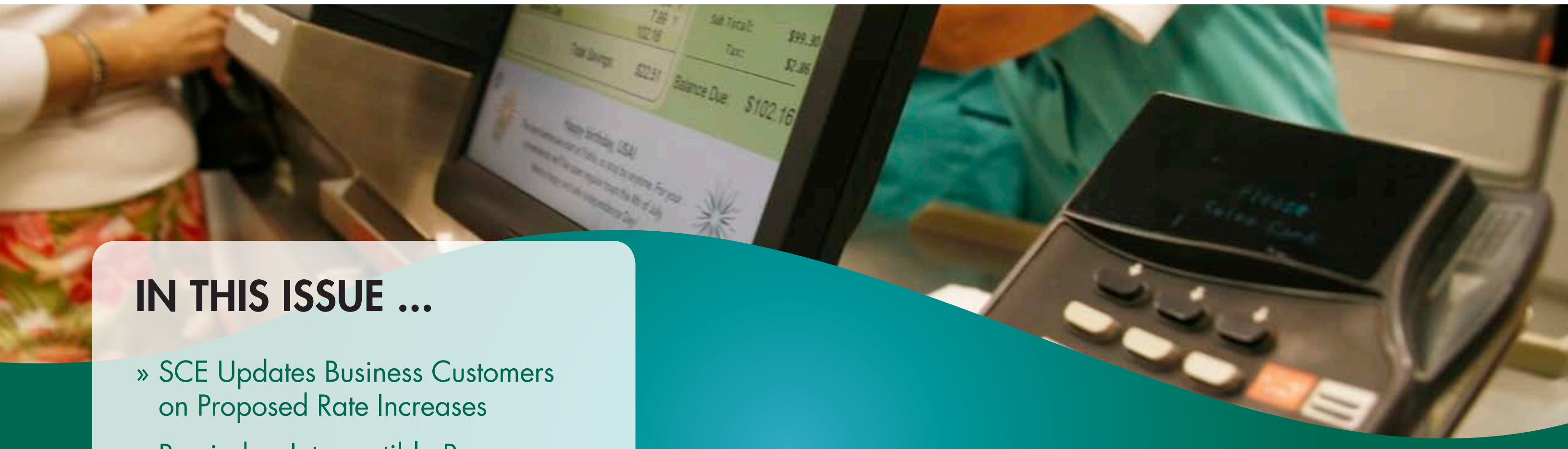
QUICK LINKS TO FIND ENERGY INFO

SCE Home Page
– www.sce.com

Energy-Related Learning
– www.sce.com/ctac
– www.sce.com/agtac

Statewide Transmission System Status
– www.caiso.com

Utility Regulation
– www.cpuc.ca.gov
– www.energy.ca.gov



IN THIS ISSUE ...

COMMERCIAL SEGMENT EDITION

SOUTHERN CALIFORNIA EDISON

POWER BULLETIN

VOL. 8 No. 10 October 2008

SCE Updates Business Customers on Proposed Rate Increases

In September and October, Southern California Edison (SCE) held several Electricity Outlook sessions to update business customers on forecasted 2009 rate increases and other current electric utility issues. The sessions also focused on what customers can do to manage energy costs and offset the impacts of an estimated average first-quarter rate increase of 2.6 cents per kilowatt-hour (kWh) for bundled service customers.

Several factors are contributing to the projected increase, including natural gas prices doubling from September 2007 through July 2008 before coming back down. This affects approximately 50% of the power SCE provides and all of the power allocated to SCE from State of California long-term contracts. The costs of purchasing power plant fuel and wholesale power are included without mark-up in customer rates.

The impact on customers of this natural gas price surge would be even greater if not for SCE's use of hedging tools and long-term contracts in natural gas purchases, as well as its diverse generation portfolio. SCE leads the nation in renewable power purchases, with 16% of its energy deliveries coming from eligible renewables.

Other factors causing upward pressure on rates include the need for capital investments to replace aging distribution infrastructure and business systems, plus the need to construct new facilities and reinforce the power grid to serve new customers, accommodate electricity demands and tap into more new renewable energy sources.

Rate Change Factors

Three main components factor into SCE's projected rate increase:

- **General Rate Case (GRC)**: A periodic regulatory proceeding in which the California Public Utilities Commission (CPUC) reviews utility costs (other than fuel or purchased power costs) and authorizes cost recovery for the next three years. SCE expects a final CPUC decision on its 2009-2011 GRC Phase I filing before year-end.
- **California Department of Water Resources (DWR) Purchases**: The charges SCE customers pay for obtaining power through the DWR, which is still buying electricity for California utility customers under long-term power purchase contracts acquired during the California energy crisis in 2001. The DWR plans to submit a revised 2009 revenue requirement by the end of October 2008.

CONTINUED ON BACK

SOUTHERN CALIFORNIA EDISON
POWER BULLETIN
VOL. 8 No. 10 October 2008

CONTINUED FROM FRONT

- **Energy Resource Recovery Account (ERRA)**: An annual regulatory proceeding created to pass through (with no mark-up) SCE's fuel- and energy-related costs to bundled service customers. The operation of this account protects SCE customers against a forecast that turns out to be higher than recorded costs, meaning over-collections are returned to customers the following year through the next ERRA proceeding.

Rate Change Projections

The following estimated average rate levels for bundled service customers, projected for the end of 2009's first quarter, are subject to change. Several regulatory reviews will result in decisions later this year setting the exact timing and size of the cumulative increase.

Rate Schedule	Current Rates (¢ per kWh)	Projected Q1 2009 Rates (¢ per kWh)
Average Small and Medium Power	14.6	17.2
Average Large Power	10.8	12.2
Average Agricultural and Pumping	11.2	12.8
Average Street and Area Lighting	18.6	21.2
System-Wide Average (Including Residential)	13.7	16.3

Direct access (DA) customers are projected to see an average overall increase of 0.4¢ per kWh on the SCE components of their bill, ranging from average increases of 0.3¢ per kWh for DA large power customers to 0.5¢ per kWh for DA small and medium power customers.

SCE initially will allocate the first-quarter 2009 rate change to customer groups on a system average percent change basis, meaning that each rate component will be increased or scaled by the same percentage regardless of customer classification. In Phase II of the GRC, expected to be implemented in fall 2009, SCE will reallocate the increases across customer rate groups.

Individual customers' rates will vary, so please contact your SCE account representative to discuss your specific situation as 2009 draws closer. Also, talk to your account representative now to learn how SCE can assist you next year with expanded holistic solutions tailored to your energy management needs, with customized offerings in targeted sectors, and with integrated use of programs to stretch your energy dollars to the fullest.

Reminder: Interruptible Program Adjustment Window in November

The annual adjustment window for SCE customers on interruptible rates – I-6 (Large Power Interruptible), TOU-BIP (Time-of-Use Base Interruptible Program) and AP-I (Agricultural Pumping and Interruptible) will take place Nov. 1-Dec. 1.

If you're on an interruptible rate, during this time you can change your program participation options, change your firm service level (TOU-BIP only) or switch to another optional rate. Please review the packet you received in October for details. If you did not receive a packet, contact your account representative immediately.

Important note: Since the CPUC has ordered SCE to terminate the I-6 program on Dec. 31, 2008, I-6 customers must take action to switch to TOU-BIP or another rate during the November adjustment window. If you're a current I-6 customer and don't join TOU-BIP, your account(s) will be placed on your Otherwise Applicable Tariff and no longer receive interruptible credits as of each account's next scheduled meter read date in December 2008.

For customers not currently enrolled in any of these rate options, talk to your account representative about how you can benefit from one of SCE's many demand response programs, which offer financial incentives in exchange for shifting or reducing energy use during critical energy demand periods. For additional details, including a list of third-party aggregators that can enable groups of customers to join together to meet minimum load reduction requirements, visit ***www.sce.com/drp***.

COMMERCIAL SEGMENT FOCUS

Energy Management Helps Resort Focus on Quality, Comfort and Savings

Note to readers: *SCE's energy efficiency programs continue to be among the most successful in the nation. As SCE reaches the close of the current three-year funding cycle, many rebate programs are now fully subscribed and funds have been exhausted. Please talk to your account representative about planning for program participation in 2009.*

Death Valley, where temperatures routinely break 125°, might be the last place you would expect to find a beautiful resort with hotels, restaurants, a golf course and other amenities. An oasis in the desert also might be the last place you would look for exemplary energy management. Furnace Creek Inn & Ranch Resort, part of the nationwide Xanterra Parks & Resorts®, proves that creating luxury and managing energy wisely can go hand-in-hand.

The new 1-megawatt solar photovoltaic system at Furnace Creek Inn & Ranch Resort in Death Valley National Park will generate nearly 2.5 million kilowatt-hours annually and reduce greenhouse gas emissions by 58 million pounds over the next 25 years.

Director of Engineering Pat Keene and Director of Environmental Health and Safety Joel Southall uphold Xanterra's century-long legacy of stewardship at Furnace Creek. "Xanterra is the largest concessionaire for the National Park Service," said Keene, "and we manage ecologically sensitive tourism in some of the country's most beautiful and historic locations. Energy management serves both our bottom line and our mission to treat these places with respect."

Managing an Energy-Efficient Oasis

"We focus on balancing economic viability with ecological responsibility," Southall said. "Our success lies in combining guest comfort and energy savings. SCE and our account representative Cynthia Davis have helped us succeed at both."

By tapping into SCE programs and services – including the Demand Bidding Program, through which Furnace Creek has saved more than 6,000 kilowatt-hours (kWh) in 2008 alone – the resort cut its energy consumption 12.6% in the first eight months of this year compared to the same timeframe in 2007.

Additional energy management efforts include getting SCE rebates to offset costs to retrofit lighting, using ENERGY STAR air conditioners exclusively and replacing golf course irrigation motors with premium efficiency motors. Also, in 2006 Furnace Creek tested a hot-dry climate super-efficient 5-ton air conditioner to help SCE and the state gather data on the effectiveness of this technology.

Establishing the Industry Standard

Furnace Creek's latest accomplishment involves the completion of a 1-megawatt solar photovoltaic facility, which will generate the equivalent of one-third of the site's annual electricity consumption and reduce greenhouse gas emissions by 58 million pounds over the next quarter-century.

"It is Xanterra's goal to set the pace in the tourism industry by establishing the standards by which other tourist-related organizations can measure themselves," Southall said. "Our solar facility is part of that mission, but by no means the full extent of our industry-leading performance. We're making the case for other companies to follow in our footsteps."

Keene concluded, "SCE's programs have helped us save energy, keep our costs down and honor our commitment to the environment. We're showing that you can make conservation an asset, and for our guests it's one more reason they feel good staying with us."

SOUTHERN CALIFORNIA EDISON®
An EDISON INTERNATIONAL® Company