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SCE to Update Business Customers on Proposed Rate Changes

In September and October, Southern California Edison (SCE) will hold several Electricity Outlook sessions to update business customers on forecasted 2010 rate changes and other current electric utility issues.

The sessions will mainly focus on providing an in-depth understanding of the various changes that will impact your rates beginning in October 2009, such as the new Critical Peak Pricing (CPP) rate.

SCE's total 2010 system revenue requirement increase is estimated to be \$655.5 million, or 5.9%. This forecast is based on information available in August, and will be updated in November.

SCE's recent Energy Resource Recovery Account (ERRA) regulatory filing includes rate changes due to the 2009 General Rate Case and other revenue requirement changes. (See sidebar for details on SCE rate components.) A significant portion of the other increase in revenue requirements comes from one-time rate reductions this year that are being eliminated in 2010. The 2009 one-time rate reductions include a refund of program funds meant to offset above-market costs of renewable energy, the temporary suspension of the collection of California Solar Initiative (CSI) incentives, and Performance-Based Ratemaking penalty costs.

Decreases in Several Rate Factors

However, several factors are also contributing to increases lower than initially anticipated. After taking into account the expected kilowatt-hour (kWh) sales decrease in 2010, SCE is requesting a decrease in ERRA revenues in the amount of \$403.3 million, or a 3.62% decrease from SCE's current total revenue levels. This is mainly due to the current forecast of lower prices for natural gas, which makes up approximately half of SCE's energy portfolio.

Similarly, the California Department of Water Resources (DWR) also is projecting a decrease in its 2010 power charge and bond charge revenue requirements. SCE estimates that our portion of these DWR costs will result in a \$58.9-million decrease in rates.

New Critical Peak Pricing

Under the direction of the California Public Utilities Commission (CPUC), effective Oct. 1, 2009, customers with a demand of more than 200 kW will be placed on a Critical Peak Pricing (CPP) rate. This will not apply to customers participating in any demand response, standby and Net Energy Metering programs or to direct access customers. (If you are now participating in multiple demand response programs and the current CPP, check with your account representative to determine the best solution for your business.)

Since CPP is a summertime program, with events occurring June through September, your electric bills will be the same as under your base rate (i.e. TOU-GS-3-B or TOU-8-B, whichever applies to your account) during the coming winter months. In addition, you will receive bill protection for the first year on CPP (starting in October 2009), meaning the total amount you pay on the CPP rate for the first 12 months will not exceed what you would have paid on your base rate. If you pay less on CPP for your first year than the amount you would have otherwise paid, the savings are yours to keep.

Beginning next June, the CPP rate will offer a discount on monthly on-peak demand charges during the summer months. When electricity demand and prices climb, SCE will conduct CPP events, during which energy charges will significantly increase. However, if you can reduce or reschedule usage to lower-demand times of day during these events, CPP may help you lower your electric bill.

To help you determine the potential effect the new CPP rate could have on your facility (or facilities), SCE will send you bill impact analyses in September comparing your current rate plan (prior to your October meter read date) to the new CPP rate (with different reduction scenarios), and the optional TOU-8-B or TOU-GS-3-B rates, as applicable. You may opt out of the CPP program prior to Oct. 1, 2009, but we encourage you to review the analysis and talk with your account representative. If, after being placed on the CPP rate, you determine another rate is better for you, you may switch at anytime.

Additional Demand Response Updates

A recent CPUC decision establishes a cap on megawatts of existing interruptible programs, including the Time-of-Use Base Interruptible Program (TOU-BIP), Agricultural and Pumping Interruptible Program (AP-I) and the Summer Discount Plan (SDP), pending the outcome of future proceedings.

Because of this, any new TOU-BIP and AP-I agreements will be placed on a waiting list. SDP agreements will not be affected at this time. For details, contact your account representative.

Electricity Outlook Sessions

The Fall 2009 Electricity Outlook presentations will cover rate design changes coming in October 2009 and forecasted 2010 rates. The presentations run from 8 a.m. to 9:30 a.m., with continental breakfast beginning at 7:30 a.m.

The schedule includes sessions on Sept. 30 in Torrance, Oct. 8 in San Bernardino, Oct. 9 in Irwindale, Oct. 13 in Tulare, Oct. 14 in Costa Mesa and Oct. 16 in Oxnard. To register, contact your account representative or call 626.812.7537 or 800.336.2822 extension 42537.

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Understanding SCE's Rate Change Factors

Three main components factor into SCE's rates:

- **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.
- **General Rate Case (GRC):** A periodic regulatory proceeding in which the California Public Utilities Commission reviews utility costs (other than fuel or purchased power costs) and authorizes cost recovery for the next three years.
- **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.

Direct Access Undercollection Charge Gets Set to Zero

Effective Aug. 1, 2009, the Undercollection Charge (UC) component of the Direct Access Cost Responsibility Surcharge (DA CRS) will be set to zero for GS-2, TOU-GS-3 and TOU-8 direct access (DA) customers. These customers will receive a rate decrease of 1.839 cents per kWh, the current UC factor amount, and their DA CRS will no longer be capped at 2.7 cents per kWh.

Continuous DA customers (those participating in direct access from Feb. 1 to Sept. 20, 2001) will see no impact from this change because they do not pay the UC component.

COMMERCIAL SEGMENT FOCUS

Energy Savings Continue to Be in Store For 99 Ranch Market

During the last three years of investments into energy-efficiency programs and measures, eleven (11) 99 Ranch Market stores (Tawa Supermarket Inc.) earned more than \$92,000 in incentives from SCE, while saving about 1.5 million kilowatt-hours (kWh).

Since 2006, Southern California-area 99 Ranch Market stores also received credits of more than \$53,500 by participating in demand response programs, leading to combined demand savings of 2,400 kW per event.

Established in 1984, 99 Ranch Market now operates throughout California and other regions to meet consumers' desire for Asian food products. Senior VP, Administration Thomas Kao, Chief Financial Officer Alice Chen and Maintenance Administrator Julie Chen noted that the company would like to use its visibility to increase energy efficiency awareness in its industry.

"A lot of companies recognize our name, especially among grocery stores," Julie Chen said. "We would like to promote this idea for grocery stores and bring up the image to 'go green.'"

Efficient Equipment Upgrades

The energy-saving achievements of 99 Ranch Market stores offer an impressive example to follow. Using SCE's Standard Performance Contract and Express Efficiency Programs, the markets have retrofitted with T8 fixtures (from T12s), light-emitting diode (LED) exit signs, auto-closers for main cooler doors, more efficient refrigeration display cases, medium-temperature canopy lighting, etc.

As noted by Benjamin Tran in the Construction Department, for remodel projects and new stores, 99 Ranch Market selects equipment rated as ENERGY-STAR® or otherwise as efficient as possible. "We get calculations from manufacturers to purchase the most energy-efficient models, which are incorporated into our project design."

Peak Period Savings

On the demand response side, to reduce energy use during peak times and further lower electricity costs, 99 Ranch Market stores participate in the Summer Discount Plan, Demand Bidding Program and Time-of-Use Base Interruptible Program (TOU-BIP).



Eleven 99 Ranch Market stores (Tawa Supermarket Inc.), by investing in energy efficiency over the last three years, earned more than \$92,000 in incentives from SCE, while saving about 1.5 million kilowatt-hours.



Under TOU-BIP, customers commit to reducing at least 15% of their maximum demand (but no less than 100 kW) and select a Firm Service Level (FSL), meaning the amount of electricity determined necessary to meet operational requirements during a TOU-BIP event. When a state-initiated interruption event occurs, customers reduce their usage to their FSL within a specified timeframe. In return, they receive a monthly credit based on the difference between their average peak period demand for each month and their FSL. All participating 99 Ranch Market stores have selected 100 kW as their FSL.

Corporate and Community Partnerships

Looking ahead, all of the 99 Ranch Market stores in SCE's service territory—Alhambra, Arcadia, Artesia, Chino Hills, Gardena, Hacienda Heights, Irvine (two stores), Monterey Park, Rowland Heights and San Gabriel—will continue to work with SCE on energy savings and community support of efficiency initiatives.

Two years ago, SCE presented 99 Ranch Market with an award recognizing the Asian-owned business for its commitment to the success of other Asian-owned businesses and its contributions to the community. Keeping the commitment moving forward, this year the markets are participating in an SCE initiative called "Go Green" by providing boxes for customers to drop off used compact fluorescent lamps that SCE will recycle.

Tawa Supermarket noted the value of the relationship with SCE and account executive Rosie Garcia. "We have no problem finding Ms. Rosie Garcia whenever there are questions about our service," Chen said.

To learn more about how you also can benefit from SCE's wide array of energy management programs and services, contact your account representative or visit www.sce.com/b-rs/large-business/.