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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.

INDUSTRIAL SEGMENT FOCUS

CalPortland Cements Commitment to Energy Efficiency

One of the oldest companies in California is demonstrating significant energy-saving accomplishments and earning local, state and national awards with a 21st-century company-wide energy management program.

Glendora, Calif.-based CalPortland Company, incorporated in 1891, is a major manufacturer of cement, concrete, concrete products, aggregates and asphalt in the Western United States. To help reduce energy costs and support the environment, in 2003 the company worked with ENERGY STAR® to develop a customized strategic plan focused on energy issues.

"Since that time, energy management has become a core value in the company," said Director of Energy Services Steve Coppinger. "The program has saved millions of dollars, significantly reduced emissions and provided a sense of pride in our employees."

Potential Annual Savings of Up to \$2.4 Million

A key part of the program's success involves CalPortland's partnership with SCE. In 2007-08, CalPortland utilized SCE's Industrial Energy Efficiency Program (IEEP) to identify plant process improvements, with potential savings of up to 23.2 million kilowatt-hours (kWh) and \$2.4 million annually.

CalPortland also participates in SCE's Time-of-Use Base Interruptible Program to receive a monthly credit for committing to reduce load to a pre-determined level during state-initiated interruption events.

Overall, according to Coppinger, to date the company has qualified for more than \$2 million in incentives from SCE. "CalPortland has a great partnership with SCE," he explained. "We worked closely with SCE and our contractor, On Site Energy, to perform cost-shared plant-wide assessments at our Colton and Mojave Cement Plants. As a result, we identified over \$3.7 million in energy-saving opportunities."

He added, "We have implemented several of these projects. On Site assisted with rebate applications and project implementation through the IEEP. Our SCE account manager, Bob Kniss, was instrumental in coordinating these activities."

Award-Winning Accomplishments

To ensure it maximizes its energy savings, CalPortland's Corporate Energy Team holds bimonthly meetings at various manufacturing plants, and assigns 16 energy managers to all major plants and company divisions. The plants also encourage energy efficiency suggestions through the Total Productive Maintenance Idea Program, which rewards the best idea each month.



CalPortland Cement Company worked with SCE to identify process improvements leading to potential savings of up to 23.2 million kilowatt-hours at the Colton Cement Plant (shown here) and other local facilities.

Some of the company's additional energy and sustainability successes include:

- Adopting the ENERGY STAR® "Change a Light, Change the World" campaign—also supported by SCE—leading to pledges to replace more than 2,000 bulbs for savings of more than 576,000 kWh and \$57,600 in energy costs.
- Installing eight 3-megawatt wind generators at its Mojave Cement Plant, accounting for 35% of the plant's total electricity needs.
- Making aggressive greenhouse gas reduction commitments through the U.S. Environmental Protection Agency's Climate Leaders Program.
- Earning five consecutive national ENERGY STAR® awards and two California Flex Your Power awards, plus many other honors.

Moving forward, CalPortland is working on developing vendor agreements where vendors provide energy assessments and energy-efficient equipment, and in return CalPortland offers training to the vendors on improving the efficiency of their manufacturing processes.

Coppinger said that CalPortland's continuing commitment to energy management leadership does more than reduce energy costs and greenhouse gas emissions. "We have also created a lot of awareness for our employees. And, we have improved relations with our neighboring communities by doing the right thing and being environmental stewards."

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/.

Mark Your Calendars for Plastics Industry Symposium

Co-sponsored by SCE, "Surviving Turbulent Times: Executive Forum for the Plastics Industry," will take place on Wednesday, Oct. 28, 2009, from 7:30 a.m. to 4:30 p.m. at SCE's Customer Technology Application Center Energy Center in Irwindale. For details, and to register, visit www.socalspe.org/execforum/.