

August 24, 2004

Re: Southern California Edison Company Rate  
Application; A.04-08-008

To Whom It May Concern:

On August 2, 2004, Southern California Edison Company filed an application for a rate increase with the California Public Utilities Commission. The substance of the application is described in the enclosed notice that will be included as a bill insert to Edison's customers. If you wish to comment on, or obtain additional information concerning this matter, or wish a copy of the application and attachments, please write either to the Commission Public Advisor or to the Edison Consumer Affairs Department no later than September 1, 2004 at the address in the enclosed notice.

Robert B. Keeler  
Senior Attorney

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Enclosure(s)

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# **IMPORTANT INFORMATION ABOUT PROPOSED INCREASES IN ELECTRIC RATES**

In compliance with California Public Utilities Commission (CPUC) decisions, SCE filed its forecast 2005 Energy Resources Recovery Account (ERRA) Application with the CPUC on August 2, 2004. The application is referred to as A.04-08-008.

SCE is requesting three things in the application:

- (1) That the CPUC authorize SCE's forecast 2005 ERRA revenue requirement;
- (2) That SCE's 2005 ERRA revenue requirement be implemented at the same time as the 2005 Department of Water Resources (DWR) power charge revenue requirement (a main reason for SCE's requested ERRA proceeding rate increase is the expiration of a major DWR power contract); and
- (3) That all Commission-authorized revenue requirements be consolidated and that rate levels be set to recover those revenue requirements beginning January 1, 2005.

SCE's requested 2005 ERRA revenue requirement consists primarily of fuel and purchased power costs that will be recovered through SCE's Generation rate levels. The requested revenue requirement is \$2.891 billion, which reflects an increase of \$448 million above current rates. SCE is requesting this increase, because:

- (1) SCE expects to provide a greater portion of the energy needs of its bundled service customers in 2005, as a DWR power contract is expiring and SCE must replace the energy provided by that contract;
- (2) SCE must meet higher Commission-mandated capacity reserve requirements; and
- (3) SCE needs to adjust its ERRA balancing account component of rates to reflect the past under-recovery of costs and the mostly completed refund to customers of certain one-time credits.

The requested 2005 ERRA revenue requirement represents an increase of \$448 million or 4.8%, when compared to total system revenues at present rates (as of August, 2004). The following table shows an estimate of proposed revenues and rate changes by customer group.

ERRA PROCEEDING		
Customer Group	Revenue Change (\$ Million)	% Change
Domestic (Residential)	58	1.8%
Lighting -		
Small and Medium Power	246	6.7%
Large Power	131	6.7%
Agriculture and Pumping	12	4.3%
Street and Area Lighting	1	1.2%
<b>TOTAL</b>	<b>448</b>	<b>4.8%</b>

Taking into account the impact of the 2005 revenue requirement changes in this ERRA proceeding as well as other CPUC proceedings (including the estimated DWR power charge revenue requirement reduction), together with the impact of forecast changes in 2005 sales, SCE estimates that compared to revenue at present rates, total system revenues in 2005 will need to increase by \$98 million, or 1.1%.

ESTIMATED TOTAL SYSTEM		
Customer Group	Revenue Change (\$ Million)	% Change
Domestic (Residential)	(53)	-1.6%
Lighting -		
Small and Medium Power	113	3.1%
Large Power	45	2.3%
Agriculture and Pumping	(5)	-1.6%
Street and Area Lighting	(2)	-2.5%
<b>TOTAL</b>	<b>98</b>	<b>1.1%</b>

If SCE's consolidated rate change is approved as requested, an average residential customer using 675 kilowatt-hours of electricity per month in the summer would see a decrease of \$1.32 per month from \$86.55 to \$85.23.

**THE CPUC WELCOMES YOUR PARTICIPATION AND COMMENTS**

The CPUC will issue its decision after evidentiary hearings on SCE's request. At the hearings, SCE representatives, interested parties, and the CPUC's staff will present testimony. The CPUC staff, engineers, accountants, economists, attorneys and other professionals independently evaluate utility rate increase proposals and present their analyses and recommendations to the CPUC at evidentiary hearings. The rates approved may differ from those SCE requests.

If you need advice on how to participate or wish to make comments to the CPUC, please write to:

The Public Advisor  
California Public Utilities Commission  
320 West Fourth Street, Suite 500  
Los Angeles, CA 90013  
[public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov)

Please state in your letter that you would like a response; otherwise, no reply will be sent. The Public Advisor will give your letter to the Commissioners and it will become part of the formal file. Please mention Application No. 04-08-008.

**FOR MORE INFORMATION REGARDING THIS APPLICATION**

Customers with internet access may view and download SCE's application and the papers supporting it on SCE's web site, [www.sce.com](http://www.sce.com). Anyone wishing to obtain more information about the application, please write to:

Southern California Edison  
P.O. Box 800  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Attention: Case Administration

Para solicitar una copia de esta notification en espanol por favor escriba a:

Southern California Edison  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
a la atención de Corporate Communications  
o por medio de correo  
electrónico a [Jo.Piantedosi@sce.com](mailto:Jo.Piantedosi@sce.com)