



SOUTHERN CALIFORNIA
EDISON[®]

An *EDISON INTERNATIONAL*[®] Company

IMPORTANT INFORMATION ABOUT PROPOSED RATE INCREASE

Application A. 04-12-014

On December 21, 2004, SOUTHERN CALIFORNIA EDISON COMPANY (SCE) filed a General Rate Case (GRC) Application with the California Public Utilities Commission (Commission). In this application, SCE asks for authority to collect base rate (non-fuel) revenues of \$4.06 billion, effective January 1, 2006. Base rate revenues pay for all of SCE's operation and maintenance expenses (excluding fuel costs and purchased power), as well as depreciation expense, income and other taxes, and to provide a return on invested capital.

If approved by the Commission, this request would result in a \$370 million or 3.94 percent increase over currently authorized total revenues (10.04 percent increase in base rate revenues). This increase includes a one-time refund of a revenue overcollection. Without this refund, the 2006 increase would have been \$510 million. In addition to the proposed 2006 revenue change, SCE's application also proposes an estimated base rate revenue increase of \$159 million in 2007 and a \$122 million increase in 2008. The actual increase in 2007 and 2008 will be determined by the Commission prior to the beginning of each year. SCE is making this request now because the Commission requires utilities to file a GRC Application one year before the effective date of the revenue change. As part of its decision-making process, the Commission is interested in your comments on any aspect of the company's operations, including proposed rates, service quality or any other issue of concern.

The key reasons identified by SCE for its proposed increase are:

1. The need to build facilities for new customers and to reinforce the electric grid to accommodate load growth.
2. To make substantial capital investments to replace aging distribution infrastructure and business systems.
3. To address the need to meet the growing deficit in SCE's depreciation reserve.
- 4 To perform required system inspection and maintenance on a stepped-up basis.

Estimated Impact Of This Request

If the Commission chooses to allocate this proposed increase in 2006 revenues on an equal percentage to all customer classes, the impact on each customer group would be as shown in Table 1, below:

TABLE 1

Estimated Impact of This Request on Customer Rates

Customer Group	\$ Million	Increase Over Current Base Rates - %	Increase Over Total Current Rates - %
Residential	147.2	10.3%	4.5%
Lighting - Small & Medium Power	135.8	10.2%	3.6%
Large Power	74.2	10.1%	3.9%
Agricultural & Pumping	11.0	10.2%	3.5%
Street & Area Lighting	1.7	2.8%	1.8%
Total	370.0	10.1%	3.9%

Evidentiary Hearings on SCE's Request

The Commission will conduct evidentiary hearings on SCE's request. Evidentiary hearings are conducted before a Commission Administrative Law Judge, who may be joined by one or more of the Commissioners. At the evidentiary hearings, sworn testimony is heard from SCE representatives, interested parties, and the Commission's independent Office of Ratepayer Advocates (ORA). The ORA employees include engineers, accountants, economists, attorneys, and other regulatory professionals. They independently evaluate utility proposals and present their analyses and recommendations to the Commission. In its final decision, the Commission can accept, reject, or modify the recommendations of any of the parties. Therefore, the approved rates or the adopted ratemaking mechanisms may differ from those requested.

The Commission Welcomes Your Participation and Comments

If you want advice on how to participate in these hearings, or wish to make comments to the Commission, please write to:

The Public Advisor's Office
California Public Utilities Commission
320 West Fourth Street, Suite 500
Los Angeles, CA 90013
E-Mail: Public.advisor.la@cpuc.ca.gov

Your letter will be sent to the Administrative Law Judge, Commissioners, and other appropriate Commission staff and become part of the formal correspondence file for Application No. 04-12-014. If you have questions or need further information, please indicate that you would like a response; otherwise no reply will be sent. When writing, please mention Application No. 04-12-014. If you wish further information from SCE regarding this Application, or to request a copy of the application and attachments, please write to:

Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attention: Russell G. Worden
General Rate Case Project Manager

For Further Information

In addition to contacting the CPUC at the address listed above, if you want more information about Application 04-12-014 please go to SCE's Web site at sce.com or write to: SCE, Corporate Communications, P.O. Box 800, Rosemead, CA 91770. You may review a copy of this Application and related exhibits at SCE's corporate headquarters (2244 Walnut Grove Avenue, Rosemead, CA 91770), at the Los Angeles office of the CPUC at the address shown above, or at any SCE's business office listed below:

30553 Rimrock Rd., Barstow, CA 92311

374 Lagoon St., Bishop, CA 93514

505 W. 14th Ave., Blythe, CA 92225

1 Pebbly Beach Rd., Avalon, CA 90704

3001 Chateau Rd., Mammoth Lakes, CA 93546

510 S. China Lake Blvd., Ridgecrest, CA 93555

26364 Pine Ave., Rimforest, CA 92378

41694 Dinkey Creek Rd., Shaver Lake, CA 93664

421 W. J St., Tehachapi, CA 93561

120 Woodland Dr., Wofford Heights, CA 93285

6999 Old Woman Springs Rd., Yucca Valley, CA 92284

Para solicitar una copia de esta notificación en español por favor escriba a

Southern California Edison
2244 Walnut Grove Avenue, Quad 4A
Rosemead, CA 91770

a la atención de Corporate Communications