



**SCE Advice Letters** – SCE submits its annual year end consolidated electric revenue and January 1 rate change advice letters (ALs) in accordance with Resolution E-5217. SCE’s preliminary and final ALs provided information on the implementation of new electric rates and their associated tariffs from previously authorized decisions, resolutions, and advice letters, most significantly the recent Energy Resource Recovery Account (ERRA) Forecast Proceeding decision for SCE, issued in December 2022. The changes set forth in these ALs will result in an electric rate and bill increase beginning on January 1, 2023.

**Estimated Bill Impacts of All Requested Electric Rate Changes Effective January 1, 2023:**

Estimated Electric Bill Impacts <sup>1</sup>	SCE as of January 1, 2023
➤ Average Residential Non-CARE electric bill	\$175.39
➤ Average Residential Non-CARE electric bill increase	\$11.80 (7.21%)
➤ Average Residential CARE <sup>2</sup> electric bill	\$114.94
➤ Average Residential CARE electric bill increase	\$8.35 (7.84%)

Below are the primary drivers of SCE’s January 1, 2023 electric rate changes, which involve a revenue increase for its electric utility operations and capital investments. This rate/bill increase is mostly attributable to changes authorized in SCE’s ERRA Forecast Decision and approvals from the August 2021 General Rate Case (GRC) decision going into rates.

- ✚ The primary drivers of the January 1<sup>st</sup> rate increase are:
  - The ERRA Forecast Decision 22-12-012
    - The combined effect of increases in forecast 2023 fuel and purchased power costs and recovery in the ERRA (all of which are pass-through costs for which the utility receives no profit) contributed to a majority of the increase.
    - Approximately \$4.85 (or 4.6%) of SCE’s Residential CARE customers’ bill impact is attributed to the 2023 ERRA revenue increase with an equivalent impact of \$7.25 (or 4.4%) to SCE’s Non-CARE Residential customers’ bill.
  - 2021 GRC Decision 21-08-036
    - The Commission authorized spending of \$7.792 billion in 2023 for:

<sup>1</sup> Based on a “typical” residential bundled customer using, on average, 500 kilowatt-hours per month.

<sup>2</sup> The California Alternate Rates for Energy (CARE) program provides discounts to qualifying low-income residents on their utility bills.



- Continuing safety and compliance programs to mitigate wildfire risks, including enhanced vegetation management, system hardening, and enhanced operational practices;
- Modernizing and maintaining safe and reliable distribution and transmission grids; and
- Purchasing up to \$1 billion of liability insurance for wildfire-related claims.
- Approximately \$3.68 (or 3.5%) of SCE's Residential CARE customers' bill impact and \$5.39 (or 3.3%) of SCE's Non-CARE Residential customers' bill impact are the result of the 2021 GRC approval.
- Recovery of Customer Service Re-Platform (CSRP) Project Costs Decision 22-09-015
  - SCE is replacing its billing system to enhance customer service functions
  - Approximately \$1.37 (or 1.3%) of SCE's Residential CARE customers' bill impact is attributed to CSRP Project costs with an equivalent impact of \$2.01 (or 1.2%) to SCE's Non-CARE Residential customers' bill.
- ✚ In addition to the increases noted above, updating regulatory account balances, implementation of authorized programs (Public Purposes, Energy Efficiency, Charge Ready, etc.) with some at 2022 levels, and bond charge recovery reduced some program costs. The combined effect of these reductions resulted in decreases of 1.45% for CARE Residential customers and 1.7% for Non-CARE Residential customers and are incorporated into the overall rate/bill impacts detailed in the table above.