



California Public Utilities Commission



Fact Sheet

Southern California Edison Company: 2022 Electric Rates

March 29, 2022

The **California Public Utilities Commission (CPUC)** regulates electric and gas rates and services of the state's investor-owned utilities (IOUs). This fact sheet provides information on the 2022 electric rates of Southern California Edison Company (SCE).

Electric Rates

A typical residential SCE electric bill is comprised of three components:

1. **Procurement Costs** (cost of electricity): 40% of costs
2. **Transmission & Distribution:** 50% of costs
3. **Public Purpose Surcharge & Other:** 10% of costs

SCE annually submits its Consolidated Revenue Requirement and Rate Change Advice Letter (i.e., action request) implementing new electric rates from previously authorized CPUC Decisions, Resolutions, and [Advice Letters](#). In August 2021, SCE submitted Advice Letter 4651-E with consolidated electric rate changes, which resulted in rate and bill impacts beginning on January 1, 2022. Additional rate changes went into effect on March 1, 2022, for new consolidated electric rate changes submitted in February 2022 in Advice Letter 4719-E.

SCE Electric Rate Increase Effective on January 1, 2022

The primary drivers of SCE's January 1, 2022, electric rate increase include -

1. **Electric Transmission:**
 - a. \$238 million increase for electric transmission costs, as authorized by the Federal Energy Regulatory Commission (FERC).
2. **Public Purpose Surcharge & Other:**
 - a. \$385 million increase for 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, as authorized by [D.21-08-036](#).

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SCE Electric Rate Increase Starting March 1, 2022

The primary drivers of SCE’s March 1, 2022, electric rate increase include -

1. Procurement Costs:

- o \$125 million decrease for 2022 forecast electric fuel and purchased power costs and clean energy programs in the annual Energy Resource Recovery Account (ERRA) proceeding, as authorized by [D.22-01-003](#).
 - i. Despite the decrease in requested revenue, changes in ERRA will nevertheless result in a rate increase largely due to the departure of customers to other electric providers.
- o \$85 million increase for Emergency Reliability Utility-Owned Energy Storage procurement.

2. 2021 General Rate Case (GRC) Operations & Maintenance Expenses and 2020 Uncollectibles

- o \$161 million increase for 2021 GRC Operations & Maintenance wildfire mitigation expenses (\$135 million) and 2020 COVID-related residential customer uncollectibles (\$26 million), as authorized by [D.21-10-025](#).

Estimated Electric Bill Impacts	SCE as of January 1, 2022	SCE as of March 1, 2022
Average Residential Non-CARE electric bill	\$148.34	\$159.62
Average Residential Non-CARE electric bill increase	\$3.99 (2.8%)	\$11.48 (7.7%)
Average Residential CARE electric bill	\$96.60	\$103.95
Average Residential CARE electric bill increase	\$2.74 (2.9%)	\$7.35 (7.6%)

***Note:** SCE customers will receive a \$59.00 climate credit on their April and October 2022 electric bills.

Background – Electric Costs & Rates

The CPUC reviews and approves electric IOU costs and revenues through a variety of the public decision-making process. The most notable processes include the [Energy Resource and Recovery Account](#) (ERRA) and the [General Rate Case](#) (GRC) proceedings. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The electric IOUs do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the electric IOU gives money back to customers, and vice versa. GRC proceedings are used to address the costs of operating and maintaining the electric system and the allocation of those costs among customer classes. For California’s electric IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the electric IOU is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class.

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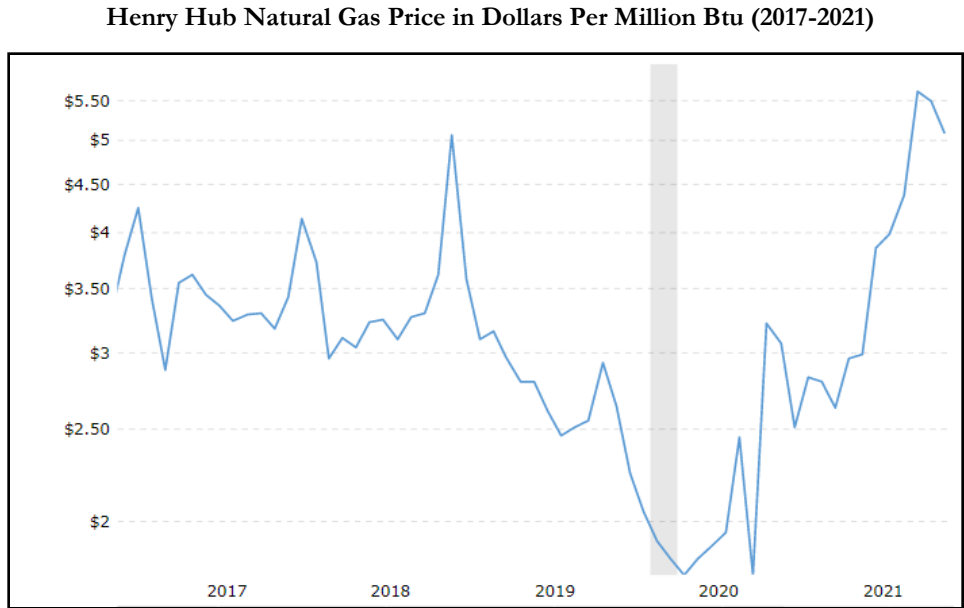
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Additional Information

Fossil Natural Gas Price Increases

Fossil natural gas supply is a global commodity and perhaps more so than ever with the massive increase in liquified natural gas (LNG) import and export terminals at ports around the world and including in the United States. Fossil natural gas costs declined in 2020 due to the massive decrease in demand brought on by the COVID-19 pandemic. It took time for fossil natural gas supplies to ramp down to align with this lower demand. However, there was a massive spike in demand for fossil natural gas in 2021 as pandemic related economic conditions improved. Contributing price factors include –



Graph Source: [Natural Gas Prices - Historical Chart | MacroTrends](#)

- i. Fossil natural gas supply has not caught up with rising demand (i.e., production and storage are largely low nationally).
- ii. Cold weather hit the eastern United States in early January 2022, pulling supply to the east.
- iii. In Southern California, an outage on the El Paso gas transmission pipeline has made prices more volatile on days when fossil natural gas supplies are tight.

To illustrate fossil gas wholesale market prices, between 2020 and 2021 Henry Hub (i.e., a major pipeline pricing point) fossil natural gas prices increased by 79%, 219% and 75% for the months of August, September, and October, respectively. The wholesale price of fossil natural gas drives California’s natural gas price trends and rates. Natural gas provides fuel for approximately 15% of SCE’s electric generation facilities. In 2020, natural gas-fired electric generators constituted 37% of California’s electricity mix.

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Low-Income Energy Management & Bill Assistance Programs

1. **California Alternate Rates for Energy (CARE)** – This program offers a 30-35% discount on electric bills and a 20% discount on gas bills. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy>
2. **Family Electric Rate Assistance (FERA)** – This program offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program>
3. **Energy Savings Assistance (ESA)** – This program provides no-cost weatherization services to customers who meet the CARE income limits. Services include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs which reduce air infiltration. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>
4. **Low-Income Home Energy Assistance Program (LIHEAP)** – This program provides weatherization services and cash to help low-income customers pay their bills. LIHEAP can offer a one-time payment to help customers pay heating or cooling bills or in an emergency, such as a utility disconnection. LIHEAP can also provide in-home weatherization services for improved energy efficiency, and health and safety. More information - <https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx>
5. **Emergency Assistance Programs** - Some gas and electric IOUs offer cash assistance and special payment plans to consumers facing financial hardship. Programs vary based on electric and gas IOU. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/utility-company-emergency-assistance>

Customer Energy Management Programs

In addition to the low-income energy programs outlined above, the CPUC oversees dozens of customer programs offered in the electric and gas IOU territories by providers. These programs are aimed at reducing electric and gas bill costs, greenhouse gas emissions and criteria air pollution, while improving electric and gas service reliability and resiliency. More information about these programs can be found at the link below. However, customers should contact their local electric and gas IOU and/or their community choice aggregator for a comprehensive suite of customer energy management program offerings that may include direct incentives, low-cost financing and other opportunities. More information - <https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency>

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