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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and Reset the Annual Cost of Capital Adjustment Mechanism	A.25-03-XXX

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR AUTHORITY TO ESTABLISH ITS AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR 2026 AND RESET THE ANNUAL COST OF CAPITAL ADJUSTMENT MECHANISM

REBECCA FURMAN
AINSLEY CARRENO
ELLEN KENNEY

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3475
E-mail: Rebecca.Furman@sce.com

Dated: **March 20, 2025**

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR AUTHORITY TO ESTABLISH ITS AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR 2026 AND RESET THE ANNUAL COST OF CAPITAL ADJUSTMENT MECHANISM

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Pursuant to the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and applicable Commission decisions, Southern California Edison Company (SCE) hereby files an application (the Application) for authority to establish its authorized cost of capital for utility operations in 2026, authorize a compensatory rate for carrying costs on future balancing and memorandum accounts amortized over more than 12 months, and reset the annual Cost of Capital Mechanism (CCM).

In this Application, SCE requests that the Commission find reasonable and authorize for SCE:

- A capital structure of 52 percent common equity, 43 percent long-term debt, and 5 percent preferred equity for 2026, consistent with its current capital structure;
- A return on common equity (ROE) of 11.75 percent, assuming the capital structure above;
- An embedded cost of long-term debt of 4.75 percent for 2026;
- An embedded cost of preferred equity of 6.95 percent for 2026;

- Based on the preceding capital structure and cost factors, a weighted average return on rate base of 8.5 percent for 2026;
- Carrying costs at the weighted average cost of capital (WACC) on future memorandum and balancing accounts amortized over more than 12 months; and
- The continuation of the CCM for a three-year term (including 2026) so that SCE's next cost of capital application is scheduled to file in early 2028 for test year 2029.

An authorized return on rate base of 8.5 percent and authorized ROE of 11.75 percent will enable SCE to attract capital to meet its core obligations to provide safe, reliable, and resilient electric service for customers and ready the grid to support the widespread electrification needed to meet the State's carbon neutrality goals. SCE will also continue to evaluate the cost effectiveness of its investments, subject to Commission review in the General Rate Case (GRC) and other proceedings, to support affordable, safe, reliable, and clean energy for its customers.

SCE's requests are amply supported by testimony submitted with this Application. Specifically, SCE's witness Dr. Bente Villadsen, Principal of The Brattle Group, performed a technical analysis and calculated an ROE range for a group of proxy utilities, utilizing the same models considered by the Commission in the 2023 cost of capital proceeding, between 9.75 and 11.75 percent (rounding to the nearest quarter of a percent). Within this calculated range, Dr. Villadsen considers SCE-specific business risks and recommends a reasonable ROE range of 10.75 to 11.75 percent for SCE. Dr. Villadsen further finds that an ROE at the top of that range—i.e., 11.75 percent—is reasonable given SCE's elevated business risks as compared to its utility peers, including, among others, the risk of extreme wildfires, elevated arrearages, and certain elements of the California regulatory environment that result in delayed recovery of a significant portion of SCE's revenue recorded in long-standing memorandum and balancing accounts.

The January 2025 wildfires in the Los Angeles area, including the Eaton fire, served as a tragic reminder of the ongoing and increasing risk of catastrophic wildfires in California. Before any determination of cause, the market's reaction to these fires was swift and substantial—not only for SCE, whose parent company Edison International (EIX) saw its stock price fall 16 percent in the immediate aftermath of the ignitions[1]—but also for Pacific Gas & Electric Company (PG&E) and Sempra, even though the fires did not ignite in PG&E or San Diego Gas & Electric Company's service area. The market therefore seemingly reacted not only to any assumptions about liability, but also to the reminder that catastrophic wildfires are an ongoing threat and are increasing in size and destructiveness. The investment community has also expressed its concern that the Wildfire Fund created by Assembly Bill (AB) 1054, while constructive, could be materially impacted with no mechanism for replenishment. These concerns led S&P to revise SCE's credit outlook from "Stable" to "Negative" in February 2025. SCE's expert witnesses Frank Graves and Robert Mudge, Principals of the Brattle Group, explain that Dr. Villadsen's ROE modeling does not and would not be expected to reflect asymmetric risk (i.e., risk with downside and no corresponding upside) such as wildfire, and so does not capture the impact of wildfire risk on SCE's cost of capital. Moreover, SCE's expert Dr. Anthony LeRoy Westerling, Professor and Department Chair of the Department of Management of Complex Systems at the University of California, Merced, concludes that wildfire risk in California is only increasing given the impacts of climate change.

While Wildfire Fund durability and long-term risk reduction require comprehensive legislative and regulatory solutions and cannot be mitigated through the cost of capital alone, wildfire risk must be considered in this proceeding to appropriately incentivize investment in California utilities. SCE's requested cost of capital is therefore reasonable and necessary to enable SCE to attract capital for investments needed for wildfire mitigation and supporting California's clean energy transition.

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[1] Based on closing share price data from January 7-10, 2025.

I.

PROCEDURAL BACKGROUND

SCE last filed an application for authority to establish its authorized cost of capital on April 20, 2022, for test year 2023. On December 19, 2022, the Commission issued D.22-12-031, which established SCE's 2023 cost of capital subject to the CCM. In that decision, the Commission also opened a second phase of the proceeding (Phase 2) to consider potential changes to the CCM and other policy issues related to future cost of capital proceedings.[2]

Given significant interest rate movement between October 2022 and September 2023, the CCM triggered in September 2023, resulting in an upward adjustment of SCE's ROE and resetting SCE's cost of long-term debt and preferred equity for 2024.[3] Subsequently, on October 22, 2024, the Commission issued a decision in Phase 2 that changed the CCM's adjustment ratio from 50 percent to 20 percent and applied the change to the 2024 operation of the CCM, effective January 1, 2025.[4] That decision resulted in a downward adjustment to SCE's ROE to 10.33 percent for 2025.[5] SCE also reset its cost of long-term debt and preferred equity for 2025 as permitted by the Phase 2 decision.[6]

The Phase 2 decision also adopted a new filing deadline of March 20 for future cost of capital applications, and established a filing deadline of March 20, 2025, for test year 2026.[7]

II.

LEGAL STANDARD

The legal standard governing SCE's cost of capital application is set forth in the U.S. Supreme Court's decisions in two seminal cases, *Hope* and *Bluefield*. In *Bluefield*, the Court

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[2] D.22-12-031, p. 43.
[3] SCE Advice 5120-E; Resolution E-5306 (July 11, 2024) (approving Energy Division disposition approving SCE Advice 5120-E).
[4] D.24-10-008, pp. 26, 28-29.
[5] D.24-10-008, Ordering Paragraph (OP) 3.
[6] SCE Advice 5406-E.
[7] D.24-10-008, p. 7, OP 1.

established that a public utility is entitled to earn a return "equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding[] risks and uncertainties . . . ."[8] Moreover, the return should "be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit . . . ."[9] *Bluefield* also provides the rate of return should enable a utility "to raise the money necessary for the proper discharge of its public duties."[10] The Court in *Hope* reinforced this standard, and further emphasized that "[f]rom the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business," which include "service on the debt and dividends on the stock."[11]

In applying these standards, the Commission "attempt[s] to set the return on equity (ROE) at a level of return commensurate with market returns on investments having corresponding risks and adequate to enable a utility to attract investors to finance the replacement and expansion of a utility's facilities to fulfill its public utility service obligation."[12] The Commission has also recognized that because "cost of capital proceedings do not set the utilities' approved rate base," they "are ill suited to more targeted consideration on the affordability of specific expenditures and investments."[13] Rather, cost of capital proceedings seek to authorize a reasonable ROE in accordance with *Hope* and *Bluefield*, and "[c]onsiderations of affordability beyond the *Hope* and *Bluefield* standards risk undermining them."[14]

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[8] *Bluefield Waterworks & Improvement Co. v. Pub. Serv. Comm'n of W. Va.,* 262 U.S. 679, 692 (1923).

[9] *Bluefield Waterworks & Improvement Co.*, 262 U.S. at 693.

[10] *Bluefield Waterworks & Improvement Co.*, 262 U.S. at 693.

[11] *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).; *see also SFPP, L.P. v. Pub. Util. Comm'n*, 217 Cal. App. 4th 784, 790 (2013) ("The basic principle [of ratemaking] is to establish a rate which will permit the utility to recover its cost and expenses *plus* a reasonable return on the value of property devoted to public use.") (quoting *S. Cal. Gas Co. v. Pub. Util. Comm'n*, 23 Cal. 3d 470, 476 (1979)).

[12] D.22-12-031, p. 15.

[13] D.24-10-008, p. 30.

[14] D.24-10-008, p. 30.

III.

SCE'S REQUESTED COST OF CAPITAL FOR 2026

SCE requests Commission authorization of the following capital structure, costs of long-term debt and preferred equity, and return on common equity, to become effective January 1, 2026:

2026 Recommended Cost of Capital for SCE			
Component	**Percentage**	**Cost**	**Weighted Cost**
Long-Term Debt	43.0%	4.75%	2.04%
Preferred Equity	5.0%	6.95%	0.35%
Common Equity	52.0%	11.75%	6.11%
Total	**100.0%**		**8.50%**

The total weighted cost reflects SCE's proposed authorized return on rate base or its "rate of return." This proposed rate of return is based on SCE's assessment of each cost of capital component on an integrated basis.

SCE's credit quality and its cost of capital are shaped by its market risks (as measured by beta) and by the unique and ongoing risks it faces. Wildfires present a growing and year-round risk for California due to extreme heat, severe drought, high winds, increased population density, and growing development in the wildland-urban interface.[15] The catastrophic wildfires in Los Angeles that ignited on January 7, 2025, serve as a stark reminder of this risk for communities in SCE's service area and across California. With input from the Commission and other stakeholders, SCE has undertaken significant and industry-leading efforts to harden its system, resulting in a significant reduction in the probability of losses from catastrophic wildfires associated with its equipment. However, given climate change, the need to ensure electricity

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[15] *See* Exhibit SCE-01, *Testimony of Various Southern California Edison Witnesses Supporting Southern California Edison's Application for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and Reset the Annual Cost of Capital Adjustment Mechanism* [hereinafter "SCE-01"], Section III.D.1; Exhibit SCE-04, *Testimony of Dr. Anthony LeRoy Westerling on the Impact of Climate Change on Wildfire Risk* [hereinafter "SCE-04"].

rates remain affordable, and the reality of operating a complex operating system across a varied terrain, SCE is unable to completely mitigate against the risk of ignition. SCE's expert Dr. Westerling provides additional context on the impact of climate change on wildfire risk, and how the risk, magnitude, and impact of wildfires has and is expected to increase. That reality—combined with California courts' application of the doctrine of inverse condemnation, which holds utilities strictly liable for certain damages caused by an ignition associated with their equipment, even in the absence of negligence or wrongdoing and even if such costs are not ultimately recoverable in rates—creates the potential for SCE to be found liable for damages in the event of a catastrophic wildfire associated with its infrastructure.

In recognition of this risk, the California Legislature passed Assembly Bill (AB) 1054 which, among other important measures, created an approximately $21 billion Wildfire Fund and capped the utilities' repayment obligation in the event a utility is found to have been imprudent at 20 percent of the utility's transmission and distribution equity rate base. AB 1054 is an important and credit supportive measure. However, even though the investigation into the cause of the wildfires is not yet complete, the investment community has expressed concern that the Wildfire Fund could be materially impacted, rendering certain of its protections, such as the cap on fund repayment, inadequate. Indeed, following the ignition of these fires, one credit rating agency (S&P) has revised SCE and EIX's credit outlook from "Stable" to "Negative."[16] While fund durability and long-term risk reduction require comprehensive legislative and regulatory solutions and cannot be mitigated through the cost of capital alone, wildfire risk must be considered in this proceeding to appropriately incentivize investment in California utilities.

SCE faces other business and regulatory risks that render it higher risk than electric utility peers outside of California, including risks related to implementing California's ambitious clean energy goals.[17] California's pursuit of economy-wide carbon neutrality by 2045 with a heavy

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[16] *Edison International And Subsidiary SoCalEdison Outlooks Revised To Negative From Stable On Potential Risk For Wildfire Fund Depletion: Ratings Affirmed*, S&P Global Ratings (Feb. 3, 2025).

[17] SCE-01, Section III.D.2.

emphasis on transportation and building electrification will require significant utility capital investment and attendant cost recovery risks.[18] Indeed, with long lead times for constructing critical facilities like new substations, SCE must proactively invest in California's electrified future *now*, rather than waiting to meet new customer demand when and where it appears.

SCE's cost of capital is also impacted by the investment community's evaluation of the California regulatory environment and related cash flow risks. As of the end of 2024, 43 percent of SCE's revenue was subject to balancing or memorandum accounts. While such accounts help mitigate SCE's operational risks, they also create significant cash flow deferrals, which are exacerbated when cost recovery timelines are extended.[19] SCE also faces a significant cash flow constraint due to exponential growth in arrearages in the years since the COVID-19 pandemic emergency. Due to the disconnection moratorium, as well as SCE's scope of collection activities, SCE's arrearages outstanding for more than 30 days remain more than 800 percent of pre-COVID levels. While COVID-related disconnect moratoriums have ended, target disconnection rates and limits on disconnections for customers with payment plans are impacting SCE's efforts to reduce its arrearages moving forward.[20]

SCE engaged Dr. Villadsen to run several predictive models to determine a reasonable ROE for SCE. Relying on these models, Dr. Villadsen calculated an ROE range for a proxy group of electric utilities of 9.75 percent to 11.75 percent (rounded to the nearest quarter of a percent).[21] After considering SCE-specific business risks, which Dr. Villadsen notes makes it riskier than the peer group, Dr. Villadsen recommends a reasonable ROE range of 10.75 to 11.75 percent for SCE, and finds that an ROE at the top of that range is reasonable for SCE.

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[18] SCE-01, Section III.D.2.
[19] SCE-01, Section III.D.3.
[20] SCE-01, Section III.D.4.
[21] Exhibit SCE-02, *Testimony of Dr. Bente Villadsen on SCE's Return on Equity.*

As Dr. Villadsen recognizes, and as supported by the testimony of Mr. Graves and Mr. Mudge, her financial modeling—which is based on a proxy group of electric utilities that does not include EIX or PG&E—does not reflect wildfire risk. Mr. Graves and Mr. Mudge further explain that wildfire risk significantly impacts SCE's financial health yet is not captured by traditional ROE modeling, and therefore warrants at least an ROE at the top of the recommended range.[22] SCE therefore requests an authorized ROE of 11.75 percent and that the ROE remain in effect for the three-year cost of capital period, subject to the CCM and its updated benchmark.

SCE proposes to maintain its authorized level of common equity at 52 percent, long-term debt at 43 percent, and preferred equity at 5 percent of total capitalization in the 2026 test year. Maintaining this capital structure will help SCE to maintain investment grade credit ratings, ultimately allowing SCE access to capital markets and avoiding increased borrowing costs.[23] In this cost of capital cycle, and consistent with the Commission's grant of financing authority,[24] SCE plans to issue hybrid securities, such as Junior Subordinated Notes, which are equivalent to preferred equity for capital structure purposes. In addition, to the extent that SCE's preferred equity falls below the capital structure level authorized in this proceeding, SCE would increase its actual common equity and long-term debt to achieve the equivalent equity and debt treatment of the preferred level in its authorized capital structure.

Assuming SCE's proposed capital structure, an embedded cost of long-term debt of 4.75 percent, preferred equity of 6.95 percent, and common equity of 11.75 percent, SCE seeks a return on rate base of 8.50 percent.

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[22] SCE-03, *Testimony of Frank C. Graves and Robert S. Mudge on SCE's Wildfire Risk.*
[23] *See* SCE-01, Section IV.
[24] D.23-11-060, pp. 10-11, 23

IV.

PROPOSED RATE FOR CARRYING COSTS ON BALANCING AND MEMORANDUM ACCOUNTS AMORTIZED OVER MORE THAN 12 MONTHS

SCE proposes that future balancing and memorandum accounts amortized over more than 12 months accrue carrying charges at SCE's WACC. This treatment would apply to any future accounts amortized over more than 12 months.

Typically, the Commission allows SCE to recover costs deemed just and reasonable over a 12-month amortization period. However, the Commission has in some cases sought to "rate smooth" using extended amortization periods. First, in its decision on Track 1 of SCE's GRC, the Commission ordered that the incremental revenue increase that had accrued from January 1, 2021 through September 30, 2021 be amortized over a twenty-seven-month period.[25] Second, in D.21-10-025, the Commission denied SCE's request to securitize wildfire operations and maintenance (O&M) and bad debt uncollectible expenses, concluding that securitization would cost customers more than the short-term commercial paper rate. Nonetheless, the Commission ordered SCE to submit an advice letter for recovery of the amounts "using a baseline amortization of 36 months."[26] In its comments on the proposed decision, SCE noted that the commercial paper rate would be noncompensatory given the 36-month amortization period and, at a minimum, asked that it be permitted to exclude the unamortized portion of O&M and uncollectible expenses financed with long-term debt from its authorized capital structure.[27] The Commission declined that request, but noted that SCE could raise the issue in its cost of capital proceeding.[28]

Accordingly, in its 2023 cost of capital application, SCE sought Commission authorization to accrue carrying charges for balances recovered over more than 12 months at the

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[25] D.21-08-036, p. 2.
[26] D.21-10-025, OP 56.
[27] A.21-06-016, SCE's Comments on Financing Order (Oct. 11, 2021), pp. 10, 14.
[28] D.21-10-025, p. 68, n. 102.

WACC as opposed to the short-term commercial paper rate. The Commission declined to authorize SCE's proposal, reasoning that "[t]he lower risk profile of balancing and memorandum accounts warrant lower commensurate carrying charges, and the commercial paper rate continues to be appropriate and reasonable."[29] This reasoning, however, does not align with the generally accepted financial principle that an asset should match the *duration* of the liability. As stated in SCE's 2023 cost of capital application, SCE does not have unlimited access to commercial paper. The Commission provides SCE authority for a maximum amount of permissible short-term debt, which it defines as "debt that has a maturity date of less than one year at the time of issuance."[30] Access to commercial paper is also constrained by market capacity. SCE's corporate credit facility, which provides alternative short-term liquidity to commercial paper, is not sized to finance long-term amortization of previously incurred and approved costs. Accordingly, for accounts amortized over more than 12 months, SCE uses longer-term financing consistent with the capital structure authorized by the Commission. Once assets are no longer "short-term," they are generally financed based on the perceived risk level of the entire enterprise, not the specific account at issue. Accordingly, and contrary to the Commission's reasoning for rejecting SCE's proposal, the risk profile of memorandum and balancing accounts is of no import to the associated financing costs.

SCE is therefore again seeking approval of this request to ensure that SCE is made whole for financing amounts authorized for recovery over an extended period. The WACC is the appropriate rate for these long-term accounts because SCE must maintain its long-term capital structure at the balance authorized by the Commission, which requires it to accomplish long-term financing with debt and equity capital. At the existing commercial paper rate, long amortization periods impose higher financing costs on SCE while burdening its balance sheet and credit

[29] D.22-12-031, p. 42.
[30] D.21-02-015, p. 3, n. 1.

metrics without a commensurate rate of return. This disconnect with the cost-of-service model increases risk, which would ultimately result in higher customer rates.

V.

PROPOSAL TO RESET THE CCM

SCE proposes to reset the CCM for a three-year term (including 2026), so that SCE's next cost of capital application will be filed in March 2028 for 2029. SCE's issuer credit rating from S&P's is BBB and from Moody's is Baa1. Therefore, SCE proposes to continue to utilize the Moody's Baa long-term utility bond yield index for its CCM and to reset the CCM benchmark to the average of the twelve monthly averages of the yield of the Moody's Baa utility bond index for the period from October 2024 through September 2025.

VI.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Procedural Authority

Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below.

The relief being sought is summarized above in Sections III, IV, and V and is further described in the testimony, preliminarily identified as follows:

- Exhibit SCE-01, entitled *Testimony of Various Southern California Edison Witnesses Supporting Southern California Edison's Application for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and Reset the Annual Cost of Capital Adjustment Mechanism.*
- Exhibit SCE-02, entitled *Testimony of Dr. Bente Villadsen on SCE's Return on Equity.*

- Exhibit SCE-03, entitled *Testimony of Frank C. Graves and Robert S. Mudge on SCE's Wildfire Risk.*
- Exhibit SCE-04, entitled *Testimony of Dr. Anthony LeRoy Westerling on the Impact of Climate Change on Wildfire Risk.*

The statutory and other authority under which this relief is being sought includes D.89-01-040, which establishes the documentation required to support SCE's cost of capital application, and D.24-10-008, which established a March 20, 2025 filing date for this Application. In addition, this request complies with Rules 1.5 through 1.11 and 1.13 of Commission's Rules of Practice and Procedure, which specify the procedures for, among other things, filing documents, as well as Rules 2.1, 2.2, and 3.2.

This Application has been verified by an SCE officer as provided in Rules 1.11 and 2.1.

B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

Pursuant to Rule 2.1 of the Commission's Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company (abbreviated as "SCE"). SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, which are located primarily within the State of California, consist mainly of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1212

SCE's attorney in this matter is Rebecca Furman. Correspondence or communications regarding this Application should be addressed to:

Rebecca Furman
Director and Managing Attorney
Southern California Edison Company
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone: (626) 302-3472
E-mail: Rebecca.Furman@sce.com

SCE Case Administration
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770
Telephone: 626-302-0449
E-mail: Case.Admin@sce.com

C. Proposed Categorization, Need for Hearings, Issues to Be Considered, and Proposed Schedule – Rule 2.1(c)

Commission Rule 2.1(c) requires that all applications shall state "[t]he proposed category for the proceeding, the need for hearing, the issues to be considered including relevant safety considerations, and a proposed schedule."

1. Proposed Category

SCE proposes this Application be designated a ratesetting proceeding, as defined in Public Utilities Code §1701.1(c)(3) and Rule 1.3(g).

2. Need for Hearings

The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE's request, and the need for hearings will ultimately be determined by the assigned Administrative Law Judge(s). Therefore, for the sake of thoroughness, SCE's proposed procedural schedule below allows for evidentiary hearings.

3. **Issues to be Considered, Including Relevant Safety Considerations**

In general, the issues to be considered are discussed above and in more detail in SCE's supporting testimony served concurrently with this Application. There are no relevant safety considerations implicated by this Application, although SCE's ability to maintain its financial health and attract capital at a reasonable cost are directly related to its provision of safe and reliable service.

4. **Procedural Schedule**

Rule 2.1(c) requires that for ratesetting proceedings, the proposed schedule resolve the proceeding within 18 months or less. For cost of capital proceedings, the Commission has historically issued a final decision before the end of the calendar year in which the application is filed to allow rates to go into effect on January 1 of the test year for the cycle.[31] This schedule provides certainty for customers and especially the investment community where regulatory uncertainty can push investors to look for alternative options to avoid unknown outcomes. Therefore, SCE respectfully requests that a schedule be adopted to facilitate timely issuance of a final decision.

Assuming evidentiary hearings are necessary, SCE proposes the following procedural schedule to ensure that rates may be implemented by January 1, 2026. Consistent with past cost of capital proceedings, SCE includes the submission of a late-filed exhibit updating the cost of debt and preferred equity.[32]

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[31] *See* D.89-01-040 (establishing annual cost of capital proceedings and noting "[t]he annual cost of capital proceeding would be decided prior to December each year with rates effective January 1"). After the Commission adopted a multi-year cost of capital cycle in 2008, it continued to issue decisions prior to the end of the calendar year in which the application was filed (see D.12-12-034 (issued December 26, 2012); D.19-12-056 (issued December 20, 2019)).

[32] *See* D.89-01-040, Appendix C (allowing for "[l]ate-filed exhibit reflecting issuance of new debt and/or preferred stock or actual changes for existing variable rate issues"); Assigned Commissioner's Ruling Consolidating Four Applications and Scoping Memo and Ruling, A.22-04-008, et al. (July 12, 2022) (adopting schedule including late-filed exhibit); D.22-12-031, p. 13 (authorizing SCE's cost of long-term debt and preferred equity as updated).

DATE	EVENT
March 20, 2025	Application filed
30 days from the date the notice of the filing of the Application appears in the Daily Calendar; approximately April 21, 2025	Protests and Responses due
10 days from the deadline for filing Protests / Responses; approximately May 1, 2025	Applicant's reply to protests
By May 9, 2025	Prehearing Conference
June 16, 2025	Public Advocates Office and intervenor testimony due
July 21, 2025	Rebuttal testimony due
August 1, 2025	Late-Filed Exhibit (cost of debt update)
August 4-6, 2025	Evidentiary hearings
September 3, 2025	Opening Briefs due
September 17, 2025	Reply Briefs due
November 14, 2025	Proposed decision issued
30 days after proposed decision	Final decision issued

D. Organization and Qualification to Transact Business – Rule 2.2

In compliance with Rule 2.2 of the Commission's Rules of Practice and Procedure,[33] a copy of SCE's Certificate of Restated Articles of Incorporation, effective on August 28, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. 23-12-011, and is incorporated herein by this reference.

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[33] Rule 2.2 requires the applicant, in this case SCE, to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

A copy of SCE's Certificate of Determination of Preferences of the Series M Preference Stock filed with the California Secretary of State on November 17, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with Application No. A.23-12-011, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series N Preference Stock filed with the California Secretary of State on May 8, 2024, and presently in effect, certified by the California Secretary of State, was filed with the Commission on May 15, 2024, in connection with Application No. A.24-05-007, and is incorporated herein by this reference.

Copies of SCE's latest Annual Report to Shareholders and Edison International's latest proxy statement sent to its stockholders have been filed with the Commission with an Energy Division Central Files Document Coversheet dated March 14, 2025, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Balance Sheet and Income Statement – Rule 3.2(a)(1)

Appendix A to this Application contains copies of SCE's Balance Sheet and Income Statement for the period ending December 31, 2024, the most recent period available.

F. Statement of Presently Effective and Proposed Rates – Rule 3.2(a)(2) and (a)(3)

If the revenue requirement change caused by this Application were to be allocated on a system average basis, the projected change by customer group would be as shown below.

Bundled Average Rates				
Customer Group	**Current Rates (3/1/25) (¢/kWh)**	**Proposed Increase (¢/kWh)**	**Proposed Rates (¢/kWh)**	**% Increase**
Residential	31.4	0.65	32.0	2.1%
Lighting - Small and Medium Power	29.1	0.57	29.7	2.0%
Large Power	19.2	0.32	19.5	1.7%
Agricultural and Pumping	23.0	0.42	23.4	1.8%
Street and Area Lighting	34.7	0.35	35.0	1.0%
Standby	16.3	0.22	16.5	1.3%
Total	**27.1**	**0.52**	**27.6**	**1.9%**

Residential Bill Impact				
Description	**Current (3/1/25) ($/Month)**	**Proposed Increase ($/Month)**	**Proposed ($/Month)**	**% Increase**
Non-CARE residential bill	174.78	3.59	178.36	2.1%
CARE residential bill	109.92	2.25	112.17	2.1%

Based on estimated average annual revenue requirement increase of $381.578 million; assumes average usage of 500 kWh per month in baseline region 9, and excludes climate dividend (i.e., GHG credits).

G. Affordability Metrics

D.22-08-023, Decision Implementing the Affordability Metrics, issued in the Order Instituting Ratemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service (R.18-07-006), requires SCE, in any initial filing in any proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide, to include certain affordability metric information.[34]

Specifically, SCE is required to provide the following:

- For revenues in effect at the time of the filing:
  - The Affordability Ratio[35] 20 (AR20)[36] by climate zone, Affordability Ratio 50 (AR50)[37] by climate zone, and Hours and Minimum Wage (HM)[38] associated with those existing revenues;

[34] D.22-08-023, OP 5-6.
[35] The Affordability Ratio or AR is the ratio of essential utility service bills to non-disposable household income (i.e., household income after removing costs for housing and other essential utility services).
[36] AR20 displays the AR for a representative hypothetical household at the lower-end (20th percentile), resource-wise, compared to others in a community.
[37] The AR50 displays the AR for a representative hypothetical household in the middle (50th percentile), resource-wise, compared to others in a community.
[38] The HM metric seeks to describe the hours of work necessary for a household earning minimum wage to pay for essential utility service charges.

- Essential usage bills by climate zone, underlying the affordability metrics associated with those existing revenues;
- Average usage bills by climate zone associated with those existing revenues; and
- For climate zones with Areas of Affordability Concern (AAC), as defined in the most recent annual Affordability Report,[39] AR20 by climate zones subdivided by Public Use Microdata Area.

- For the proposed revenues:
    - Changes in the AR20 by climate zone, AR50 by climate zone, and HM associated with the proposed new revenue requested, annually for each year in which new revenues are proposed;
    - Essential usage bills by climate zone, underlying the affordability metrics associated with proposed revenues;
    - Average usage bills by climate zone associated with proposed revenues; and
    - For climate zones with AACs, as defined in the most recent annual Affordability Report, AR20 by climate zones subdivided by Public Use Microdata Area.

The affordability metrics required by D.22-08-023 are provided in **Appendix B** to this Application.

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[39] AACs are census tracts that lie in geographic areas where AR20 values are greater than the affordability demarcation for a particular essential service. The affordability demarcations are defined as the point of inflection in each industry's AR20 distribution of values, based on the observed data in the most recently available Affordability Report from the Commission. The Commission's 2021/2022 Affordability Report, the most recent report at the time of this filing, uses 15 percent as the demarcation for electric service. *2021/2022 Annual Affordability Report* (Oct. 2023), p. 13.

H. Description of SCE's Property and Equipment, Original Cost Thereof, and Depreciation Reserve – Rule 3.2(a)(4)

Because this Application is not a general rate case application, this requirement does not apply.

I. Summary of Earnings – Rule 3.2(a)(5)

In compliance with Rule 3.2(a)(5), **Appendix C** hereto contains a copy of SCE's summary of earnings for 2022 through 2024.

J. Tax Depreciation – Rule 3.2(a)(7)

Because this Application is not a general rate case application, this requirement does not apply.

K. Proxy Statement – Rule 3.2(a)(8)

Because this Application is not a general rate case application, this requirement does not apply.

L. Statement Pursuant to Rule 3.2(a)(10)

The proposed rate change reflects changes in SCE's cost of capital for equity and debt, and maintenance of the currently authorized capital structure.

M. Notice and Service of Application – Rule 3.2(b), (c) and (d)

SCE will provide notice to customers in the forms prescribed in Rule 3.2. Rule 3.2(b) requires notice in general terms of the proposed increase in rates to be mailed to the designated officials of the state and the counties and cities listed in **Appendix D** to this Application. Rule 3.2(c) requires notice to be published in a newspaper of general circulation in each county in SCE's service area within which the rate changes would be effective. A list of the cities and counties affected by the increase proposed in this application is attached as **Appendix D**.

Finally, Rule 3.2(d) requires notice to be furnished to customers affected by the proposed increase by including such notice with the regular bills mailed to those customers. SCE will provide these three forms of notice and also file proof of its compliance with Rule 3.2, as prescribed by Rule 3.2(e).

The official service list has not yet been established in this proceeding. SCE is serving this Application and supporting testimony on the Commission's Public Advocates Office, as well as the combined service list established by the Commission for A.22-04-008, *et al.* (SCE's 2023 cost of capital application).

VII.
CONCLUSION

SCE respectfully requests that the Commission:

1. Find reasonable and authorize SCE's capital structure for 2026 of 52 percent common equity, 43 percent long-term debt, and 5 percent preferred equity;
2. Find reasonable and authorize an ROE of 11.75 percent;
3. Find reasonable and authorize an embedded cost of debt of 4.75 percent for 2026, and an embedded cost of preferred equity of 6.95 percent for 2026;
4. Based on the preceding capital structure and cost factors, find reasonable and authorize a weighted average return on utility rate base of 8.50 percent for 2026;
5. Authorize SCE to accrue carrying costs at the WACC on future memorandum and balancing accounts amortized over more than 12 months;
6. Continue the CCM and reset the applicable benchmark to the average of the monthly average yield of the Moody's Baa utility bond index for the period from October 2024 through September 2025;
7. Authorize the reset of SCE's current CCM such that SCE's next cost of capital application is due in March 2028 for test year 2029;

8. Render such other Findings of Fact, Conclusions of Law, and issuing orders by the end of this year consistent with the foregoing request; and
9. Grant such other relief as the Commission finds to be just and reasonable.

Respectfully submitted,

REBECCA FURMAN
AINSLEY CARRENO
ELLEN KENNEY

Rebecca Furman
By: Rebecca Furman

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3475
E-mail: Rebecca.Furman@sce.com

March 20, 2025

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 20th day of March, 2025, at Rosemead, California

/s/ Natalia Woodward

By: Natalia Woodward
Vice President, Operational Finance

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

Appendix A

Balance Sheets

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME
TWELEVE MONTHS ENDED DECEMBER 31, 2024

(In millions)

OPERATING REVENUE	$ 17,547
OPERATING EXPENSES:	
Purchase power and fuel	5,209
Operation and maintenance	5,064
Wildfire-related claims, net of insurance recoveries	647
Wildfire insurance fund expense	146
Depreciation and amortization	2,865
Property and other taxes	620
Total operating expenses	14,551
OPERATING INCOME	2,996
Interest expense	(1,575)
Other income, net	493
INCOME BEFORE TAXES	1,914
Income tax expense	120
NET INCOME	1,794
Less: Preference stock dividend requirements	175
NET INCOME AVAILABLE FOR COMMON STOCK	$ 1,619

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2024
ASSETS
(in millions)

UTILITY PLANT:	
Utility plant, at original cost	$ 67,546
Less- accumulated provision for depreciation and amortization	14,207
	53,339
Construction work in progress	5,585
Nuclear fuel - at amortized cost	123
	59,047
OTHER PROPERTY AND INVESTMENTS:	
Nonutility property - less accumulated depreciation of $108	199
Nuclear decommissioning trusts	4,286
Other investments	38
	4,523
CURRENT ASSETS:	
Cash and equivalents	78
Receivables, less allowances of $347 for uncollectible accounts	2,160
Accrued unbilled revenue	845
Inventory	538
Prepaid expenses	102
Regulatory assets	2,748
Wildfire insurance fund contributions	138
Other current assets	415
	7,024
DEFERRED CHARGES:	
Receivables, less allowance of $43 for uncollectible accounts	62
Regulatory assets (Includes $1,512 related to VIEs)	8,886
Wildfire insurance fund contributions	1,878
Operating lease right-of-use assets	1,174
Long-term insurance receivables	131
Long-term insurance receivables due from affiliate	303
Other long-term assets	2,317
	14,751
	$ 85,345

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2024
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:	
Common stock	2,168
Additional paid-in capital	8,950
Accumulated other comprehensive loss	(9)
Retained earnings	8,422
Common shareholder's equity	19,531
Long-term debt (Includes $1,468 related to VIEs)	29,266
Preferred stock	2,220
Total capitalization	51,017
CURRENT LIABILITIES:	
Short-term debt	553
Current portion of long-term debt	1,249
Accounts payable	2,078
Wildfire-related claims	60
Accrued interest	385
Regulatory liabilities	1,347
Current portion of operating lease liabilities	123
Other current liabilities	1,495
	7,290
DEFERRED CREDITS:	
Deferred income taxes and credits	8,697
Pensions and benefits	92
Asset retirement obligations	2,580
Regulatory liabilities	10,159
Operating lease liabilities	1,051
Wildfire-related claims	941
Other deferred credits and other long-term liabilities	3,518
	27,038
	$ 85,345

Appendix B

Affordability Metrics

Affordability Metrics – Affordability Ratio 20 (AR 20) and Affordability Rate 50 (AR50) Impacts for 2026

		Current - March 1, 2025						
		Average Usage		Essential Usage				
Climate Zone	Estimated # of Housing Units$_1$	Basic Bill$_2$	All-Electric Bill$_2$	Basic Bill$_2$	All-Electric Bill$_2$	Average Bill$_2$	Average Bill Electric Service AR 20	Average Bill Electric Service AR 50
10 hot (Sec 745)	965,771	$ 208.14	$ 159.45	$ 137.45	$ 154.88	$ 139.00	7.74%	2.28%
13 hot	169,168	$ 226.49	$ 232.01	$ 147.84	$ 226.96	$ 153.52	11.07%	3.45%
14 hot	364,737	$ 203.07	$ 203.75	$ 135.77	$ 195.11	$ 140.73	11.25%	2.93%
15 hot	151,203	$ 260.70	$ 199.26	$ 207.52	$ 188.74	$ 204.89	20.80%	4.45%
16 cool	139,897	$ 151.95	$ 161.17	$ 124.04	$ 192.43	$ 136.13	8.73%	2.46%
5 warm	7,936	$ 125.68	$ 139.28	$ 171.98	$ 228.98	$ 190.54	14.84%	2.99%
6 cool	927,881	$ 129.47	$ 103.37	$ 103.59	$ 105.26	$ 103.86	7.95%	1.52%
8 cool	1,120,919	$ 152.87	$ 114.70	$ 103.59	$ 107.27	$ 103.98	8.39%	1.76%
9 warm	976,262	$ 185.45	$ 138.67	$ 128.73	$ 126.72	$ 128.56	10.40%	2.06%

$_1$Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

$_2$Basic Bill, All-Electic Bill, and Average Bill include the CA Climate Credit

		Proposed - 2026						
		Average Usage		Essential Usage				
Climate Zone	Estimated # of Housing Units$_1$	Basic Bill$_2$	All-Electric Bill$_2$	Basic Bill$_2$	All-Electric Bill$_2$	Average Bill$_2$	Average Bill Electric Service AR 20	Average Bill Electric Service AR 50
10 hot (Sec 745)	965,771	$ 212.47	$ 162.81	$ 140.36	$ 158.15	$ 141.94	7.74%	2.27%
13 hot	169,168	$ 231.19	$ 236.82	$ 150.97	$ 231.67	$ 156.76	11.11%	3.45%
14 hot	364,737	$ 207.30	$ 207.99	$ 138.65	$ 199.18	$ 143.71	11.25%	2.92%
15 hot	151,203	$ 266.08	$ 203.41	$ 211.84	$ 192.69	$ 209.15	20.85%	4.42%
16 cool	139,897	$ 155.16	$ 164.56	$ 126.69	$ 196.45	$ 139.02	8.74%	2.45%
5 warm	7,936	$ 128.36	$ 142.23	$ 175.59	$ 233.72	$ 194.52	15.01%	2.99%
6 cool	927,881	$ 132.22	$ 105.60	$ 105.82	$ 107.53	$ 106.11	8.05%	1.51%
8 cool	1,120,919	$ 156.10	$ 117.16	$ 105.82	$ 109.59	$ 106.23	8.44%	1.75%
9 warm	976,262	$ 189.33	$ 141.61	$ 131.47	$ 129.42	$ 131.30	10.56%	2.05%

$_1$Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

$_2$Basic Bill, All-Electic Bill, and Average Bill include the CA Climate Credit

		Change			
		Essential Usage			
Climate Zone	Estimated # of Housing Units$_1$	Average Bill $ Change	Average Bill % Change	Average Bill Electric Service AR 20 Incremental Change	Average Bill Electric Service AR 50 Incremental Change
10 hot (Sec 745)	965,771	$ 2.95	2.1%	0.0%	0.0%
13 hot	169,168	$ 3.24	2.1%	0.0%	0.0%
14 hot	364,737	$ 2.98	2.1%	0.0%	0.0%
15 hot	151,203	$ 4.27	2.1%	0.1%	0.0%
16 cool	139,897	$ 2.89	2.1%	0.0%	0.0%
5 warm	7,936	$ 3.98	2.1%	0.2%	0.0%
6 cool	927,881	$ 2.24	2.2%	0.1%	0.0%
8 cool	1,120,919	$ 2.25	2.2%	0.1%	0.0%
9 warm	976,262	$ 2.74	2.1%	0.2%	0.0%

$_1$Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

Southern California Edison
Cost of Capital Workpapers | Affordability Metrics

Affordability Metrics- Hours-at-Minimum Wage (HM) Impacts for 2026

		Current - March 1, 2025									
		Average Usage		Essential Usage							
Climate Zone	Estimated # of Housing Units[1]	Basic Bill[2]	All-Electric Bill[2]	Basic Bill[2]	All-Electric Bill[2]	Average Bill[2]	Average Bill State ($16.50/hr.)[3]	Average Bill Los Angeles City ($17.28/hr.)[3]	Average Bill Los Angeles Co. (unincorporated) Malibu City Santa Monica City ($17.27/hr.)[3]	Average Bill West Hollywood ($19.65/hr.)[3]	Average Bill Pasadena City ($17.50/hr.)[3]
10 hot (Sec 745)	965,771	$ 208.14	$ 159.45	$ 137.45	$ 154.88	$ 139.00	8.4	-	8.0	-	-
13 hot	169,168	$ 226.49	$ 232.01	$ 147.84	$ 226.96	$ 153.52	9.3	-	-	-	-
14 hot	364,737	$ 203.07	$ 203.75	$ 135.77	$ 195.11	$ 140.73	8.5	-	8.1	-	-
15 hot	151,203	$ 260.70	$ 199.26	$ 207.52	$ 188.74	$ 204.89	12.4	-	-	-	-
16 cool	139,897	$ 151.95	$ 161.17	$ 124.04	$ 192.43	$ 136.13	8.3	7.9	7.9	-	7.8
5 warm	7,936	$ 125.68	$ 139.28	$ 171.98	$ 228.98	$ 190.54	11.5	-	-	-	-
6 cool	927,881	$ 129.47	$ 103.37	$ 103.59	$ 105.26	$ 103.86	6.3	6.0	6.0	-	-
8 cool	1,120,919	$ 152.87	$ 114.70	$ 103.59	$ 107.27	$ 103.98	6.3	6.0	6.0	-	-
9 warm	976,262	$ 185.45	$ 138.67	$ 128.73	$ 126.72	$ 128.56	7.8	7.4	7.4	6.5	7.3

[1]Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

[2]Basic Bill, All-Electic Bill, and Average Bill include the CA Climate Credit

[3]Minimum Wage values are based on values in effect on January 1, 2025

		Proposed - 2026									
		Average Usage		Essential Usage							
Climate Zone	Estimated # of Housing Units[1]	Basic Bill[2]	All-Electric Bill[2]	Basic Bill[2]	All-Electric Bill[2]	Average Bill[2]	Average Bill State ($16.50/hr.)[3]	Average Bill Los Angeles City ($17.28/hr.)[3]	Average Bill Los Angeles Co. (unincorporated) Malibu City Santa Monica City ($17.27/hr.)[3]	Average Bill West Hollywood ($19.65/hr.)[3]	Average Bill Pasadena City ($17.50/hr.)[3]
10 hot (Sec 745)	965,771	$ 212.47	$ 162.81	$ 140.36	$ 158.15	$ 141.94	8.6	-	8.2	-	-
13 hot	169,168	$ 231.19	$ 236.82	$ 150.97	$ 231.67	$ 156.76	9.5	-	-	-	-
14 hot	364,737	$ 207.30	$ 207.99	$ 138.65	$ 199.18	$ 143.71	8.7	-	8.3	-	-
15 hot	151,203	$ 266.08	$ 203.41	$ 211.84	$ 192.69	$ 209.15	12.7	-	-	-	-
16 cool	139,897	$ 155.16	$ 164.56	$ 126.69	$ 196.45	$ 139.02	8.4	8.0	8.1	-	7.9
5 warm	7,936	$ 128.36	$ 142.23	$ 175.59	$ 233.72	$ 194.52	11.8	-	-	-	-
6 cool	927,881	$ 132.22	$ 105.60	$ 105.82	$ 107.53	$ 106.11	6.4	6.1	6.1	-	-
8 cool	1,120,919	$ 156.10	$ 117.16	$ 105.82	$ 109.59	$ 106.23	6.4	6.1	6.2	-	-
9 warm	976,262	$ 189.33	$ 141.61	$ 131.47	$ 129.42	$ 131.30	8.0	7.6	7.6	6.7	7.5

[1]Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

[2]Basic Bill, All-Electic Bill, and Average Bill include the CA Climate Credit

[3]Minimum Wage values are based on values in effect on January 1, 2025

		Change									
		Essential Usage									
Climate Zone	Estimated # of Housing Units[1]	Average Bill State Hour Change	Average Bill State % Change	Average Bill Los Angeles City Hour Change	Average Bill Los Angeles City % Change	Average Bill Los Angeles Co. Malibu City Santa Monica City Hour Change	Average Bill Los Angeles Co. Malibu City Santa Monica City % Change	Average Bill West Hollywood Hour Change	Average Bill West Hollywood % Change	Average Bill Pasadena City Hour Change	Average Bill Pasadena City % Change
10 hot (Sec 745)	965,771	0.18	2.1%	-	-	0.17	2.1%	-	-	-	-
13 hot	169,168	0.20	2.1%	-	-	-	-	-	-	-	-
14 hot	364,737	0.18	2.1%	-	-	0.17	2.1%	-	-	-	-
15 hot	151,203	0.26	2.1%	-	-	-	-	-	-	-	-
16 cool	139,897	0.18	2.1%	0.17	2.1%	0.17	2.1%	-	-	0.2	2.1%
5 warm	7,936	0.24	2.1%	-	-	-	-	-	-	-	-
6 cool	927,881	0.14	2.2%	0.13	2.2%	0.13	2.2%	-	-	-	-
8 cool	1,120,919	0.14	2.2%	0.13	2.2%	0.13	2.2%	-	-	-	-
9 warm	976,262	0.17	2.1%	0.16	2.1%	0.16	2.1%	0.14	2.1%	0.16	2.1%

[1]Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

Affordability Metrics- Areas of Affordability Concern Affordability Ratio 20 (AR 20) by Climate Zone by Public Use Microdata Area (PUMA) Essential Usage Bills for 2026

PUMA	County/City	Electric Climate Zone	Estimated # of Housing Units[1]	Current - January 1, 2025 Electric Service AR 20	Proposed Electric Service AR 20	Incremental Change Electric Service AR 20
06515	Riverside County--Palm Desert, La Quinta (West) & Desert Hot Springs Cities PUMA	SCE 15	60,402	27.18%	27.33%	0.2%
03742	Los Angeles County (Central)--Huntington Park City, Florence-Graham & Walnut Park PUMA	SCE 8	33,214	22.09%	22.49%	0.4%
03728	Los Angeles County (Southwest)--Santa Monica City PUMA	SCE 6	52,014	24.18%	25.12%	0.9%
03738	Los Angeles County (Central)--El Monte & South El Monte Cities PUMA	SCE 9	35,096	28.67%	28.80%	0.1%
07101	San Bernardino County (Northeast)--Twentynine Palms & Barstow Cities PUMA	SCE 14	71,158	14.71%	14.69%	0.0%
07101	San Bernardino County (Northeast)--Twentynine Palms & Barstow Cities PUMA	SCE 15	4,685	18.78%	18.74%	0.0%

[1]Estimated # of Housing Units is based on the 2022 Affordability Ratio Calculator (ARC)

Appendix C

Summary of Earnings

Southern California Edison
2021 GRC Summary of Earnings
PTYR 2022 (RO Model 6.2)
Thousands of Dollars

Southern California Edison
Summary of Earnings
2022 GRC Adopted Revenue Requirement
Thousands of Dollars

Line No.	Item	Total
1.	**Base Revenues**	7,259,220
2.	**Expenses:**	
3.	Operation & Maintenance	2,448,763
4.	Depreciation	2,011,669
5.	Taxes	663,739
6.	Revenue Credits	(163,462)
7.	Total Expenses	4,960,710
8.	**Net Operating Revenue**	2,298,511
9.	**Rate Base**	29,949,906
10.	**Rate of Return**	7.67%

Southern California Edison
2021 GRC Summary of Earnings
PTYR 2023 (RO Model 6.3)
Thousands of Dollars

Southern California Edison
Summary of Earnings
2023 GRC Adopted Revenue Requirement
Thousands of Dollars

Line No.	Item	Total
1.	**Base Revenues**	7,792,631
2.	**Expenses:**	
3.	Operation & Maintenance	2,603,404
4.	Depreciation	2,132,791
5.	Taxes	760,326
6.	Revenue Credits	(164,176)
7.	Total Expenses	5,332,345
8.	**Net Operating Revenue**	2,460,286
9.	**Rate Base**	32,052,516
10.	**Rate of Return**	7.68%

Southern California Edison
2021 GRC Summary of Earnings
2024 PTYR Application (RO Model 7.0)
Thousands of Dollars

Southern California Edison
Summary of Earnings
2024 GRC Application Revenue Requirement
Thousands of Dollars

Line No.	Item	Total
1.	**Base Revenues**	8,638,835
2.	**Expenses:**	
3.	Operation & Maintenance	3,007,132
4.	Depreciation	2,304,660
5.	Taxes	848,780
6.	Revenue Credits	(165,996)
7.	Total Expenses	5,994,575
8.	**Net Operating Revenue**	2,644,260
9.	**Rate Base**	34,444,200
10.	**Rate of Return**	7.68%

Appendix D

Incorporated Cities And Counties Served by SCE

SOUTHERN CALIFORNIA EDISON®

Energy for What's Ahead®

INCORPORATED CITIES AND COUNTIES SERVED BY SCE

COUNTIES

Fresno
Imperial
Inyo
Kern
Kings
Los Angeles
Madera
Mono
Orange
Riverside
San Bernardino
Santa Barbara
Tuolumne
Tulare
Ventura

CITIES

Adelanto
Agoura Hills
Alhambra
Aliso Viejo
Apple Valley
Arcadia
Artesia
Avalon
Baldwin Park
Barstow
Beaumont
Bell
Bell Gardens
Bellflower
Beverly Hills
Bishop
Blythe
Bradbury
Brea
Buena Park
Calabasas
California City
Calimesa
Camarillo
Canyon Lake
Carpinteria
Carson
Cathedral City
Cerritos
Chino
Chino Hills
Claremont
Commerce
Compton
Corona
Costa Mesa
Covina
Cudahy
Culver City
Cypress
Delano
Desert Hot Springs
Diamond Bar
Downey
Duarte
Eastvale
El Monte
El Segundo
Exeter
Farmersville
Fillmore
Fontana
Fountain Valley
Fullerton
Garden Grove
Gardena
Glendora
Goleta
Grand Terrace
Hanford
Hawaiian Gardens
Hawthorne
Hemet
Hermosa Beach
Hesperia
Hidden Hills
Highland
Huntington Beach
Huntington Park
Indian Wells
Industry
Inglewood
Irvine
Irwindale
Jurupa Valley
La Canada Flintridge
La Habra
La Habra Heights
La Mirada
La Palma
La Puente
La Verne
Laguna Beach
Laguna Hills
Laguna Niguel
Laguna Woods
Lake Elsinore
Lake Forest
Lakewood
Lancaster
Lawndale
Lindsay
Loma Linda
Lomita
Long Beach
Los Alamitos
Lynwood
Malibu
Mammoth Lakes
Manhattan Beach
Maywood
McFarland
Menifee
Mission Viejo
Monrovia
Montclair
Montebello
Monterey Park
Moorpark
Moreno Valley
Murrieta
Newport Beach
Norco
Norwalk
Ojai
Ontario
Orange
Oxnard
Palm Desert
Palm Springs
Palmdale
Palos Verdes Estates
Paramount
Perris
Pico Rivera
Placentia
Pomona
Port Hueneme
Porterville
Rancho Cucamonga
Rancho Mirage
Rancho Palos Verdes
Rancho Santa Margarita
Redlands
Redondo Beach
Rialto
Ridgecrest
Rolling Hills
Rolling Hills Estates
Rosemead
San Bernardino
San Dimas
San Fernando
San Gabriel
San Jacinto
San Marino
Santa Ana
Santa Barbara
Santa Clarita
Santa Fe Springs
Santa Monica
Santa Paula
Seal Beach
Sierra Madre
Signal Hill
Simi Valley
South El Monte
South Gate
South Pasadena
Stanton
Tehachapi
Temecula
Temple City
Thousand Oaks
Torrance
Tulare
Tustin
Twentynine Palms
Upland
Ventura
Victorville
Villa Park
Visalia
Walnut
West Covina
West Hollywood
Westlake Village
Westminster
Whittier
Wildomar
Woodlake (Three Rivers)
Yorba Linda
Yucaipa
Yucca Valley

Updated: 3/17/2025