California Public Utilities Commission
505 Van Ness Ave., San Francisco

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CPUC PENALIZES EDISON $146 MILLION FOR FALSIFYING DATA

SAN FRANCISCO, September 18, 2008 - The California Public Utilities Commission (CPUC) today penalized Southern California Edison $146 million for violations related to Edison's Performance Based Ratemaking (PBR) mechanism that occurred between 1997 and 2003.

In today's decision, the CPUC determined that Edison employees and management manipulated and submitted false customer satisfaction data, and the data was used to determine PBR customer satisfaction rewards for a period of seven years. Therefore, the CPUC ordered Edison to refund to its ratepayers all $28 million in PBR customer satisfaction rewards it has received and forgo an additional $20 million in rewards that it has requested.

Today's decision also finds that Edison submitted false and misleading health and safety data, and the data was used to determine PBR health and safety rewards for a period of seven years. Therefore, the CPUC ordered Edison to refund to its ratepayers all $20 million in PBR health and safety rewards it has received and forgo an additional $15 million in rewards that it has requested.

Further, the CPUC determined that Edison should refund to consumers $32,714,000, the portion of its 2003 to 2005 revenue requirement related to the utility's Results Sharing program that was affected by fraudulent data.

Finally, today's decision ordered Edison to pay a fine of $30 million to the state's General Fund for violations of the Public Utilities Code.

"This Commission takes its responsibility to consumers seriously, as should the utilities we regulate," said CPUC President Michael R. Peevey. "Although senior management at Edison was forthcoming in advising the CPUC of this matter initially, it does not negate the fact that false data was submitted to the CPUC on their watch. Today's decision sends a clear message that this type of behavior will not be tolerated."

"Edison's customers have paid $81 million in rates that they should not have paid as a result of Edison's behavior," said CPUC Commissioner Rachelle Chong, author of the decision adopted by the CPUC. "A substantial fine is appropriate given the length, number, and severity of the violations and will help deter future violations by Edison and others."

The CPUC ordered Edison to submit a proposal within 30 days describing how it will refund customers the amount ordered by the CPUC, plus interest.

The CPUC introduced PBR for Edison in 1996 as an alternative to time-consuming and costly cost-of-service regulation, with the goal of providing a more streamlined regulatory process that encourages utilities to focus on their performance, reduce operational costs, increase customer satisfaction, improve employee safety, and improve reliability Under the PBR, Edison's performance was measured against established benchmarks. Edison was eligible for financial rewards for performance above the benchmark and was subject to financial penalties below the benchmark. The CPUC discontinued Edison's PBR program in 2004.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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