**SCE Advice Letter –** SCE annually submits its “Consolidated Revenue Requirement and Rate Change” Advice Letter to implement new electric rates and their associated tariffs from previously authorized decisions, resolutions, and advice letters. SCE submitted its Consolidated advice letter 4377-E-A on January 11, 2021 which was supplemented by 4377-E-B on January 20th. Collectively, these changes set forth in AL 4377-E-A/B will result in electric rate and bill impacts beginning on February 1, 2021.

**Estimated Bill Impacts of All Requested Electric Rate Changes Effective February 1, 2021:**

|  |  |
| --- | --- |
| Estimated Electric Bill Impacts[[1]](#footnote-1)  | SCE as of February 1, 2021 |
| * Average Residential Non-CARE electric bill
 | $125.60 |
| * Average Residential Non-CARE electric bill increase
 | $10.00 (8.6%) |
| * Average Residential CARE electric bill
 | $79.90 |
| * Average Residential CARE electric bill increase
 | $7.20 (10.0%) |

Below are the primary drivers of SCE’s February 1, 2021 electric rate changes, which involve an increase of $269.1 million in the revenues the company needs for its electric utility operations and capital investments. This rate/bill increase is attributable to the Energy Resource Recovery Account (ERRA) rate adjustments (47%), regulatory account adjustments (46%), and Federal Energy Regulatory Commission (FERC) transmission rates (7%). Dollar amounts shown below represent the increase or decrease in revenue collected from customers in rates; *not* total program costs:

* The primary drivers of the February 1st rate increase are:
	+ ERRA revenue adjustment due to changes in the cost to SCE for fuel and purchased power costs and PCIA rate changes (D.) 20-12-035
		- SCE continues to see a departure in load to CCAs; this results in SCE procuring less fuel and power and a decrease in these costs. Additionally, SCE has seen a substantial increase in CARE customers. The combination of fewer total customers and a higher percentage of remaining customers paying CARE rates results in increased 2021 rates/bills despite the decrease in these costs of $242.6M.
	+ Adjustments to regulatory accounts “Balancing accounts”
		- The Base Revenue Requirement Balancing Account tracks the difference between how much SCE was authorized to spend on providing electric service in 2020 and how much SCE collected for that service in rates from customers. The difference between those amounts is ”trued up” in 2021 in customers’ electric rates. Due to decreased demand for electricity in 2020, SCE under collected $497.4 million in 2020. ($497.4M)
		- CARE increases to reflect the costs associated with operating the CARE program. ($121.6M)
		- The Public Purpose Programs Adjustment Mechanism tracks the difference between revenue collected for Public Purpose Programs such as energy efficiency, EPIC, and ESAP, and expenses. SCE under collected in this account in 2020 and must collect $50.6 million in 2021. ($50.6M)
	+ FERC transmission rate increases ($123.8M)
* In addition to the increases noted above, several additional categories of revenue and rate adjustments reduce costs by $253.8 million and reduce rates/bills by 1.1%. The following specific items mitigate the increases described above:
	+ Wildfire Fund Charge (D.20-12-024) (-$34.9M)
	+ Efficiency Savings and Performance & CARE Administrative Program (AL 4053-E-A/AL 3824-E-A/Resolution E-4885) (-$65.8M)
	+ 2018 ERRA Compliance (D.20-05-004) (-$22.2M)
	+ Annual General Rate Case balancing account adjustments approved in D.19-05-020 (-$24.7M)
	+ Demand Response programs (D.17-12-003) (-$23.0M)
	+ Electric Program Investment Charge (EPIC) funding for 2021 (AL 4300-E)

(-$15.4M)

1. Based on a “typical” residential bundled customer using, on average, 500 kilowatt-hours per month. [↑](#footnote-ref-1)