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**NOTICE OF SOUTHERN CALIFORNIA EDISON COMPANY’S (SCE)
RATE INCREASE REQUEST FOR ITS 2020 COST OF CAPITAL
APPLICATION NO. A.19-04-014**

SUMMARY

On April 22, 2019, Southern California Edison Company (SCE) filed its Cost of Capital application (COC) Application No. A.19-04-014 with the California Public Utilities Commission (CPUC). In this application, SCE is seeking authority to establish its authorized cost of capital for utility operations for 2020. The authorized cost of capital determines how much money SCE is allowed to collect in rates as a return on its invested capital.

In this proceeding, SCE requests that the CPUC determine a reasonable capital structure (financial plan), the costs of long-term debt (loans and financial obligations over one year), and an appropriate rate of return on common equity (profit for SCE shareholders). SCE’s proposal is summarized below:

Cost Factors	Current Cost of Capital		Cost of Capital Proposal	
	Cost	Capital Structure	Cost	Capital Structure
Long Term Debt	4.98%	43.0%	4.74%	43.0%
Preferred Equity	5.82%	9.0%	5.70%	5.0%
Common Equity	10.30%	48.0%%	16.6%	52.0%

If the CPUC approves this application, the cost of capital adopted in this application will:

- Be applied to capital investments authorized in SCE’s pending General Rate Case (GRC) application as well as other applications
- Fairly compensate SCE shareholders and permit SCE to attract capital to meet its obligations to serve its customers safely and reliably
- Allow SCE to mitigate financial risks to SCE, including risks related to California’s wildfires

Based on the rate base, should SCE’s pending GRC request be adopted, the annual revenue requirement increase for SCE’s 2020 cost of capital will be approximately \$1.2 billion. SCE requests a return on common equity of 16.60% and a return on rate base of 10.96%.

ESTIMATED IMPACT ON ELECTRIC RATES

The table below shows an estimate of proposed revenues and rate changes by customer group. The percentage increase in total revenue is greater than one percent. Any revenue change resulting from this application will reflect the actual outcome in the GRC, the cost of capital case and other revenue changes from other SCE applications.

Customer Group Revenue Impact Cost of Capital Application for 2020					
Customer Group	Current Revenues (\$000)	Proposed Revenue Increase (\$000)	% Increase	Bundled	
				Present Rates (¢/kWh)	Proposed Rates (¢/kWh)
Residential	4,808,554	644,634	13%	18.13	20.56
Lighting - Small and Medium Power	3,889,338	396,274	10%	16.66	18.36
Large Power	1,872,017	140,050	7%	11.63	12.50
Agricultural and Pumping	426,172	41,091	10%	13.20	14.47
Street and Area Lighting	122,245	3,969	3%	18.51	19.12
Total	11,118,325	1,226,017	11%	15.92	17.67

FOR FURTHER INFORMATION ABOUT SCE'S APPLICATION

You may review a copy of SCE's applications and related exhibits at SCE's corporate headquarters (2244 Walnut Grove Avenue, Rosemead, CA 91770).

Customers with Internet access may view and download SCE's applications and related exhibits on SCE's website at <https://on.sce.com/2KZ4Lun> (for A.19-04-014), or by visiting www.sce.com/applications, typing "A.19-04-014", into the Search box, and clicking "Go." If you have technical issues accessing the documents through the website, please e-mail case.admin@sce.com for assistance (be sure to reference proceeding A.19-04-014, in your e-mail).

To request a hard copy of SCE's applications and related exhibits, or to obtain more information about these applications from SCE, please write to:

Southern California Edison
Company
A.19-04-014 – SCE’s 2019 Cost of
Capital Application
P.O. Box 800
Rosemead, CA 91770
Attention: Case Administration

In addition, a copy of this application may be reviewed at the CPUC’s Central Files Office, located in San Francisco, CA, by appointment. For more information, please contact the CPUC at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

CPUC PROCESS

This application will be assigned to an Administrative Law Judge(s) (Judge(s)) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decisions. Evidentiary Hearings (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing processes, the assigned Judge(s) will issue proposed decisions which may adopt SCE’s application as proposed, modify, or deny it. Any CPUC Commissioner may sponsor alternate decisions. The proposed decisions, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The Public Advocates Office (CalPA) may review these applications on behalf of SCE’s customers. CalPA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. CalPA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about CalPA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov or visit CalPA’s website at <http://www.publicadvocates.cpuc.ca.gov/>.

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Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

Or write to: CPUC
Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Please reference application number **SCE CoC Application No. A.19-04-014** in any communications you have with the CPUC regarding these matter. All public comments will become part of the public correspondence files for these proceedings and made available for review for the assigned Judge(s), the Commissioners, and appropriate CPUC staff.