SOUTHERN CALIFORNIA EDISON®
An EDISON INTERNATIONAL® Company

How Southern California Edison Makes Money

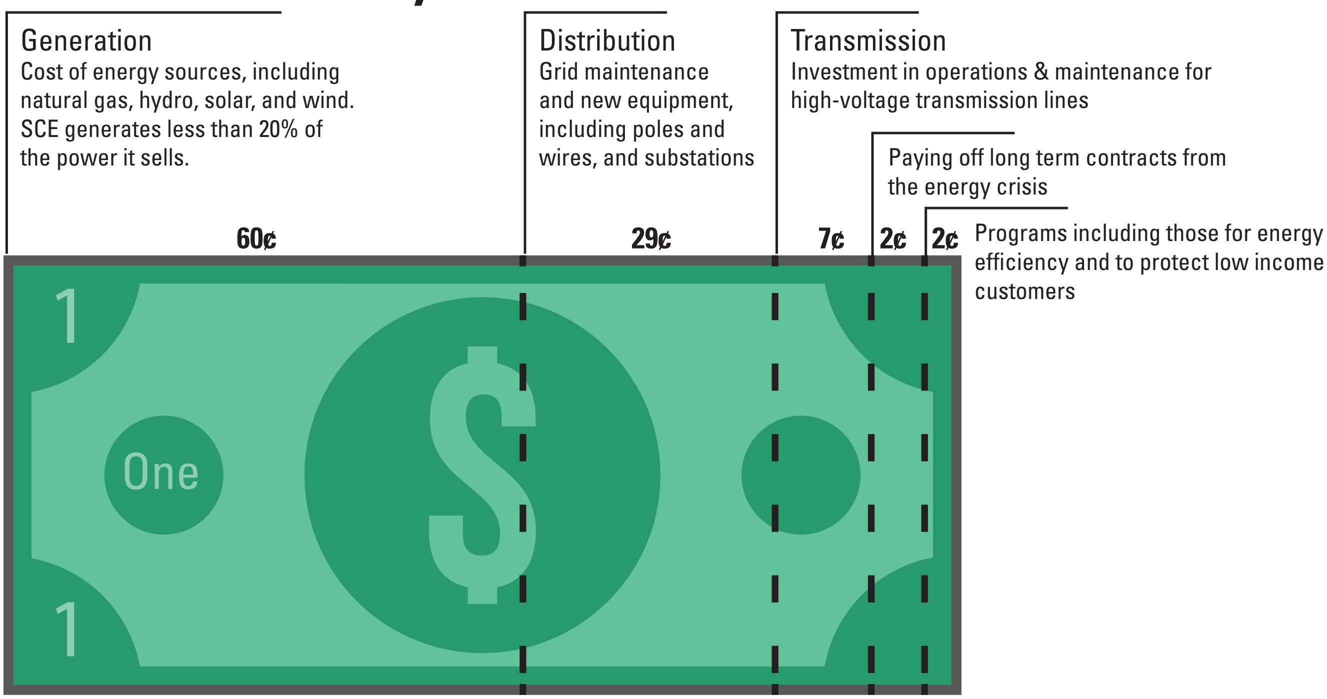
Southern California Edison (SCE) doesn't follow the typical business model of making a profit from the sale of its products and services. That is because the state of California, through the California Public Utilities Commission, wants to encourage customers to conserve power and to ensure investor-owned utilities like SCE continue investing in the electrical system infrastructure to keep it reliable. This separation of sales and profit means SCE doesn't make more money when sales increase.

About 40 percent of costs comes from the cost of energy itself — the cost of electricity sources including natural gas and renewable power. These costs are passed on to customers "at cost" without a markup. The other 20 percent of generation costs come from the generation SCE owns, including hydro and natural gas plants.

About half of costs come from infrastructure costs and the day-to-day operations and maintenance expenses the commission reviews every three years through a transparent process known as the General Rate Case. It includes public input and participation, and all investor-owned utilities use this same process.

Under this system, the commission allows SCE to earn a return on its investments. The company's investments include equipment you see every day on your street, such as poles and wires, and power plants. It also includes large transmission projects regulated under the Federal Energy Regulatory Commission.

Where Your Money Goes



*This breakdown shows SCE's costs to serve customers and implement state policies. It is based on calculations for July 2015.

Updated: 08/13/15