
March 8, 2001

ADVICE 1524-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Implementation of Affiliate Transaction Rules With Respect
to Two Recently-Created Affiliates

In accordance with Decision No. 97-12-088 (D.97-12-088), Appendix A, Rule VI.B, adopted December 16, 1997, Southern California Edison Company (SCE) hereby submits this notice regarding implementation of the California Public Utilities Commission's (Commission) Affiliate Transaction Rules for two recently-created affiliates: CBK Power Company Limited (CBK) and Kalayaan Power Management Corporation (Kalayaan).

PURPOSE

This advice filing demonstrates how SCE will implement the Commission's Affiliate Transaction Rules, adopted in D.97-12-088 and modified by D.98-08-035 and D.99-09-002 (Rules), for two recently-created affiliates addressed by the Rules. This advice filing is made in compliance with Rule VI.B.

BACKGROUND

D.97-12-088 adopted rules governing the relationship between California's natural gas local distribution companies and electric utilities and certain of their affiliates. For purposes of an electric utility, the rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or services that relate to the use of electricity, unless otherwise exempted by the rules.

Rule VI.B pertains to compliance plans for new affiliates subject to the Rules:

“Upon the creation of a new affiliate which is addressed by these Rules, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission, served on the parties to this proceeding. The advice letter shall demonstrate how the utility will implement these Rules with respect to the new affiliate.”

CBK and Kalayaan are indirect subsidiaries of Edison Mission Energy (EME), a “Class A” affiliate (i.e., subject to the Rules). These new affiliates will also be considered Class A affiliates of SCE, because they are engaged in the provision of products that use electricity or services that relate to the use of electricity as described below. As required, SCE has notified the Commission and posted notice of the acquisition of these new affiliates on SCE’s affiliate transaction website (<http://www.sceaffiliatebb.com/notice.htm>).

Resolution E-3539 specified that the following information be provided upon the creation of a new affiliate:

New Affiliate Name:	CBK Power Company Limited
Date this affiliate was created:	February 7, 2001
Headquarters:	1701 One Magnificent Mile Building, San Miguel Ave., Ortigas Center, Pasig City, Philippines
Primary Officers (Mgmt Committee):	William Von Blasingame Robert Driscoll Juan Carlos Fernandez Guillermo Rossi
Contact for CPUC:	James A. Kelly, (626) 302-2284
Intended Function:	To own four hydroelectric power plant projects in the province of Laguna, Republic of the Philippines.

New Affiliate Name:	Kalayaan Power Management Corporation
Date this affiliate was created:	February 7, 2001
Headquarters:	NPC Compound Kalayaan, Province of Laguna, Philippines

Primary Officers:

Robert Driscoll
Sam Honey
Bernadette Falcis
Guillermo Rossi
Juan Carlos Fernandez
Alberto Oliveri

Contact for CPUC:

James A. Kelly, (626) 302-2284

Intended Function:

To operate the four hydroelectric power plant projects in the province of Laguna, Republic of the Philippines owned by CBK Power Company Limited.

Affiliate Transaction Rule VI.A required SCE to file a compliance plan for its then-existing affiliates. SCE filed a Preliminary Affiliate Transactions Compliance Plan (Advice 1278-E) on December 31, 1997, and a Supplemental Compliance Plan (Advice 1278-E-A) on January 30, 1998. On September 17, 1998, in Resolution E-3539, the Commission rejected portions of Advice 1278-E-A. On October 16, 1998, SCE filed Advice 1278-E-B, its Revised Affiliate Transactions Compliance Plan (RCP), which superseded Advice 1278-E-A in its entirety. On February 5, 1999, SCE filed Advice 1278-E-C, its Amended Revised Compliance Plan (ARCP), updating its compliance statements with regard to Rule V.F.1. On November 12, 1999, SCE filed Advice 1278-E-D, its Updated Compliance Plan (UCP), regarding various Affiliate Transaction Rules, and superseding Advice 1278-E-C. On May 9, 2000, SCE filed Advice 1278-E-E, its Amended Compliance Plan (ACP), which included several additional updates. The Commission has not yet issued a determination regarding Advice 1278-E-B, 1278-E-D, or 1278-E-E. Pursuant to Rule VI.A, these advice letters are the current documents guiding SCE's compliance with the affiliate transaction rules.

No unusual or unique circumstances exist that would require affiliate transaction rule implementation measures for CBK and Kalayaan that differ from those already identified for other affiliates. Therefore, SCE will apply the provisions of Advice 1278-E-B, Advice 1278-E-D, and Advice 1278-E-E to all transactions with these new affiliates. If the Commission modifies or requires amendment of SCE's RCP, UCP and/or ACP, SCE will apply all such changes or the provisions of such amended plans to these new affiliates.

SCE acknowledges that, in regard to CBK and Kalayaan, the rules and policies regarding nondiscrimination, disclosure of information, and transfer pricing are particularly significant. Although all of the affiliate transaction rules apply to SCE's transactions with CBK and Kalayaan, SCE notes in particular the compliance measures discussed in SCE's RCP, UCP, and ACP for Rules III.B, IV.B, IV.D, IV.F, V.D, V.E, V.G and V.H in regard to these new affiliates. The volume and nature of transactions between SCE and these new affiliates, if any, cannot be

predicted with certainty. If such transactions occur, they will be subject to the mechanisms and procedures identified in SCE's prevailing compliance plans, for the relevant Rules noted above.

CBK and Kalayaan will determine their staffing needs independently of SCE. If CBK and Kalayaan should employ any individuals currently employed by SCE, the provisions of Rule V.G will be followed in full.

No cost information is required for this advice filing.

This advice filing will not increase or decrease any rate or charge, cause the withdrawal of service, or conflict with any schedule or rules.

EFFECTIVE DATE

This advice filing is made in compliance with D.97-12-088 and will become effective on the 40th calendar day after the date filed, which is April 17, 2001.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter which must be received by SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile to the attention of:

Donald A. Fellows
Manager of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: lawlerem@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: fosterbc@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In compliance with General Order No. 96-A, copies of this advice filing are being furnished to the attached service list, including Interested Parties in the OIR 97-04-011/OII 97-04-012. Address change requests to the attached GO 96-A Service List should be directed to Emelyn Lawler at (626) 302-3985 (e-mail: Emelyn.Lawler@sce.com).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

Southern California Edison Company

Donald A. Fellows, Jr.

DAF:mac/eml
Enclosures