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March 22, 2001

**ADVICE 1526-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Implementation of Affiliate Transaction Rules With Respect  
to the Creation of Three 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 the creation of three affiliates: Lakota Ridge LLC (Lakota), Shaokatan Hills LLC (Shaokatan), and Woodstock Hills LLC (Woodstock).

**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 these three 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.”

Lakota, Shaokatan, and Woodstock are indirect subsidiaries of Edison Capital, a “Class B” affiliate (i.e., not subject to the Rules). These new affiliates will, however, 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:	Lakota Ridge LLC
Date this affiliate was created:	June 1999
Headquarters:	C/o Trust Center, 1209 Orange Street, Wilmington, Delaware
Primary Officers (Manager):	Northern Alternative Energy
Contact for CPUC:	James A. Kelly, (626) 302-2284
Intended Function:	Lakota is an 11.25 megawatt wind-driven electric generation facility in Minnesota.

New Affiliate Name:	Shaokatan Hills LLC
Date this affiliate was created:	June 1999
Headquarters:	C/o Trust Center, 1209 Orange Street, Wilmington, Delaware
Primary Officers (Manager):	Northern Alternative Energy
Contact for CPUC:	James A. Kelly, (626) 302-2284

Intended Function:	Shaokatan is an 11.9 megawatt wind-driven electric generation facility in Minnesota.
New Affiliate Name:	Woodstock Hills LLC
Date this affiliate was created:	June 1999
Headquarters:	191 W. 5 <sup>th</sup> Street, Cottonwood, MN 56229
Primary Officers:	Dan Juhl
Contact for CPUC:	James A. Kelly, (626) 302-2284
Intended Function:	Woodstock is a 10.2 megawatt wind-driven electric generation facility in Minnesota.

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 Lakota, Shaokatan, and Woodstock 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 Lakota, Shaokatan, and Woodstock, the rules and policies regarding nondiscrimination, disclosure of information, separation of systems, and transfer pricing are particularly significant. Although all of the affiliate transaction rules apply to SCE's transactions with Lakota, Shaokatan, and

Woodstock, SCE notes in particular the compliance measures discussed in SCE's RCP, UCP, and ACP for Rules III.B, IV.A, IV.B, IV.D, IV.F, V.C, V.D, V.E, and V.H in regard to these new affiliates. The volume and nature of transactions between SCE and Lakota, Shaokatan, and Woodstock, 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.

Lakota, Shaokatan, and Woodstock will determine their staffing needs independently of SCE. If Lakota, Shaokatan, and Woodstock 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 40<sup>th</sup> calendar day after the date filed, which is April 30, 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](mailto: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