

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 29, 2017

**Advice Letters 3250-E and 3250-E-A**

Russell G. Worden  
Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, CA 91770

**SUBJECT: Implementation of Affiliate Transaction Rules with Respect to the  
Creation of New Affiliates**

Dear Mr. Worden:

Southern California Edison Company's Request for Commission Review of Disposition regarding Advice Letters 3250-E and 3250-E-A is withdrawn per withdrawal letter dated February 8, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division

February 8, 2017

Energy Division Tariff Unit  
California Public Utilities Commission  
505 Van Ness Avenue, Fourth Floor  
San Francisco, CA 94102

Re: Withdrawal of SCE Advice 3250-E and 3250-E-A

Dear Energy Division Tariff Unit:

On December 18, 2015, the California Public Utilities Commission's Energy Division issued a disposition letter ("Letter") concerning Southern California Edison Company's ("SCE's") Advice 3250-E and supplemental submission 3250-E-A. On December 28, 2015, SCE requested Commission review of the Letter as it pertains to Edison Water Resources ("Edison Water"). To SCE's knowledge, the Commission has not taken any action with regard to SCE's request for review.

As indicated below, SCE now moves to withdraw that request for review, based on changed factual circumstances. In sum, Edison Water is winding down operations and selling its assets. Edison Water no longer offers any products or services of any kind, and will cease all activity upon completion of the sale.

**I. BACKGROUND**

Many of the provisions and restrictions of the California Affiliate Transaction Rules ("ATRs") only apply when the utility's affiliate is "engag[ed] in the provision of a product that uses electricity or the provision of services that relate to the use of electricity."<sup>1</sup> Such affiliates are commonly referred to as "covered affiliates." There are many restrictions on interactions with covered affiliates that do not apply to other affiliates.

SCE submitted Advice 3250-E on July 28, 2015. This advice filing provided notice to the Commission of the creation of two new affiliates, Edison Water and SoCore MW Development, LLC, and indicated that Edison Water was not a covered affiliate. On October 23, 2015, SCE supplemented Advice 3250-E with 3250-E-A. This supplemental advice filing provided additional information supporting SCE's position that Edison Water should not be covered by the ATRs.

As discussed in SCE's December 28, 2015 request for review, Commission Staff concluded in the Letter that Edison Water should be considered a covered affiliate

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<sup>1</sup> See ATR II.B.

because Edison Water will use electricity to operate equipment that is used to provide water services. SCE respectfully requested Commission review of the Letter pursuant to section 7.7.1 of General Order 96-B, and presented legal and factual arguments demonstrating that the Letter's conclusion is incorrect.

## II. **WITHDRAWAL OF REQUEST FOR REVIEW**

SCE now withdraws its request for Commission review of the Letter, based on changed factual circumstances. Edison Water is now winding down as a business, and no longer offers any products or services of any kind. It is anticipated that there will be no further activity on the part of Edison Water. These changed factual circumstances have essentially mooted SCE's request for review.

In withdrawing its request for review, SCE does not waive or concede any of the arguments it presented in the request for review, and SCE reserves its right to seek Commission review if similar circumstances arise in the future.

Thank you for your attention to this item.

Sincerely,

/s/ Russell G. Worden  
Russell G Worden

RGW:kv:jm

cc: SCE's GO 96-B service list  
Edward Randolph, CPUC Energy Division

STATE OF CALIFORNIA  
Edmund G. Brown Jr., Governor

PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 18, 2015

Southern California Edison Company  
Attn: Russell G. Worden  
Managing Director, State Regulatory Operations  
8631 Rush Street  
Rosemead, California 91700

Attn: Michael R. Hoover  
Director, State Regulatory Affairs  
c/o Karyn Gansecki  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94120

*Re: Southern California Edison Advice Letter 3250-E and 3250-E-A*

Dear Mr. Worden and Mr. Hoover:

The Energy Division staff has reviewed the above mentioned Advice Letters. In Advice Letter 3250-E, SCE notifies the Commission of the creation of two affiliates: (1) SoCore MW Development, LLC (SoCore) and (2) Edison Water Resources (EWR). In Advice Letter 3250-E, SCE states that the Affiliate Transaction Rules apply to SoCore but do not apply to EWR. Staff agrees with SCE's assessment that SoCore is subject to the Affiliate Transaction Rules but disagrees with SCE's assessment for EWR. Therefore, Energy Division rejects Advice Letter 3250-E and 3250-E-A for the reasons discussed below.

In Decision (D.) 97-12-088, the Commission held under Rule II(B) of the Affiliate Transaction Rules that utility affiliates are subject when affiliates are engaged in the provisions of a product that uses electricity or the provision of services that relate to the use of electricity.<sup>1</sup> SCE states that EWR will "not be engaged in the provisions of a product that uses electricity or a service that relates to the use of electricity" and is thus, not subject to the Affiliate Transaction Rules.<sup>2</sup> Energy Division staff disagrees. In Advice Letter 3250-E-A, SCE states that EWR, when operating at full capacity, will use 10MWh of electricity a day. At best, that amounts to 70MWh of electricity per week which is, as SCE states, "equivalent to the customer usage of an average-sized grocery store."<sup>3</sup> In order to operate and perform its essential function as a desalination facility, EWR must use electricity to provide water for its intended markets – governmental and municipal water districts. Consequently, EWR is subject to the Affiliate Transaction Rules.

Energy Division's action here furthers the Commission's objective for the Affiliate Transaction Rules: to prevent cross-subsidization.<sup>4</sup> This may include anticompetitive self-dealing, information sharing between

<sup>1</sup> D.97-12-088, Appendix A-3, Rule 2(B)

<sup>2</sup> Advice Letter 3250-E, page 2.

<sup>3</sup> Advice Letter 3250-E, page 2.

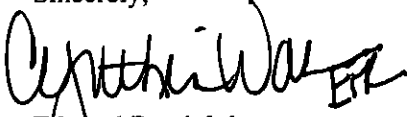
<sup>4</sup> D.97-12-088, page 12.

SCE and EWR, and subjecting SCE consumers to subsidizing EWR's operation.<sup>5</sup> Energy Division must prevent these potential harms that may arise without the screen of the Affiliate Transaction Rules.<sup>6</sup>

SCE shall refile its advice letter and subject both SoCore and EWR to these rules.

If you have any questions, please contact Colin Rizzo at (415) 703-1748 or [colin.rizzo@cpuc.ca.gov](mailto:colin.rizzo@cpuc.ca.gov).

Sincerely,



Edward Randolph  
Director-Energy Division  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102  
(415) 703-2083

Cc: CPUC, ED Tariff Unit, 505 Van Ness Ave., 4<sup>th</sup> Floor, San Francisco, CA, 94102  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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<sup>5</sup> D.97-12-088, page 12.

<sup>6</sup> To be sure, the Affiliate Transaction Rules allow for broad coverage. Rule II(B) also stipulates that the Affiliate Transaction Rules may apply to an affiliate “whether or not they engage in the provision of a product that uses electricity or the provision of services that relate to the use of electricity.” (D.06-12-029, Appendix A-3, Rule 2(B), page 3.)

**ADVICE LETTER (AL) SUSPENSION NOTICE**  
**ENERGY DIVISION**

Utility Name: Southern California Edison  
(SCE)

Utility Number/Type: U 338-E

Advice Letter Number(s): 3250-E

Date AL(s) Filed: July 28, 2015

Utility Contact Person: Darrah Morgan

Utility Phone No.: (626) 302-2086

Date Utility Notified: August 7, 2015

E-Mailed to: [darrah.morgan@sce.com](mailto:darrah.morgan@sce.com)

ED Staff Contact: Colin Rizzo

ED Staff Email: [colin.rizzo@cpuc.ca.gov](mailto:colin.rizzo@cpuc.ca.gov)

ED Staff Phone No.: (415) 703-1784

**INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)**

This is to notify that the above-indicated AL is suspended for up to 120 days beginning August 27, 2015 for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

A Commission Resolution is Required to Dispose of the Advice Letter

Advice Letter Requests a Commission Order

Advice Letter Requires Staff Review

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The expected duration of initial suspension period is 120 days

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**FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)**

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

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If you have any questions regarding this matter, please contact Colin Rizzo at [colin.rizzo@cpuc.ca.gov](mailto:colin.rizzo@cpuc.ca.gov)

cc:

EDTariffUnit

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July 28, 2015

**ADVICE 3250-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 New Affiliates

In accordance with Affiliate Transaction Rule (Rule) VI.B adopted in Decision (D.)97-12-088, Appendix A, dated December 16, 1997, as modified by D.06-12-029 dated December 14, 2006, Southern California Edison Company (SCE) hereby submits this advice filing to provide notice to the California Public Utilities Commission (Commission) of the creation of new affiliates.

**PURPOSE**

The purpose of this advice filing is to provide notice to the Commission pursuant to Rule VI.B of the creation of the affiliates listed in Attachment A.

**BACKGROUND**

D.97-12-088, as subsequently modified by various decisions, 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, 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. The advice letter shall state the affiliate's purpose or activities, whether the utility claims that Rule II.B makes the Rules applicable to the affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will ensure compliance with these Rules. (Appendix A-3, D.06-12-029)

One affiliate, SoCore MW Development LLC., listed in Attachment A will be considered a Class A affiliate of SCE because it will be engaged in the provision of a product that uses electricity or a service that relates to the use of electricity. The other affiliate, Edison Water Resources, listed in Attachment A will be considered a Class B affiliate of SCE because it will not be engaged in the provision of a product that uses electricity or a service that relates to the use of electricity.

No unusual or unique circumstances exist that would require affiliate transaction rule implementation measures beyond those SCE already has in place for the affiliates listed in Attachment A. Therefore, SCE will apply the provisions of its 2015 ATR Compliance Plan, filed on June 30, 2015 via Advice 3238-E, to all transactions with this affiliate. If the Commission modifies or requires amendment of SCE's current and prevailing compliance plan, or in the event that SCE files a periodic update to its compliance plan, SCE will apply all such changes or the provisions of such amended plans to these affiliates.

No cost information is required for this advice filing.

### **TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.1, this advice letter is submitted with a Tier 1 designation.

### **EFFECTIVE DATE**

This advice filing is made in compliance with D.97-12-088 and D.06-12-029 and will become effective on July 28, 2015, the date filed.

### **NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:



CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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

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

Russell G. Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Michael R. Hoover  
Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@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 must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions regarding this advice letter, please contact John Quinlan at (626) 302-4835 or by electronic mail to [John.Quinlan@sce.com](mailto:John.Quinlan@sce.com).

**Southern California Edison Company**

/s/ Russell G. Worden  
Russell G. Worden

RGW;jq/lt:jm  
Enclosures

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: [Darrah.Morgan@sce.com](mailto:Darrah.Morgan@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
 PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3250-E      Tier Designation: 1

Subject of AL: Implementation of Affiliate Transaction Rules With Respect to the Creation of New Affiliates

Keywords (choose from CPUC listing): Compliance, Affiliate

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.97-12-088 and D.06-12-029

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  Yes  No

Requested effective date: 7/28/15      No. of tariff sheets: -0-

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

<sup>1</sup> Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Russell G. Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Michael R. Hoover  
Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

**Southern California Edison Company  
Attachment A  
List of New Affiliates**

Affiliate Name	Address of Headquarters	Primary Officers	Contact Person	Intended Business Activity	Acquire/ Creation Date	Covered by Rules
Edison Water Resources	2244 Walnut Grove Ave., Rosemead, CA 91770	Nicole Neeman Brady – President, Treasurer Michael Henry – Secretary	John Quinlan (626) 302-4835	Desalination and Wastewater treatment projects which provide water to water districts	07/22/15	No
SoCore MW Development LLC	225 W. Hubbard Suite 200 Chicago, IL 60654	Pete Kadens - President Robert Scheuermann - Chief Financial Officer	John Quinlan (626) 302-4835	SoCore MW Development LLC was formed to develop solar projects in various Midwestern states.	07/23/15	Yes