
March 23, 1999

ADVICE 1372-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Implementation of Affiliate Transaction Rules With Respect
to a Recently-Created Affiliate, Edison Mission Marketing
& Trading, Inc.

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 transmits notice regarding implementation of the California Public Utilities Commission's (Commission) affiliate transaction rules for a recently-established affiliate, Edison Mission Marketing & Trading, Inc. (EMMT).

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 (Rules), for a recently-established affiliate 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, these 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:

“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.”

On December 1, 1998, the EMMT was created as a subsidiary of Edison Mission Financial Marketing & Trading Co., which is a subsidiary of Edison Mission Energy, a “Class A” affiliate of SCE (i.e., subject to the Rules). EMMT will also be considered a Class A affiliate of SCE, as it is engaged in the provision of a product that uses electricity or a service that relates to the use of electricity. SCE has notified the Commission and posted notice of the creation of this new affiliate on its affiliate transaction Web Site (<http://www.sceaffiliatebb.com/notice.htm>), as required.

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

New Affiliate Name:	Edison Mission Marketing & Trading, Inc.	
Headquarters:	18101 Von Karman Avenue, Suite 1700 Irvine, CA. 92612	
Primary Officers:	President:	James V. Iaco, Jr.
	Vice President:	Paul R. Gillespie Michael P. Childers Sam Henry John Deshong Mark E. Irwin
	Vice President and General Counsel:	Steven D. Eisenberg
	Vice President and Assistant General Counsel:	Mary Ellen Olson
	Vice President and Treasurer:	Kevin M. Smith
	Vice President and Secretary:	Martha A. Spikes
	Assistant Secretary:	Michelle J. Johnson
Contact for CPUC:	James A. Kelly	(626) 302-2284
Intended Function:	Involved in marketing and selling excess power generated by the Homer City Generating Station to the power grid.	

EMMT was established with the transfer of certain functions and employees from Edison Source, a previously identified Class A affiliate of SCE. Communications regarding the Rules have been made to employees of Edison Source since shortly after the rules were adopted. The activity identified above as EMMT's intended function will commence subsequent to the closure of Edison Mission Energy's purchase of the Homer City Generating Station, which was just completed on March 18, 1999.

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. The Commission has not yet issued a determination regarding Advice 1278-E-B or 1278-E-C. 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 EMMT that differ from those already identified for other affiliates. Therefore, SCE will apply the provisions of Advice 1278-E-B and Advice 1278-E-C to all transactions with this new affiliate. If the Commission modifies or requires amendment of SCE's RCP and/or ARCP, SCE will apply all such changes or the provisions of such amended plans to this new affiliate.

SCE acknowledges that, in regard to EMMT, the rules and policies regarding nondiscrimination, disclosure of information, and separation of systems are particularly significant. Although all of the affiliate transaction rules apply to SCE's transactions with EMMT, SCE acknowledges the particular importance of the compliance measures discussed in Advice 1278-E-B for Rules III.B, III.E, III.F, IV.A, IV.B, IV.C, IV.D, IV.E, IV.F, V.C, V.E, V.F, and V.G in regard to EMMT. The volume and nature of transactions between SCE and EMMT, if any, cannot be predicted with certainty. If such transactions occur, they will be subject to the mechanisms and procedures identified in SCE's RCP and ARCP, for the relevant Rules noted above.

EMMT will determine its staffing needs independently of SCE. If EMMT should eventually employ any individuals currently employed by SCE, the provisions of Rule V.G. will be followed in full. At present there are ten employees of EMMT. All EMMT employees have been provided the revised All Employee Affiliate

Implementation (AEAI) Package issued in October 1998 as required by Resolution E-3539. This package includes the complete text of Rules III, IV, and V.

Because EMMT will be involved in marketing and selling electricity, SCE will consider EMMT to be an energy marketing affiliate for the purposes of Rule V.G.2.e. This means that SCE will not make temporary or intermittent assignments or rotations of utility employees to EMMT.

To date, no transactions between SCE and this new affiliate have been recorded.

No cost information is required for this advice filing.

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

EFFECTIVE DATE

This advice filing is made in compliance with D.97-12-088. No resolution is required for this filing; therefore, approval of this item is not subject to the review and comment provisions of SB 779. It is requested that this advice filing become effective on the 40th calendar day after the date filed, which is May 2, 1999.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter 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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above), and Donald A. Fellows, Manager of Revenue and Tariffs, Southern California Edison Company, 2244 Walnut Grove Avenue, Rosemead, California, 91770, Facsimile (626) 302-4829. 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 Section III, Paragraph G, of 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 should be directed to Emelyn Lawler at (626) 302-3985.

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

/s/

Donald A. Fellows, Jr.

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Enclosures

cc: Service List: OIR 97-04-011/OII 97-04-012
CPUC, SF - Attn: Elena Schmid, ORA
CPUC, SF - Attn: Ed Quan, Energy Division