June 30, 1999

ADVICE 1388-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, Contact Energy Limited

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-created affiliate, Contact Energy Limited (Contact Energy).

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-created 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, 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.”

On May 14, 1999, Contact Energy was created and is an indirect subsidiary of Edison Mission Energy, a “Class A” affiliate of SCE (i.e., subject to the Rules). Contact Energy will also be considered a Class A affiliate of SCE, because it is engaged in the provision of a product that uses electricity or a service that relates to the use of electricity as described below. As required, SCE has notified the Commission and posted notice of the creation of this new affiliate on SCE's affiliate transaction Web Site (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:** Contact Energy Limited
- **Headquarters:**
  - Level 1
  - Harbour City Tower
  - 29 Brandon Street
  - Wellington, New Zealand
- **Primary Officers:**
  - Director: Raymond W. Vickers
  - Edward R. Muller
  - Robert M. Edgell
  - Brian Wood
  - Phil Pryke
  - Paul Anthony
  - Andrew Thomson
  - John Mine
- **Contact for CPUC:** James A. Kelly (626) 302-2284
- **Intended Function:** Owns and operates hydroelectric, geothermal and natural gas-fired power generating plants in New Zealand. It also supplies gas and electricity to customers in New Zealand and has minority interests in two power projects in Australia.
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, 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 Contact Energy 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 Contact Energy, 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 Contact Energy, SCE notes in particular the compliance measures discussed in Advice 1278-E-B for Rules III.B, III.E, III.F, IV.A, IV.B, IV.D, IV.E, IV.F, V.C, V.E, V.F, and V.G in regard to this new affiliate. The volume and nature of transactions between SCE and Contact Energy, 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.

Edison Mission Energy controls a minority interest in Contact Energy and does not hire or supervise Contact Energy’s employees. Contact Energy will determine its staffing needs independently of SCE. If any SCE employees leave their positions for employment with Contact Energy, the provisions of Rule V.G will be followed in full.

To date, no transactions between SCE and this new affiliate has 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 advice filing; therefore, approval of this item is not subject to the review and comment provisions of Senate Bill 779. It is requested that this advice filing become effective on the 40th calendar day after the date filed, which is August 9, 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 as 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.

cc: CPUC, SF - Attn: Elena Schmid, ORA
    CPUC, SF - Attn: Ed Quan, Energy Division
    All Parties in OIR 97-04-011/OII 97-04-012
    GO 96-A Service List