



Southern California Edison Company 2020 Affiliate Transaction Rules Compliance Plan

June 30, 2020

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INTRODUCTION

In compliance with Rule VI.A of the California Public Utilities Commission's (Commission or CPUC) Affiliate Transaction Rules (Rules or Affiliate Rules) adopted in Decision (D.) 97-12-088 and as subsequently amended, and pursuant to the directives of D.06-12-029, Southern California Edison Company (SCE) has prepared and files its 2020 Affiliate Transaction Rules Compliance Plan (2020 Compliance Plan). The 2020 Compliance Plan reflects the current status of SCE's efforts to maintain compliance with the Affiliate Rules. The 2020 Compliance Plan is effective as of July 1, 2020 and supersedes all previously submitted Compliance Plans.

Rules I.A, and V.G.1, require the 2020 Compliance Plan be verified by officers of SCE and SCE's parent holding company, Edison International (EIX). These verifications are attached as Appendix A. By filing this 2020 Compliance Plan and implementing the procedures herein, SCE does not in any manner waive its right to petition the Commission and/or other regulatory, legislative, or judicial bodies to modify, rehear, and/or stay the decisions and/or any of the Rules contained therein, or as modified. Where SCE, in its discussion of any particular Rule, refers to a possible challenge or change to such Rule, the reference is made without waiver of or prejudice to any potential challenge to any other Rule.

Nature of Compliance Procedures

The Affiliate Rules touch upon processes and organizations throughout SCE, EIX and SCE's affiliates. Although the conditions surrounding necessary measures may vary, compliance actions can generally be summarized as involving one or more of the following:

- Communications and training to utility employees;
- Communications and training to affiliate employees;
- Separation of services that may not be shared;
- Costs allocations for services that may be shared;
- Controls for utility information systems;
- Protection of nonpublic SCE information including information related to customers, service providers, and suppliers;
- Implementation of recording and reporting procedures;
- Collection/coordination of companywide records for required reports and reviews;
- Tracking movement of employees, officers and/or directors, where required; and

- Tracking joint purchases by the utility and its parent company and affiliates.

This 2020 Compliance Plan does not list each and every step required to implement each individual Rule. Operations level processes and personnel assignments necessary for implementation are administered by the management of each Organizational Unit, under the general oversight of SCE's Affiliates Officer.

Affiliate Compliance Tools

Specific compliance actions driven by individual Rules are discussed under the appropriate Rule herein. However, SCE employs several controls that are much broader in scope and serve to promote compliance with the entire body of the Affiliate Rules. These controls, discussed below, include: (1) a high-level management Affiliates Compliance Oversight Team and the Affiliate Compliance Office; (2) employee education and training regarding the Affiliate Rules; (3) a detailed Affiliate Compliance Handbook describing key policies and procedures governing affiliate transactions; (4) reporting in compliance with Commission directives; and (5) periodic reviews of compliance with the Affiliate Rules.

Affiliate Compliance Management

Affiliates Compliance Oversight Team: SCE's Affiliates Compliance Oversight Team includes the Affiliates Officer, Affiliates Compliance Manager, Designated Affiliates Counsel, and Designated Affiliates Controller. SCE's Affiliates Officer leads the Affiliates Compliance Oversight Team, which is responsible for helping ensure that SCE, its parent holding company, and its affiliates comply with the Affiliate Rules adopted by the Commission and other inter-affiliate regulations instituted by other agencies.

- SCE's Affiliates Officer is Carla Peterman, SCE's Senior Vice President, Regulatory Affairs.
- SCE's Affiliates Compliance Manager, as defined in Affiliate Transaction Rule VIII.C.2, is its designated Affiliates Officer. J.P. Shotwell, SCE's Director of Corporate Compliance & Information Governance in the Ethics and Compliance Organizational Unit functions from time to time as the Affiliates Compliance Manager designee.
- SCE's designated Affiliates Counsel is Claire E. Torchia, a Senior Attorney in SCE's Law Department who provides legal advice and oversees compliance with respect to applicable legal requirements.
- SCE's designated Affiliates Controller is Alex Herrera, Assistant Controller in the Finance Organizational Unit, who helps ensure that all accounting associated with affiliate transactions follows applicable requirements.

Affiliate Compliance Office: The Affiliate Compliance Oversight Team is supported by SCE’s Affiliate Compliance Office (“ACO”) in the Ethics & Compliance Organizational Unit, including a manager and staff of professional-level employees. The ACO provides compliance expertise on a day-to-day basis to organizations and individuals throughout SCE, its parent holding company, and its affiliates. This includes responding to inquiries, maintaining and updating resource materials, preparing required reports and filings, developing compliance procedures, executing or monitoring selected compliance controls and activities, managing enterprise-wide Affiliate Rules training, and evaluating potential noncompliance events. The Affiliate Compliance Office administratively reports to the Director of Corporate Compliance & Information Governance who reports to the Chief Ethics and Compliance Officer (CECO) of EIX and SCE.

Compliance with the Affiliate Rules is the responsibility of every employee at SCE, EIX, and SCE’s affiliates. In support of that distributed obligation, the Affiliate Compliance Office works to help ensure consistent interpretation and administration of the Affiliate Rules throughout the enterprise in accordance with the Commission’s directives and determinations. The Affiliate Compliance Office also makes sure that material regarding affiliate transactions is collected and reported in a timely manner.

Employee Education and Training

SCE employs a multi-part approach to educating and training utility, EIX, and affiliate officers and employees regarding the Affiliate Rules and the controls in place to help ensure compliance. This approach includes, among other things:

- SCE’s Affiliate Compliance Handbook;
- SCE’s Affiliate Compliance intranet website;
- An “affiliate information helpline” and e-mail address, supported by the Affiliate Compliance Office, to which any employee can direct questions regarding the Affiliate Rules;
- EIX has an Ethics and Compliance 24-hour Helpline, which is operated by a third party and allows anonymous reporting by EIX, SCE, and affiliate employees. Calls to the Ethics & Compliance Helpline are captured with a description of the issue and instantly reported via e-mail to the EIX Chief Ethics and Compliance Officer and his staff. Calls related to the Affiliate Rules are directed to the Affiliate Compliance Office staff. All employees can report issues to the Helpline via telephone website and mobile application;
- Affiliate Rules web-based training and in-person training sessions and presentations tailored to specific employee groups;

- Publications describing SCE's and EIX's standards of conduct and business policies; and
- Responses to inquiries from employees directed to the Affiliate Compliance Office.

Affiliate Compliance Handbook

SCE maintains the Affiliate Compliance Handbook that consolidates internal processes, guidance, and other resources for implementing compliance with the Affiliate Rules. A copy of the handbook is filed with the Commission each May as part of the annual report required by D.93-02-019. The most current version of the Affiliate Compliance Handbook is available to all SCE employees on SCE's Affiliate Compliance intranet website.

The Affiliate Compliance Handbook acts as a compliance measure, in that it reinforces standard practices regarding affiliate transactions and serves as a single-point resource for employees engaged in implementing and monitoring compliance with the Affiliate Rules. The Affiliate Compliance Handbook includes descriptions of internal processes developed to support the compliance measures discussed herein.

Affiliate Compliance Intranet Website

SCE maintains an Affiliate Compliance intranet website accessible by SCE and EIX employees. The website contains resources about the Affiliate Rules and other inter-affiliate regulations, including the CPUC Holding Company Conditions, SCE's Affiliate Compliance Handbook, and the current Compliance Plan. The intranet website also contains other affiliate-related resources including the Shared Support Matrix, FAQs, list of affiliate companies, and Affiliate Policies related to affiliate participation in SCE RFOs, affiliate trading in the California market, and administration of affiliate power contracts prior to commercial operation date. All these rules, policies, procedures, forms and job aids are available to all SCE and EIX employees through the intranet.

Affiliate Rules Training

SCE has developed an annual Affiliate Rules web-based training. The web-based training targets a wide range of SCE employees based on their interactions with affiliates and the specific Rules they need to know in order to help remain compliant. The web-based training is separated into nine modules, which address a wide range of subjects such as the definition of an affiliate, the difference between a Class A and Class B affiliate, the core principles of the Rules, the prohibition of preferential treatment, the proper pricing and reporting of all utility-affiliate transactions, the protection of nonpublic utility information, access to SCE facilities, access to SCE systems, marketing and business development, external communication and advertising, procurement, shared support, employee transfers, directly requested services, and record retention.

The web-based training is designed to select the appropriate modules for SCE employees depending on their current Organizational Unit and current job function. Each module requires SCE employees to answer affiliate-related questions and each SCE employee receives a certificate of completion, which are stored as auditable evidence. The web-based training provides easy access to important affiliate-related resources and provides key contacts to the ACO as well as information regarding the Edison Helpline. The ACO reviews and revises the training materials periodically to help ensure that the subject matter addresses the most up-to-date and pertinent topics. The target audience is also reviewed annually. SCE also provides individualized in-person training to SCE Directors and Officers, and EIX personnel. In-person training is also provided to all new Class A affiliate employees on a quarterly basis.

Reporting

SCE submits numerous reports to the Commission throughout the year in compliance with various Affiliate Rules. All these reports serve to demonstrate compliance with the Affiliate Rules.

Pursuant to Rule VI.E, SCE submits written certifications to the CPUC's Energy Division from "key officers" of SCE and EIX to certifying, under the penalty of perjury, that each key officer has personally complied with the Rules during the prior calendar year. These certifications are submitted by March 31 of each year.

SCE files its annual Non-Tariffed Products and Services (NTP&S) Report in compliance with Affiliate Rule VII.H. The NTP&S Report describes each existing category, the types and quantities of products and services contained within each category, the cost allocated to and revenues derived from each category, and the current information on the proportion of relevant utility assets used to offer each category of product or service. While there is no required submittal date for this report, SCE targets submitting the report at the end of the second quarter, and reports the data for the previous calendar year.

D. 93-02-019 requires SCE to file the Annual Report of Affiliate Transactions on May 1 annually. This report serves as a significant compliance control, as it requires employees of each Organizational Unit involved with affiliate transactions to be cognizant of the Affiliate Rules that pertain to their activities and to assess their compliance performance. Thus, the annual reporting exercise reinforces SCE's system of internal accounting controls to help ensure that affiliate transactions are recorded and reported in accordance with applicable guidelines.

SCE files the Affiliate Rules Compliance Plan pursuant to Rule VI.A. The purpose of the Compliance Plan is to demonstrate that SCE has mechanisms, controls and procedures in place to foster and promote compliance with the Rules. The Compliance Plan update is filed via an Advice Letter by June 30 each year when there has been a change in the purpose or activities of an affiliate, a new affiliate has been created, or SCE has changed its Compliance Plan for any other reason. The updated Compliance Plan supersedes prior versions of the Compliance Plan.

In accordance with Rule IX.A, SCE provides the Commission with information regarding the utility's capital and dividend policies. The Rule IX Report is submitted to the Director of the CPUC's Energy Division no later than the final business day in November annually.

SCE notifies the Commission upon the creation or acquisition of any new affiliates in accordance with Affiliate Rule VI.B. As part of this notification process, SCE submits Advice Letters for new affiliates. SCE also notifies the Commission when there is a change to its list of shared directors and officers between the utility and affiliates. In accordance with Rule V.G.1.

Periodic Audit Reviews

A periodic audit review of SCE's compliance with the Rules serves as another important control to reinforce compliance. Rule VI.C requires a biennial CPUC-sponsored Affiliate Rules audit. This biennial audit not only reviews and verifies compliance during the reporting period, but also provides an opportunity to assess and, as necessary, strengthen compliance procedures going forward. Each audit involves responses to data requests and interviews with employees throughout the enterprise. The audit helps ensure that officers, managers, and employees are aware of the importance of compliance with Affiliate Rules, and understand the degree to which compliance is scrutinized.

On a periodic basis, the ACO partners with SCE's Audit Services Department to conduct a review of sections of the Affiliate Rules. A list of these internal reviews is submitted as part of the annual affiliate transaction report filed pursuant to D.93-02-019.

RULE I: DEFINITIONS

Unless the context otherwise requires, the following definitions govern the construction of these Rules:

Rule I.A.

“Affiliate” means any person, corporation, utility, partnership, or other entity 5 per cent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly either by a utility or any of its subsidiaries, or by that utility’s controlling corporation and/or any of its subsidiaries as well as any company in which the utility, its controlling corporation, or any of the utility’s affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership. For purposes of these Rules, “substantial control” includes, but is not limited to, the possession directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of 5% or more by the utility in an entity’s company creates a rebuttable presumption of control.

For purposes of this Rule, “affiliate” shall include the utility’s parent or holding company, or any company which directly or indirectly owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a utility (holding company), to the extent the holding company is engaged in the provision of products or services as set out in Rule IIB. However, in its compliance plan filed pursuant to Rule VI, the utility shall demonstrate both the specific mechanism and procedures that the utility and holding company have in place to assure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules. Examples include but are not limited to specific mechanisms and procedures to assure the Commission that the utility will not use the holding company, another utility affiliate not covered by these Rules, or a consultant or contractor as a vehicle to (1) disseminate information transferred to them by the utility to an affiliate covered by these Rules in contravention of these Rules, (2) provide services to its affiliates covered by these Rules in contravention of these Rules or (3) to transfer employees to its affiliates covered by these Rules in contravention of these Rules. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of these specific mechanisms and procedures to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.

Regulated subsidiaries of a utility, defined as subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are

not included within the definition of affiliate. However, these Rules apply to all interactions any regulated subsidiary has with other affiliated entities covered by these rules.

SCE Compliance:

When a new affiliate is created or acquired by EIX or its non-utility subsidiaries, SCE uses the “New Affiliate Classification” form to formally document the process of classifying the new affiliate. The “New Affiliate Classification” form seeks input to determine if EIX or a subsidiary: 1) has ownership of 5% or more of the outstanding securities; 2) exerts substantial control over the operations of the entity, where a direct or indirect voting interest of 5% or more by the utility in an entity’s company creates a rebuttable presumption of control; or 3) indirectly have substantial financial interests in the company exercised through means other than ownership. In addition, the form is used to determine if the affiliate is covered by the Rules as set forth in Rule II.B.

EIX Investments in Other Companies: EIX has invested equity in several companies that do not meet the Commission’s three-pronged definition of an affiliate as defined in Affiliate Rule I.A. These companies do not meet the criteria to be defined as an affiliate because: 1) EIX owns less than five percent (5%) of the outstanding securities in each of these companies; 2) EIX’s minority investment does not allow it to exert substantial control over the operations of these companies, and 3) EIX has no additional substantial financial interest in these companies exercised through means other than ownership. Since these companies are not considered affiliates, the Affiliate Rules do not apply. However, SCE, on a periodic basis, monitors EIX’s ownership status of these companies to help ensure SCE timely reports to the Energy Division any change in affiliate status in accordance with Rule I.A.

EIX/SCE also provides contributions and have voting interests on non-profit boards. SCE does not view participation in a tax-exempt entity to create an affiliate relationship where there is no opportunity for pecuniary gain and EIX/SCE’s voting power on management decisions does not provide the ability to exercise unilateral control.

Rule I.B

“Commission” means the California Public Utilities Commission or its succeeding state regulatory body.

Rule I.C

“Customer” means any person or corporation, as defined in Sections 204, 205 and 206 of the California Public Utilities Code that is the ultimate consumer of goods and services

Rule I.D

“Customer Information” means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.

Rule I.E

“FERC” means the Federal Energy Regulatory Commission.

Rule I.F

“Fully Loaded Cost” means the direct cost of good or service plus all applicable indirect charges and overheads.

Rule I.G

“Utility” means any public utility subject to the jurisdiction of the Commission as an Electrical Corporation or Gas Corporation, as defined in California Public Utilities Code Sections 218 and 222, and with gross annual operating revenues in California of \$1 billion or more.

Rule I.H

“Resource Procurement” means the investment in and the production or acquisition of the energy facilities, supplies, and other energy products or services necessary for California public utility gas corporations and California public utility electrical corporations to meet their statutory obligation to serve their customers.

SCE Compliance:

SCE applies these definitions in the administration of its procedures, mechanisms and policies for fostering compliance with these Rules.

RULE II: APPLICABILITY

Rule II.A

These Rules shall apply to California public utility gas corporations and California public utility electric corporations, subject to regulation by the California Public Utilities Commission and with gross annual operating revenues in California of \$1 billion or more.

Rule II.B

For purposes of a combined gas and electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, unless specifically exempted below. 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 the provision of services that relate to the use of electricity. For purposes of a gas utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or the provision of services that relate to the use of gas. However, regardless of the foregoing, where explicitly provided, these Rules also apply to a utility's parent holding company and to all of its affiliates, whether or not they engage in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity.

SCE Compliance:

These Rules apply to transactions between SCE and its covered affiliates governed by Rule II.B. SCE classifies all affiliates that are covered by these Rules as “Class A Affiliates.” Those affiliates not covered by these Rules are classified as “Class B Affiliates.” Both Class A and Class B Affiliates are subject to SCE’s Holding Company Conditions adopted in D.88-01-063. As discussed further below, EIX, SCE’s parent holding company, is subject only to those Rules that specifically apply to the parent holding company. Thus, SCE does not classify EIX as either a Class A or Class B Affiliate. SCE maintains a current list of all Class A and Class B Affiliates on both its Affiliate Compliance intranet webpage and on its external website (<https://www.sce.com/wps/portal/home/regulatory/affiliate-notices>). SCE reserves the right to reclassify its affiliates as the activities of the affiliate change.

When a new affiliate is created or acquired by EIX or any of its non-utility subsidiaries, SCE uses the “New Affiliate Classification” form to formally document the process of classifying the new affiliate. The “New Affiliate Classification” gathers information to help determine if the entity is an affiliate as defined in Rule I.A and if so, is the affiliate covered by the Rules.

Edison International: As provided in Rule I.A, SCE’s parent holding company, EIX, is an affiliate under the Rules. However, Rule II.B clarifies that the Rules apply to the parent holding company only when a Rule explicitly extends its reach to the parent holding

company. On that basis, SCE understands that only the following Rules apply to EIX: Rules I.A – “Affiliate”, II.B – “Applicability”, II.C – “No Conduit Rule”, II.F – “Existing Rules”, V.A – “Corporate Entities”, V.B – “Books and Records”, V.E - “Corporate Support”, V.G.1 - “Employees”, and VI.E – “Officer Certification.”

Class A Affiliate: A “Class A” Affiliate is one that meets the definition of Rule II.B – i.e., an entity engaged in the provision of a product that uses electricity or the provision of services that relate to the use of electricity, unless specifically exempted. SCE interprets Rule II.B to mean that entities engaged in electricity generation, transmission or distribution or entities that provide an array of electric services including but not limited to, distributed generation, electric transportation, energy efficiency, and energy management services are covered by the Rules. Conversely, entities that solely use electricity as an input in the production of goods and services to operate machines, computer systems, lighting systems, heating and air-conditioning or any other use of electricity to manufacture goods or provide services are not covered by the Rules.

SCE has voluntarily agreed to classify as “Class A” an affiliate holding company when the management of the holding company is directly involved in the day-to-day management of its Class A Affiliate subsidiaries even though that affiliate holding company does not, in its own name, engage in the provision of a product that uses electricity or the provision of services that are related to the use of electricity. This typically occurs when the officers or employees of such holding company are also officers of the Class A Affiliate, except for those officers who only preside over a corporate shared support function at both the holding company and Class A affiliate (e.g. treasurer or secretary). In such cases, SCE does not consider such corporate shared support officers to be involved in the day-to-day management of the Class A affiliate. Board members of a holding company and affiliates are also not considered to be involved in the day-to-day management of the affiliate or its subsidiaries.

SCE classifies as Class A affiliates intermediary holding companies whose direct parent company and direct subsidiary company or companies are Class A affiliates even though the intermediary holding company may not be engaged in the provision of a product that uses electricity or the provision of services that relate to the use of electricity.

Class B Affiliate: All other affiliates are Class B Affiliates. While a Class B Affiliate is not subject to the Affiliate Rules, it is subject to SCE’s Holding Company Conditions adopted in D.88-01-063. An officer or employee of a Class B Affiliate that provides shared support services to a Class A Affiliates, such as Edison Energy Support Services, can also be an officer of a Class A Affiliate if the officer or employee only provide shared support services and is not involved with the day-to-day management of the Class A Affiliate. In this situation, the officer or employee of the Class B Affiliate will continue to be treated as a Class B employee and cannot be a conduit for the transfer of non-public utility information to Class A Affiliates or their employees.

Energy Marketing Affiliate: The term “Energy Marketing Affiliate” refers to an affiliate that actively brokers commodity electricity on a competitive basis. For purposes

of this Rule, an affiliate that buys and sells commodity electricity on the open market is actively “brokering” electricity. As of the date of this Compliance Plan, SCE has no Energy Marketing Affiliates.

Rule II.C

No holding company nor any utility affiliate, whether or not engaged in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, shall knowingly:

- 1. direct or cause a utility to violate or circumvent these Rules, including but not limited to the prohibitions against the utility providing preferential treatment, unfair competitive advantages or non-public information to its affiliates;*
- 2. aid or abet a utility’s violation of these Rules; or*
- 3. be used as a conduit to provide non-public information to a utility’s affiliate*

SCE Compliance:

SCE’s training materials regarding both the Affiliate Rules and the Federal Energy Regulatory Commission’s Standards of Conduct (FERC SOC) address the “no-conduit” requirement.

In order to help ensure that EIX is not used as a conduit to provide nonpublic SCE information to Class A affiliates, SCE may include the following legend on documents provided to EIX that contain nonpublic SCE information which Class A affiliates are not allowed to have access to pursuant to Rules IV and V.E: “This document contains NONPUBLIC SCE INFORMATION. Do not share with Class A affiliates.” This legend serves as a reminder to EIX and SCE employees regarding the sharing of nonpublic SCE information and the no conduit rule.

Rule II. D

These Rules apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated services.

SCE Compliance:

SCE does not have an affiliated utility as the CPUC defines “utility” in Rule I.G.

Rule II.E

These Rules do not apply to the exchange of operating information, including the disclosure of customer information to its FERC-regulated

affiliate to the extent such information is required by the affiliate to schedule and confirm nominations for the interstate transportation of natural gas, between a utility and its FERC-regulated affiliate, to the extent that the affiliate operates an interstate natural gas pipeline. These Rules do not apply to transactions between an electric utility and an affiliate providing broadband over power lines (BPL).

SCE Compliance

Rule II.E does not apply to SCE or its affiliates. None of SCE’s affiliates operate an interstate natural gas pipeline where SCE would be required to provide information to schedule and confirm nominations for interstate transportation of natural gas.

Rule II.F

Existing Rules: *Existing Commission rules for each utility and its parent holding company shall continue to apply except to the extent they conflict with these Rules. In such cases, these Rules shall supersede prior rules and guidelines, provided that nothing herein shall supersede the Commission’s regulatory framework for broadband over power lines (BPL) adopted in D.06-04-070 not shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent holding company from adopting other utility-specific guidelines, with advance Commission approval.*

SCE Compliance:

SCE complies with all existing Commission rules that have not been superseded by the Affiliate Rules. As previously discussed, SCE’s Holding Company Conditions adopted in D.88-01-063 still apply to SCE’s Class B Affiliates. In addition, they apply to Class A Affiliates where the Affiliate Rules did not supersede them. SCE also complies with other Commission rules related to the treatment of affiliates. For example, CPUC Decision No. 04-12-048 provides guidance regarding the use of an Independent Evaluator (IE) for all power supply solicitations that involve affiliate transactions. The CPUC states that the IE “should be able to make a determination that [the] RFP process is transparent and fair, and that the RFP issuer’s decision is not influenced by any affiliate relationships.”¹ In addition, CPUC Decision No. 05-01-055 adopts “an affiliate transaction ban between the IOU administrator and any implementer that is an affiliate of PG&E, SCE, SDG&E, or SoCalGas.”²

Rule II.G

Civil Relief: *These Rules shall not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.*

¹ CPUC Decision No. 04-12-048, pages 131 – 132.

² CPUC Decision No. 05-01-055, page 108.

SCE Compliance:

This Rule does not require any unique compliance activity. SCE will comply with any state or federal law as required.

Rule II.H

These Rules should be interpreted broadly, to effectuate our stated objectives of fostering competition and protecting consumer interests. If any provision of these Rules, or the application thereof to any person, company, or circumstance, is held invalid, the remainder of the Rules, or the application of such provision to other persons, companies, or circumstances, shall not be affected thereby.

SCE Compliance:

SCE's Affiliate Rules training material emphasizes that the Affiliate Rules should be interpreted broadly.

Rule III: Nondiscrimination

Rule III.A

No Preferential Treatment Regarding Services Provided by the Utility: Unless otherwise authorized by the Commission or the FERC, or permitted by these Rules, a utility shall not:

- 1. represent that, as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers; or*
- 2. provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, pricing, or timing) over non-affiliated suppliers or their customers in the provision of services provided by the utility.*

SCE Compliance:

SCE's dedicated ACO and Affiliates Compliance Oversight Team provide advice and counsel regarding SCE's provision of services to its Class A Affiliates. SCE's Affiliate Rules training materials and Affiliate Compliance Handbook reinforces the nondiscrimination and non-preferential restrictions of Rules III.A.1 and III.A.2.

The EIX Employee Code of Conduct, which is applicable to all EIX, SCE, and affiliate employees, notes the importance of complying with state and federal regulations including "transactions between our utility and affiliate companies to prevent any preferential treatment."³ The EIX Employee Code of Conduct is accessible to all employees on Edison.com. Additionally, a modified version for affiliate employees is available on the Edison Energy intranet website. On an annual basis, all non-represented employees of EIX, SCE and affiliates must acknowledge their understanding and adherence to the EIX Code of Conduct. All represented SCE employees review standard language and certify their understanding / agreement with the Code of Conduct language.

SCE Organizational Units that provide services to affiliates and other customers have processes and procedures in place to help ensure compliance with Rule III.A. For example, SCE's Tariff Rule 22, Direct Access, states "Unless otherwise authorized by the CPUC, the Federal Energy Regulatory Commission (FERC), or the Affiliate Transactions Rules, SCE shall not: (1) represent that its affiliates or customers of its affiliates will receive any different treatment with regard to the provision of SCE services than other unaffiliated service providers as a result of affiliation with SCE; or (2) provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, information, pricing or timing) over non-affiliated suppliers or their customers in the provision of SCE services."⁴ Furthermore, Tariff Rule 24, Direct Participation

³ Edison International Employee Code of Conduct, page 11.

⁴ SCE Tariff Rule 22, Direct Access, Section B.2.a. "Non-Discrimination."

Demand Response, states “Unless otherwise authorized by the California Public Utilities Commission (CPUC or Commission), the Federal Energy Regulatory Commission (FERC), or the affiliate transactions rules, SCE shall not provide or represent that it will provide to itself, its affiliates or customers of itself or its affiliates any preferential treatment with regard to SCE services than other, unaffiliated, service providers would receive, including, but not limited to, terms and conditions, information, pricing or timing.”⁵

Rule III.B

***Affiliate Transactions:** Transactions between a utility and its affiliates shall be limited to tariffed products and services, the sale or purchase of goods, property, products or services made generally available by the utility or affiliate to all market participants through an open, competitive bidding process, to the provision of information made generally available by the utility to all market participants, to Commission-approved resource procurement by the utility, or as provided for in Rules V.D (joint purchases), V.E (corporate support) and VII (new products and services) below.*

SCE Compliance:

SCE’s Affiliate Rules training materials, Affiliate Compliance Handbook, and online resources reference the competitive bidding requirements imposed by this Rule. Any purchases SCE makes from Class A Affiliates (except those made pursuant to Rules V.D and V.E, as permitted) are made through an open, competitive bidding process. For products and services for which SCE or the Class A Affiliate is the sole available source (e.g., licensing of certain intellectual property), such that a competitive bidding process is infeasible, SCE’s Affiliates Officer reviews and approves such transactions prior to execution.

Transactions: In D.93-02-019, the Commission adopted reporting requirements for the reporting of transactions between utilities and their affiliates. The Commission defined “transaction” as “the provision of any good, property, service, privilege, or act between any two parties from which compensation normally would be provided if each party was independent of the other and acting in its best financial interest.”⁶

SCE limits its affiliate transactions to those types of transactions listed in this Rule:

- Tariffed products and services – SCE complies with Rules III.B.4 and III.B.5 regarding the application of tariffed products and services.
- Open competitive bidding process – SCE makes the opportunity and process available to all market participants. For Energy Efficiency Contracting Opportunities, SCE along with other California investor owned utilities (IOUs) developed the Proposal Evaluation & Proposal Management Application (PEPMA) for companies interested in energy efficiency contracting opportunities. The PEPMA website

⁵ SCE Tariff Rule 24, Direct Participation Demand Response, Section C.1.a.(1) “Neutral Discharge of Responsibilities”

⁶ D. 93-02-019, Appendix A, Section I.G (m).

(<https://www.pepma-ca.com>) provides bidding information and instructs companies (including SCE's Class A Affiliates) on how to register for competitive solicitations open to public bidding. For the purchase of non-energy related goods or services from affiliates, SCE has developed procedures in Customer Service and Supply Management to identify SCE affiliates in future Request for Proposals (RFPs).

- Information made generally available to all market participants - SCE makes information generally available to all market participants and complies with Rule IV regarding information and disclosures.
- Commission-approved resource procurement – SCE complies with Rule III.B.1 regarding resource procurement.
- Joint purchases – SCE maintains appropriate procedures and mechanisms to ensure compliance with Rule V.D. SCE has implemented a procurement platform to manage and record its non-energy procurement activities. As part of its capabilities, SCE obtains and records prior written authorization from suppliers for joint procurements.
- Corporate support – SCE maintains appropriate procedures and mechanisms to ensure compliance with Rule V.E.
- New products and services - SCE maintains appropriate procedures and mechanisms to ensure compliance with Rule VII.

Rule III.B.1

***Resource Procurement.** No utility shall engage in resource procurement, as defined in these Rules, from an affiliate without prior approval from the Commission. Blind transactions between a utility and its affiliate, defined in those transactions in which neither party knows the identity of the counterparty until the transaction is consummated, are exempted from this Rule. A transaction shall be deemed to have prior Commission approval (a) before the effective date of this Rule, if authorized by the Commission specifically or through the delegation of authority to Commission staff or (b) after the effective date of this Rule, if authorized by the Commission generally or specifically or through the delegation of authority to Commission staff.*

SCE Compliance:

SCE has developed processes and procedures that help ensure that its resource procurement process does not create conflicts of interest or opportunities for cross-subsidization. These processes and procedures include the use of an “Independent Evaluator” for any solicitation where an affiliate is participating as a bidder, the review of contracts that require Commission approval, a consultation with SCE’s Procurement

Review Group (PRG)⁷ and the Cost Allocation Mechanism Group (CAM)⁸, the application of compliance protocols for long-term energy procurement, and the application of internal procedures for the ongoing management of contracts/agreements or Commission pre-approved standard offer contracts/agreements. SCE also submits the Quarterly Compliance Report (QCR) to the Commission on a quarterly basis. The QCR demonstrates that SCE's non-renewable procurement activities during the quarter in question are in conformance with the guidelines set forth in SCE's Commission-approved Bundled Procurement Plan ("BPP"), most recently approved in D.15-10-31. Each QCR is reviewed by the Commission's Utility Audit Branch and approved by the Energy Division.

As the Commission requires, SCE maintains complete resource procurement planning independence from its affiliates. Internal procedures related to these transactions are covered in the "Policies and Procedures Concerning Affiliate Participation in SCE Requests for Offers and Requests for Proposals," "Policies and Procedures Regarding Affiliate Trading in the California Market," and "Policies and Procedures for Administration of Affiliate Power Contracts Prior to Commercial Operation Date" collectively referred to as the "Affiliate Policies." The Affiliate Policies are available on SCE's intranet website. A copy of the Affiliate Policies is attached to this document as Appendix E.

SCE currently has no resource procurement contracts with any of its affiliates.

Rule III.B.2

***Provision of Supply, Capacity, Services or Information:** Except as provided for in Rules V.D, V.E, and VII, a utility shall provide access to utility information, services, and unused capacity or supply on the same terms for all similarly situated market participants. If a utility provides supply, capacity, services, or information to its affiliate(s), it shall contemporaneously make the offering available to all similarly situated market participants, which include all competitors serving the same market as the utility's affiliates.*

SCE Compliance:

SCE's training materials, Affiliate Compliance Handbook, and online resources provide express guidance that no utility information, services, or unused capacity or supply, other than those expressly permitted by the noted Rules, may be offered or provided exclusively to Class A Affiliates.

⁷ The Procurement Review Group (PRG) is a CPUC-authorized entity made up of eligible non-market participants, such as consumer groups and state agency representatives, who are given the opportunity to review IOU procurement activity that is done on behalf of bundled service customers.

⁸ The Cost Allocation Mechanism (CAM) group is a CPUC-authorized entity made up of eligible non-market participants, formed through D.07-12-052. Participants include representatives from the CPUC's Energy Division, the Public Advocates Office, the California Coalition of Utility Employees, Union of Concerned Scientists, The Utility Reform Network, and Community Choice Aggregation and Direct Access representatives. The CAM group is given the opportunity to review IOU procurement activity that is done on behalf of all Load Serving Entity customers.

Scope and Application: This Rule covers all SCE activities, except as provided for in Rules V.D, V.E, and VII (See Resolution E-3539). This Rule does not prohibit SCE from offering to Class A Affiliates, on an exclusive basis, services permitted by Rules V.D and V.E. Services subject to the requirements of Rule III.B.2 include, but are not limited to, vacant space in utility facilities, use of available utility-owned office furniture and equipment, vehicle maintenance services, and utility aircraft (Resolution E-3539). If SCE were to offer any such goods and services to Class A Affiliates, SCE would similarly offer the same to non-affiliates, at fair market value prices, pursuant to Rule V.H.1.

Posting and Notice of Offerings: SCE uses its Internet website for notices required by Rules III.B.2, III.F, and IV.B (<https://www.sce.com/wps/portal/home/regulatory/affiliate-notices>). Information is posted to this website as necessary in compliance with these Rules. If SCE offers or provides its Class A Affiliates any supply, capacity, services or information subject to this Rule, SCE has processes in place to provide similar access to other market participants by making a contemporaneous posting on its Internet website. SCE's Affiliate Compliance Office works with the appropriate Organizational Units to make sure that such postings occur.

Rule III.B.3

***Offering of Discounts:** Except when made generally available by the utility through an open, competitive bidding process, if a utility offers a discount or waives all or any part of any other charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the utility shall contemporaneously make such discount or waiver available to all similarly situated market participants. The utilities should not use the "similarly situated" qualification to create such a unique discount arrangement with their affiliates such that no competitor could be considered similarly situated. All competitors serving the same market as the utility's affiliates should be offered the same discount as the discount received by the affiliates. A utility shall document the cost differential underlying the discount to its affiliates in the affiliate discount report described in Rule III.F.7 below.*

SCE Compliance:

SCE complies with the provisions of its filed tariffs and rules including Tariff Rule 22, Section B.2.a. SCE does not offer preferential treatment to its affiliates or its affiliates' customers.

Rule III.B.4

***Tariff Discretion:** If a tariff provision allows for discretion in its application, a utility shall apply that tariff provision in the same manner to its affiliates and other market participants and their respective customers.*

Rule III.B.5

***No Tariff Discretion:** If a utility has no discretion in the application of a tariff provision, the utility shall strictly enforce that tariff provision.*

SCE Compliance:

SCE employees involved with its tariffs are instructed to strictly enforce tariff provisions. SCE employees do not apply discretion in the application of tariff provisions unless discretion is allowed by the FERC or CPUC. However, if discretion is necessary in the enforcement of a tariff provision, SCE employees are instructed to apply tariff provisions in the same manner to SCE affiliates as to all other market participants and their customers.

Rule III.B.6

***Processing Requests for Services Provided by the Utility:** A utility shall process requests for similar services provided by the utility in the same manner and within the same time for its affiliates and for all other market participants and their respective customers.*

SCE Compliance:

SCE employees are trained to comply with this Rule and to process requests for services in the same manner and within the same time for all service providers, including affiliates. SCE's Affiliate Rules training materials also address the prohibition on preferential treatment for affiliates. This principle has been consistently emphasized in all Affiliate Rules training to SCE's customer-facing employees and is incorporated in SCE's tariffs such as, SCE's Tariff Rule 22 regarding Direct Access. Rule 22 states, "SCE shall not represent that its affiliates or customers of its affiliates will receive any different treatment with regard to SCE services than other unaffiliated services providers as a result of affiliation with SCE."⁹

Rule III.C

***Tying of Services Provided by a Utility Prohibited:** A utility shall not condition or otherwise tie the provision of any services provided by the utility, nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms and conditions of any services provided by the utility, to the taking of any goods or services from its affiliates.*

SCE Compliance:

SCE complies with this Rule and will not tie, or imply ties between, utility services and the goods or services of Class A Affiliates.

⁹ SCE Tariff Book, Rule 22, Section B.2.a.(1) "Non Discrimination."

EIX has Class A Affiliates that operate within SCE’s service territory that may potentially market to SCE’s commercial, industrial, and agricultural customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE’s customer-facing employees¹⁰ emphasizes customer-related Rules,¹¹ including Rule III.C. The Affiliate Compliance Office also communicates with and provides Affiliate Rules training to the Class A Affiliates’ management and employees regarding how the Affiliate Rules impact their activities in California. The Affiliate Compliance Office reviews its targeted training audience annually to respond to the changing market conditions in SCE’s service territory and any changes to the EIX family of companies.

Rule III.D

No Assignment of Customers: A utility shall not assign customers to which it currently provides services to any of its affiliates, whether by default, direct assignment, option or by any other means, unless that means is equally available to all competitors.

SCE Compliance:

SCE does not “assign” customers to any provider and has no plans to do so. No additional compliance action is required. Resolution E-3539 describes this statement from SCE as satisfactory.¹²

As first mentioned in SCE’s compliance with Rule III.C, EIX has Class A Affiliates that operate within SCE’s service territory that may potentially market to SCE’s customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE’s customer-facing employees emphasizes customer-related Rules, including Rule III.D. The Affiliate Compliance Office also communicates with and provides Affiliate Rules training to the Class A Affiliates’ management and employees regarding how the Affiliate Rules impact their activities in California. On a periodic basis, all new Class A Affiliate employees receive Affiliate Transaction Rules training as part of their new employee training. The Affiliate Compliance Office reviews its target audience annually to respond to the changing market conditions in SCE’s service territory and any changes to the EIX family of companies.

Rule III.E

Business Development and Customer Relations: Except as otherwise provided by these Rules, a utility shall not:

- 1. provide leads to its affiliates;*

¹⁰ The target audience includes, but is not limited to, customer-facing employees in SCE’s Business Customer Division, Customer Programs & Services Department, Customer Communication Centers, Local Public Affairs and Corporate Communications.

¹¹ The Affiliate Rules addressing customer relations include Rule III.C. - Tying of Services Provided by a Utility Prohibited; Rule III.D – No Assignment of Customers; Rule III.E. – Business Development and Customer Relations; Rule IV.E. – Affiliate-Related Advice or Assistance; Rule V.F.2.; Rule V.F.4 – No Joint Advertising or Marketing; and Rule V.F.4.a. – No Joint Sales Calls

¹² Resolution E-3539, page 14

2. *solicit business on behalf of its affiliates;*
3. *acquire information on behalf of or to provide to its affiliates;*
4. *share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates;*
5. *request authorization from its customers to pass on customer information exclusively to its affiliates;*
6. *give the appearance that the utility speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates; or*
7. *give any appearance that the affiliate speaks on behalf of the utility.*

SCE Compliance:

As first mentioned in SCE’s compliance with Rule III.C., EIX has Class A Affiliates that operate within SCE’s service territory and that may potentially market to SCE’s commercial, industrial, and agricultural customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE’s customer-facing employees emphasizes customer-related Rules including Rule III.E. The Affiliate Compliance Office also communicates and provides Affiliate Rules training to the Class A Affiliates’ management and employees regarding how the Affiliate Rules impact their activities in California. The Affiliate Compliance Office reviews its target audience annually to respond to the changing market conditions in SCE’s service territory and any changes to the EIX family of companies.

SCE interprets Rule III.E.1 as permitting SCE to refer third parties that are not acting as existing or potential customers, such as government representatives, non-governmental organizations, regulators, or the media, to its Class A Affiliates.

EIX’s corporate policies on Data Privacy and Information Governance, which apply to EIX, SCE and all EIX’s subsidiaries, reinforce compliance with Rule III.E.5. SCE and EIX are committed to responsibly collecting, using, and protecting all nonpublic utility information (including customer information) of which SCE has custody or control. Each SCE employee is responsible for helping ensure that nonpublic utility information in their control is handled in accordance with the corporate Data Privacy and Information Governance Policies and all applicable legal and regulatory requirements. EIX’s Data Privacy and Information Governance Policies are available to all SCE employees through its intranet website.

SCE’s Tariff Rule 25, entitled “Protecting the Privacy and Security of Customer Usage Information,” also provides controls regarding the privacy and security of customer data. All customer specific information gathered by SCE is maintained as confidential and not disclosed to third parties without prior written customer consent.

Requests for Customer Information Policy: SCE’s Customer Service Organizational Unit has established a policy for the release of customer information to third parties at the customer’s written request including affiliates and EIX. The Requests for

Customer Information policy states that “employees may not release customer account information to any third party, including SCE affiliates, without first obtaining the customer’s written consent.”¹³ This protocol has been in effect since 1997, and is widely known among service providers. SCE’s Customer Service has also issued instructions pertaining specifically to SCE affiliates. When a Customer Information Service Request (CISR) is received requesting release of customer information to an affiliate, Customer Service provides email notification to the Affiliate Compliance Office and holds the fulfillment of the CISR until the 3rd business day to help ensure the appropriate notification is posted on sce.com prior to release of the customer information to the affiliate.

Rule III.F

***Affiliate Discount Reports:** If a utility provides its affiliates a discount, rebate, or other waiver of any charge or fee associated with services provided by the utility, the utility shall, within 24 hours of the time at which the service provided by the utility is so provided, post a notice on its electronic bulletin board providing the following information:*

- 1. the name of the affiliate involved in the transaction;*
- 2. the rate charged;*
- 3. the maximum rate;*
- 4. the time period for which the discount or waiver applies;*
- 5. the quantities involved in the transaction;*
- 6. the delivery points involved in the transaction;*
- 7. any conditions or requirements applicable to the discount or waiver, and a documentation of the cost differential underlying the discount as required in Rule III. B. 2 above; and*
- 8. procedures by which a nonaffiliated entity may request a comparable offer.*

A utility that provides an affiliate a discounted rate, rebate, or other waiver of a charge or fee associated with service provided by the utility shall maintain, for each billing period, the following information:

- 9. the name of the entity being provided services provided by the utility in the transaction;*
- 10. the affiliate’s role in the transaction (i.e., shipper, marketer, supplier, seller);*
- 11. the duration of the discount or waiver;*
- 12. the maximum rate;*
- 13. the rate or fee actually charged during the billing period; and*
- 14. the quantity of products or services scheduled at the discounted rate during the billing period for each delivery point.*

¹³ “3rd Party Authorizations Policy and Release of Customer Information Procedures”, Section II – “Policy Statement, December 12, 2002.

All records maintained pursuant to this provision shall also conform to FERC rules where applicable.

SCE Compliance:

It is SCE's policy not to offer a Class A Affiliate a discount. However, if SCE offers a discount to a Class A Affiliate, the Affiliate Compliance Office has processes in place to post the affiliate Discount Reporting Form on SCE's Internet website (<https://www.sce.com/wps/portal/home/regulatory/affiliate-notice/sce-discounts>) The Affiliate Compliance Office would post such notices promptly after SCE's provision of the discount.

RULE IV: DISCLOSURE AND INFORMATION

Rule IV.A

Customer Information: A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly non-discriminatory basis, and only with prior affirmative customer written consent.

SCE Compliance:

As noted in the discussion of Rule III.E above, SCE has established a policy regarding the release of customer information to third parties on a nondiscriminatory basis, with the customer's prior written consent. This protocol is described in the Requests for Customer Information Policy. In addition, SCE's Affiliate Rules training materials and Affiliate Compliance Handbook emphasize that customer information is confidential and can be released only under SCE's established protocol.

Customer Information Service Request ("CISR"): Customers may authorize the release of their information to any parties by executing a CISR form. By submitting this form, the customer designates a third party as its agent to receive specified service account information for designated accounts and/or to act on its behalf to accomplish certain initiatives. As required by Resolution E-3539, Ordering Paragraph 11, SCE must post a notice of intent to release a customer's information to an SCE Class A Affiliate on SCE's Internet website prior to release. SCE procedures are in place specifying the form and content of the information posted on the website. SCE understands that information released pursuant to a signed customer authorization in compliance with Rule IV.A is not subject to the information release requirements of Rule III.B.2 – i.e., the information cannot be made available to nonaffiliated market participants on the same terms, because SCE does not have the customer's permission to release information to any party other than the one named on the CISR form.¹⁴

EIX has developed its Data Privacy and Information Governance policies to reinforce compliance with Rule IV.A. SCE and EIX are committed to the responsible collection, use, and protection of all nonpublic utility information including customer information over which SCE has custody or control. Each SCE employee is responsible for making sure that nonpublic utility information in their control is handled in accordance with the corporate Data Privacy and Information Governance policies and all applicable legal and regulatory requirements. EIX's Data Privacy and Information Governance policies is available to all SCE employees through its intranet website.

Rule IV.B

Non-Customer Specific Non-Public Information: A utility shall make non-customer specific nonpublic information, including but not limited to information about a utility's natural gas or electricity purchases, sales, or operations or about the utility's gas-related goods or services and, electricity-related goods or services, available to the utility's affiliates only

¹⁴ Resolution E-3539, Ordering Paragraph 11.

if the utility makes that information contemporaneously available to all other service providers on the same terms and conditions, and keeps the information open to public inspection. Unless otherwise provided by these Rules, a utility continues to be bound by all Commission-adopted pricing and reporting guidelines for such transactions. A utility is also permitted to exchange proprietary information on an exclusive basis with its affiliates, provided the utility follows all Commission-adopted pricing and reporting guidelines for such transactions, and it is necessary to exchange this information in the provision of the corporate support services permitted by Rule V.E below. The affiliate's use of such proprietary information is limited to use in conjunction with the permitted corporate support services, and is not permitted for any other use. Nothing in this Rule precludes the exchange of information pursuant to D.97-10-031. Nothing in this Rule is intended to limit the Commission's right to information under Public Utilities Code Sections 314 and 581.

SCE Compliance:

SCE has included a discussion of the restrictions on non-customer-specific, nonpublic information imposed by this Rule in its Affiliate Rules training material, Affiliate Compliance Handbook, and online resources including the posting of inadvertent disclosures of nonpublic utility information on SCE's Internet website, sce.com.

In order to help ensure that EIX is not used as a conduit to provide nonpublic SCE information to Class A affiliates, SCE may include the following legend on documents provided to EIX that contain nonpublic SCE information: "This document contains NONPUBLIC SCE INFORMATION. Do not share with Class A affiliates." This legend serves as a reminder to EIX and SCE employees regarding the sharing of nonpublic SCE information and the no conduit rule.

SCE has developed a procedure for governing email forwarding in situations when a SCE employee transfers to EIX, Class B, or Class A affiliates. SCE employees who transfer to EIX or a Class B affiliate are allowed a period during which their SCE emails may be forwarded. However, the policy prohibits the forwarding of emails for SCE employees transferring to Class A affiliates. This includes employees who are seconded from Edison Energy Support Services (EESS) to Class A affiliates.

SCE and EIX have implemented procedures to help ensure a consistent process to maintain accurate records for when Class A affiliate employees attend EIX/SCE Board of Directors and Board committee meetings. For Board of Directors and Board committee meetings, SCE's Corporate Governance maintains meeting minutes that identify each attendee and reflect when Class A affiliates are present. SCE's Corporate Governance also maintains a distribution log and access list that indicates which meeting materials were distributed and whom they were distributed to, including Class A affiliate employees.

Interpretation in Relation to Other Rules: This Rule does not prohibit the exchange of public information. This Rule permits the exclusive exchange of nonpublic information

when necessary in the provision of permitted corporate governance and shared support activities under Rule V.E. This Rule permits the exclusive exchange of nonpublic information if it is provided as part of a Rule VII non-tariffed product and service offered to all market participants under similar terms and conditions. This Rule permits the exclusive exchange of nonpublic information to affiliated generators for system reliability purposes. Any such disclosure would be limited to ensure local reliability and would apply as with any similarly situated third-party generator. In addition, SCE interprets that if SCE procures goods or services from a Class A Affiliate through an open, competitive solicitation process, SCE may share with its Class A Affiliate nonpublic SCE information that is necessary for the provision of the good or service by that affiliate. However, the Class A Affiliate will not be able to use such nonpublic information for any other purpose.

Interpretation in Relation to Holding Company Activities: This Rule does not prohibit the exclusive exchange of nonpublic information with EIX if EIX is not used as a conduit to provide that information to a Class A Affiliate. In the context of permitted corporate governance activity for EIX, SCE may share noncustomer-specific, nonpublic information with Class A Affiliate officers. Any such information shared with senior affiliate officers for permitted corporate governance activities would not directly identify or reveal customer information (as governed by Rule IV.A) or activities that are expressly prohibited by Rules V.D and V.E (such as sharing “gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing.”). SCE’s making such information available in this context does not prejudice ratepayers or advantage its affiliates in any way.

Provision of Information to Service Providers: Consistent with discussion of Rule III.B.2 above, SCE does not construe this Rule to require that offerings of information be made to other service providers individually. SCE provides information to other requesting service providers in the same format provided to its affiliates.

Public Inspection: SCE will make any nonpublic information disclosed to a Class A Affiliate, pursuant to this Rule, except as discussed above, available for public inspection at its corporate headquarters in Rosemead at reasonable times consistent with ongoing business responsibilities, subject to the same terms and conditions of release applied to its affiliate. All requests to view information made available pursuant to this Rule must be presented in writing to:

J.P Shotwell
Director, Corporate Compliance & Information Governance
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770

Pursuant to Rule IV.F and Resolution E-3539, SCE must comply with such requests within three business days. If SCE is required to perform services in providing non-customer-specific, nonpublic information to its affiliates, SCE may charge the affiliate for the cost of providing such information pursuant to the pricing provisions of Rule V.H. If

so, in order to adhere to the “same terms and conditions” clause in this Rule, SCE requires identical payment and terms for third parties who request the nonpublic information. As described for Rule III.B.2, SCE’s Internet website is used to post notices required by Rules III.B.2, III.F, and IV.B (<https://www.sce.com/wps/portal/home/regulatory/affiliate-notices>).

Rule IV.C

***Service Provider Information:** Except upon request by a customer or as otherwise authorized by the Commission or another governmental body, a utility shall not provide its customers with any list of service providers, which includes or identifies the utility’s affiliates, regardless of whether such list also includes or identifies the names of unaffiliated entities.*

SCE Compliance:

In implementing this Rule, SCE understands the term “service providers” to mean providers of gas-related, electricity-related, or other utility-related goods and services, including the utility’s affiliates. This Rule does not prohibit SCE from compiling lists of service providers, and providing such lists to customers who request them, as long such lists do not contain SCE Class A Affiliates. The Customer Service Quality Assurance group quarterly monitors its service provider lists and other forms of content that may list Class A Affiliates to validate compliance with Rule IV.C.

Competitive Market Information Generally: This Rule does not prohibit SCE from providing information about Direct Access or other competitive markets to its customers.

Commission Resources: In Resolution E-3539, Finding of Fact No. 49, the Commission confirmed that SCE may direct customers who request information about Energy Service Providers (ESPs) to the Commission’s website. In addition, this Rule does not prohibit SCE from providing a copy of the Commission’s service provider list to customers who request it. In accordance with these Rules, in no case does SCE emphasize the inclusion of any affiliate appearing on the Commission’s list. The list is located at www.cpuc.ca.gov/esp/.

Rule IV.D

***Supplier Information:** A utility may provide non-public information and data which has been received from unaffiliated suppliers to its affiliates or non-affiliated entities only if the utility first obtains written affirmative authorization to do so from the supplier. A utility shall not actively solicit the release of such information exclusively to its own affiliate in an effort to keep such information from other unaffiliated entities.*

SCE Compliance:

SCE’s Supply Management organization is knowledgeable about this Rule and is responsible for compliance. The requirements of this Rule are presented in Affiliate Rules web-based training directed to Supply Management employees and in the Affiliate Compliance Handbook. Before SCE releases nonpublic supplier information to its

affiliates or to nonaffiliated entities, SCE requires that the supplier provide written permission to SCE.

In the event of a joint purchase, as allowed in Rule V.D, SCE's Supply Management organization obtains written authorization from a supplier to release supplier information before SCE begins negotiations on behalf of, or jointly with, one or more of the Edison International companies. Supplier authorization for release of information is obtained through a standard joint procurement permission letter sent to and signed by the supplier. Supplier authorization for release of information may also be obtained by including supplier authorization language in the RFO/RFP, which suppliers authorize through their bid submittal. Supplier authorizations are retained by Supply Management in Ariba, a contract management system.

Interpretation in Relation to Other Rules: This Rule does not preclude SCE from sharing information regarding suppliers' terms and conditions pertaining to permissible joint purchases under Rule V.E. as long as SCE has obtained written affirmative authorization to do so from the supplier, or in some cases expressly authorized in the executed joint procurement contract. Neither this Rule nor Rule V.D prohibits SCE or its Class A Affiliates from independently purchasing goods or services from the same nonaffiliated supplier.

Rule IV.E

***Affiliate-Related Advice or Assistance:** Except as otherwise provided in these Rules, a utility shall not offer or provide customers advice or assistance with regard to its affiliates or other service providers.*

SCE Compliance:

This Rule prohibits SCE from providing any advice, assistance, or recommendations to customers regarding any service providers, including affiliates. SCE does not endorse or recommend to customers any specific service providers. SCE has included in its Affiliate Compliance Handbook and Affiliate Rules training materials a discussion of the prohibition on advice or assistance regarding any service providers, including affiliates. This Rule does not prohibit SCE from providing advice or assistance to customers regarding various technologies from various vendors at its technology centers. This Rule does not prohibit SCE from providing technical or operational assistance to customers in support of SCE services.

As first mentioned in SCE's compliance with Rule III.C EIX has Class A Affiliates that operate within SCE's service territory that may potentially market to SCE's customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE's customer-facing employees emphasizes the customer-related Rules, including Rule IV.E. The Affiliate Compliance Office also communicates with and provides Affiliate Rules training to the Class A Affiliates' management and employees regarding how the Affiliate Rules impact their activities in California. The Affiliate Compliance Office reviews its target audience annually to respond to the changing market conditions in SCE's service territory and any changes to the EIX family of companies.

Rule IV.F

Record-Keeping: *A utility shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provision, all discounts, and all negotiations of any sort between the utility and its affiliate whether or not they are consummated. A utility shall maintain such records for a minimum of three years and longer if this Commission or another government agency so requires. For consummated transactions, the utility shall make final transaction documents available for third party review upon 72 hours' notice, or at a time mutually agreeable to the utility and third party.*

If D.97-06-110 is applicable to the information the utility seeks to protect, the utility should follow the procedure set forth in D.97-06-110, except that the utility should serve the third party making the request in a manner that the third party receives the utility's D.97-06-110 request for confidentiality within 24 hours of service.

Rule IV.G

Maintenance of Affiliate Contracts and Related Bids: *A utility shall maintain a record of all contracts and related bids for the provision of work, products or services between the utility and its affiliates for no less than a period of three years, and longer if this Commission or another government agency so requires.*

SCE Compliance:

On December 1, 2014 the CPUC Energy Division updated the document retention requirements for the Affiliate Transaction Rules via a letter sent to all of the major energy utilities. The letter states:

Pursuant to ATRs IV.F and IV.G, a utility shall maintain records "for a minimum of three years and longer" if this Commission or another government agency so requires (emphasis added). To avoid making this requirement too onerous, Energy Division is limiting this document retention obligation to the past five years. Therefore, in accordance with ATRs IV.F, IV.G and VI.C, please consider this your notice to maintain all records pertaining to the following subjects, beyond three years, or until they can be included in future biennial Commission ATRs audits, but not to exceed five years, whichever comes first:

- *All contracts and related bids for the provision of work;*
- *Products or services exchanged between the utility and its affiliates;*

- *Tariffed and non-tariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions; and*
- *All discounts and negotiations of any sort between the utility and its affiliates whether or not they are consummated for each calendar year.*

This directive for document retention should be interpreted broadly. A good rule of thumb is, if a hardcopy or electronic document could be relevant to a future audit, then do retain that document until it has been audited (or until it is five years old, whichever comes first). You are to retain comprehensive and complete hardcopy and electronic records pertaining to the subject matter requested in your recent ATRs audit of calendar years 2010 and 2011, for the unaudited calendar years 2012, 2013, 2014, and each future calendar year.

Furthermore, as these documents are generated and circulated in a hardcopy or an electronic form during the utilities' normal course of business, this request is not expected to entail significant additional effort by the utilities.

SCE's Affiliate Rules training materials and Affiliate Compliance Handbook state that transactions with SCE's affiliates must be documented, including all contracts and bids. Each organization conducting affiliate transactions is responsible for maintaining documentation for the required five-year period or until a CPUC Affiliate Rules audit has been completed. The documentation and disclosure requirements of this Rule apply to all transactions between SCE and Class A Affiliates, including those related to services permitted by Rule V.E.

Adherence to EIX Records Management Corporate Policy: EIX's corporate policy on Records Management reinforces its compliance with Rule IV.F and IV.G. SCE and EIX are required to manage all records consistent with SCE's recordkeeping, legal hold requirements and applicable law. These recordkeeping requirements are designed to make sure that records are appropriately accessible, complete, managed, preserved, retained, and disposed of in accordance with business and applicable legal requirements. EIX's Record Management Policy is available to all SCE employees through its intranet website.

The CPUC's December 1, 2014, letter specifies the document retention requirements for specific affiliate transactions. All other SCE documents not related to affiliate transactions remains subject to the retention requirements established under the EIX Records Management Corporate Policy. SCE documents not related to affiliate transactions are not subject to the CPUC December 1, 2014, document requirements; therefore, SCE does not need to retain other non-affiliate related documents beyond the time specified in the EIX Record Management Policy to prove the lack of any affiliate transactions. Examples of records that are not affiliate-related and therefore are not subject to the CPUC's December 1, 2014, letter include recorded phone calls at SCE's Customer Call Centers or SCE emails that are not related to affiliate transactions or corporate support

functions. However, in response to the 2012-2013 Affiliate Compliance Audit, SCE proposed that, if the Energy Division instructs SCE to retain historical call center calls, a random sampling of calls handled by SCE employees be retained, rather than all of the calls. SCE has commenced retaining a random sampling of the calls handled by SCE employees starting January 2018, and will continue to do so until otherwise instructed from the Energy Division.

Protection of Certain Information: The exclusive and nonpublic exchange of proprietary information necessary to perform corporate support services pursuant to Rule V.E is expressly permitted by Rule IV.B. SCE reserves all rights under the law to protect from disclosure privileged communications, attorney work product, and trade secrets.

Billings: Billings between SCE and its Class A Affiliates are recorded on a monthly basis. Records of intercompany billings are available subsequent to the closing of the monthly transactions. Resolution E-3539, Finding 59, notes that it is reasonable to define “contemporaneous” as once per month for the purposes of Rule IV.F.

Provision of Information: All requests from third parties for affiliate transaction information must be made to the SCE Affiliates Compliance Manager or designee, who will arrange retrieval and presentation of the information within the time required. All requests pursuant to this Rule should be submitted in writing to:

J.P. Shotwell
Director, Corporate Compliance & Information Governance
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

Resolution E-3539, Finding 46, affirms SCE’s procedure requiring written requests for information. SCE interprets the 72-hour presentation requirement as requiring SCE to make final transaction documents related to any consummated transaction available for review by the third business day following the request. SCE similarly interprets the 24-hour requirement in Rule IV.F as requiring SCE to provide its request for confidentiality within one business day of service. Resolution E-3539, Finding 60, affirms these interpretations are reasonable.

Negotiations: SCE Organizational Units involved in negotiation with affiliates are responsible for maintaining contemporaneous documentation of all such negotiations whether or not they result in an executed contract or agreement. SCE’s Affiliate Rules training materials and Affiliate Compliance Handbook provides this guidance.

Procurement Information: Power procurement information and power purchase agreements are subject to extensive review by SCE’s Procurement Review Group, and affiliated power purchase transactions are further monitored by an Independent Evaluator. SCE’s Affiliate Policies reinforce the prohibition of preferential treatment of affiliates in power procurement situations. The Affiliate Policies are available on SCE’s intranet

website. A copy of the Affiliate Policies is attached to this document as Appendix E. SCE's Energy Procurement & Management Organizational Unit retains required documentation regarding procurement bids and activities.

Rule IV.H

FERC Reporting Requirements: To the extent that reporting rules imposed by the FERC require more detailed information or more expeditious reporting, nothing in these Rules shall be construed as modifying the FERC rules.

SCE Compliance:

This Rule does not require any unique compliance activity. SCE has processes and procedures in place to maintain compliance with its relevant FERC requirements.

RULE V: SEPARATION

Rule V.A

Corporate Entities: A utility, its parent holding company, and its affiliates shall be separate corporate entities.

Rule V.B

Books and Records: A utility, its parent holding company, and its affiliates shall keep separate books and records.

1. Utility books and records shall be kept in accordance with applicable Uniform System of Accounts (USOA) and Generally Accepted Accounting Procedures (GAAP).

2. The books and records of a utility's parent holding company and affiliates shall be open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Section 314 and 701, the conditions in the Commission's orders authoring the utilities' holding companies and/or mergers and these Rule.

SCE Compliance:

SCE and its affiliates are separate corporate entities. Each nonutility affiliate maintains its own board of directors, officers, and books of account. The books and records of SCE's parent holding company and its affiliates are open for examination by the Commission and its staff, consistent with the provisions of Public Utilities Code Section 314 and 701.

Rule V.C

Sharing of Plant, Facilities, Equipment or Costs: A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems, except to the extent appropriate to perform shared corporate support functions permitted under Rule V.E of these Rules. Physical separation required by this rule shall be accomplished preferably by having office space in a separate building, or, in the alternative, through the use of separate elevator banks and/or security-controlled access. This provision does not preclude a utility from offering a joint service provided this service is authorized by the Commission and is available to all non-affiliated service providers on the same terms and conditions (e.g., joint billing services pursuant to D.97-05-039).

SCE Compliance:

SCE does not share office space, office equipment, services, or systems with its Class A Affiliates, except as permitted by these Rules. SCE interprets “shared office space” to include only those facilities that do not have separate security-controlled access for utility- and affiliate-occupied space. This Rule prohibits the independent use of SCE meeting and conference facilities by Class A Affiliates, except where those facilities are open to non-affiliates consistent with the Rules, particularly Rule III.B.1, Class A Affiliate employees are also not permitted to use temporary utility office space (also known as “hotels”) in SCE facilities.

Affiliate Employee Access to SCE Facilities: Class A Affiliate employees may be permitted to visit utility facilities in the following instances:

- as necessary for the performance of shared corporate oversight, governance, and support functions pursuant to Rule V.E;
- to obtain access to holding company office space in the General Office complex and Washington DC office space, in order to conduct business with the holding company; or
- as otherwise permitted under these Rules.

Rule V.E allows EIX, as the parent holding company of SCE and SCE affiliates, to perform corporate oversight, governance, and corporate support services. As such, a limited number of Class A Affiliate officers and executives visit the EIX suites located in the General Office facility (GO-1) on a frequent basis. Given the frequency that the selected Class A Affiliate officers and executives visit the EIX offices, SCE issued them Identification Badges that allow them unescorted access to GO-1. However, the Identification Badges do not give the Class A Affiliate officers and executives access to restricted areas in GO-1 such as the Trading Floor and SCE’s Law Department. The Identification Badges issued to the Class A Affiliate officers and executives have a distinct color which clearly identifies them as Class A Affiliate employees. SCE’s Affiliates Officer reviewed and approved the list of Class A Affiliate officers and executives before the Identification Badges were issued. SCE’s Affiliates Officer must also approve any future additions to the list.

All other Class A Affiliate employees that enter SCE’s general Office facilities must sign in as a visitor and be escorted to the EIX offices. The Class A Affiliate officers and executives with Identification Badges may act as escorts for those Class A Affiliate employees visiting the General Office facilities.

Systems Separation: SCE maintains procedures to help ensure that SCE’s Class A Affiliates obtain access to SCE’s systems only to the extent necessary for SCE and/or EIX to perform permissible corporate support services under Rule V.E. The Affiliate Compliance Office works with SCE’s IT group to make sure that any systems access does not provide access to nonpublic utility information to Class A Affiliates. The Affiliate Compliance Office also provides support for the Affiliates Officer (or designee) to review and approve all requests for access to SCE systems by affiliate and holding company

employees in advance of access being granted. In some instances, Class B Affiliate employees may be seconded to Class A Affiliates. In such instances where these Class B employees have SCE systems access, SCE has developed processes so that systems access is terminated prior to their secondment to the Class A Affiliate.

Nondiscriminatory Systems Access: This Rule does not prohibit access by SCE or its affiliates to certain of each other's computer systems, where similar access is provided on the same terms and conditions to non-affiliates, e.g., access required to transmit information required for third-party billing. (Resolution E-3539, Finding of Fact No. 68.)

Cafeteria and Shareholder-Funded Facilities: This Rule does not prohibit shared use of SCE's cafeteria facilities or SCE's gym facilities when escorted by an SCE employee, although SCE acknowledges that the information-sharing restrictions imposed by Rules III.E, IV.A, IV.B, IV.D, V.F.4, and V.G.2 continue to apply and must be observed by SCE's employees.

Rule V.D

***Joint Purchases:** To the extent not precluded by any other Rule, the utilities and their affiliates may make joint purchases of goods and services, but not those associated with the traditional utility merchant function. For purpose of these Rules, to the extent that a utility is engaged in the marketing of the commodity of electricity or natural gas to customers, as opposed to the marketing of transmission and distribution services, it is engaging in merchant functions. Examples of permissible joint purchases include joint purchases of office supplies and telephone services. Examples of joint purchases not permitted include gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, systems operations, and marketing. The utility must insure that all joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility and affiliate portions of such purchases, and in accordance with applicable Commission allocation and reporting rules.*

SCE Compliance:

SCE maintains procedures and mechanisms to help ensure compliance with Rule V.D, including pricing, reporting, supplier authorization for release of information, and allocation methodologies. SCE's Supply Management organization has an affiliate transactions manual that sets forth the processes for compliance with the Rules. Also, as mentioned above, SCE's Supply Management organization has implemented Ariba, a contract management system, to workflow the negotiation and retention of joint procurement contracts and associated documents. The processes mentioned above are meant to ensure that SCE and its affiliates do not jointly procure goods or services associated with the traditional utility merchant function. All joint purchases are reviewed by the Affiliate Compliance Office before execution and all joint purchase agreements must be approved by SCE's Affiliates Officer prior to final execution.

SCE may negotiate a joint procurement contract; however, it is left to the discretion of EIX or the affiliates to receive the goods or services under the joint procurement contract. Therefore, there may be circumstances where SCE is the only company receiving the goods or services under a joint procurement contract. SCE's preferred result for joint procurements is for SCE and the EIX / affiliate to enter into separate Master Agreements (MAs). This allows each party to issue separate Purchase Orders under their own respective MAs, to best ensure separation of liability.

In performing allowable shared support pursuant to Rule V.E, SCE may purchase goods or services that ultimately support the provision of a service to one or more affiliates. SCE provides shared support services to its affiliates and may do so by either using its own internal resources or by contracting with outside vendors for certain services. SCE independently determines how it wishes to perform that allowable shared support function. While the affiliate does not decide who to purchase the services from, costs for that service are allocated to the affiliate. SCE does not consider these arrangements to be "joint purchases." SCE may also enter into agreements under which the utility and its affiliates receive services related to permissible corporate support functions, subject to appropriate charge-back requirements.

Interpretation in Relation to Other Rules: This Rule permits SCE to perform, on a compensated basis, support functions related to purchasing, including supplier identification, bid process management, contract negotiation, and contract management, as permitted per Rule V.E and Resolution E-3539, page 26. Costs for such procurement-related support are allocated between SCE and its affiliates according to formulas previously identified to the Commission in SCE's annual reports of affiliate transactions.

Rule V.E

***Corporate Support:** As a general principle, a utility, its parent holding company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems and personnel as further specified below. Any shared support shall be priced, reported and conducted in accordance with the Separation and Information Standards set forth herein, as well as other applicable Commission pricing and reporting requirements.*

As a general principle, such joint utilization shall not allow or provide a means for the transfer of confidential information from the utility to the affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures in place to ensure the utility follows the mandates of this paragraph, and to ensure the utility is not utilizing joint corporate support services as a conduit to circumvent these Rules.

Examples of services that may be shared include: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management. However, if a utility and its parent holding company share and any key officers after 180 days following the effective date of the decision adopting these Rule modifications, then the following service shall no longer be shared: regulatory affairs, lobbying, and all legal services exempt those necessary to the provision of shared services still authorized. For purposes of this Rule, key officers are the Chair of the entire corporate enterprise, the President at the utility and its holding company parent, the chief executive officer at each, the chief financial officer at each, and the chief regulatory officer at each, or in any case, any and all officers whose responsibilities are the functional equivalent of the foregoing.

Examples of services that may not be shared include: employee recruiting, engineering, hedging and financial derivatives and arbitrage services, gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing. However, if a utility and its parent holding company share any key officers (as defined in the preceding paragraph) after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized.

SCE Compliance:

SCE's Affiliate Rules training materials, the Affiliate Compliance Handbook, and online resources state that permitted shared services may not be used as a conduit to circumvent the Rules. SCE does not utilize corporate support services as a conduit to circumvent the Rules. Officer verifications of this Compliance Plan are attached to this document as Appendix A. These verifications attest to the adequacy of the mechanisms and procedures SCE has in place to help ensure adherence to the Rules.

Shared Support Function Matrix: SCE maintains a Shared Support Function Matrix that lists the functions that SCE has determined may be shared pursuant to this Rule, subject to the transfer pricing requirements of Rule V.H and the restrictions of Rules V.D and V.F. The listing of permissible shared support functions is attached to this document as Appendix F. Although this listing is intended to be complete and accurate as of the filing date of this Compliance Plan, permissible functions may arise in the future. In addition, SCE has an annual process to update its Shared Support Function Matrix. SCE maintains a copy of the Shared Support Function Matrix on its Affiliate Compliance intranet website.

Rule V.F.

Corporate Identification and Advertising:

- 1. A utility shall not trade upon, promote, or advertise its affiliate's affiliation with the utility, nor allow the utility name or logo to be used by the affiliate or in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo appears that:
 - a) the affiliate "is not the same company as [i.e. PG&E, Edison, the Gas Company, etc.], the utility,";*
 - b) the affiliate is not regulated by the California Public Utilities Commission; and*
 - c) "you do not have to buy [the affiliate's] products in order to continue to receive quality regulated services from the utility." The application of the name/logo disclaimer is limited to the use of the name or logo in California.**

SCE Compliance:

The requirements of this Rule are included in Affiliate Rules training materials, Affiliate Compliance Handbook, and online resources directed at SCE's Corporate Communications organization. In addition, the EIX Style Guide contains instructions on the proper use of the disclaimer.

As first mentioned in SCE's compliance with Rule III.C, EIX have Class A Affiliates that operate within SCE's service territory that may potentially market to SCE's customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE's customer-facing employees emphasizes customer-related Rules, including Rule V.F. The Affiliate Compliance Office also communicates with and provides Affiliate Rules training to the Class A Affiliates' management and employees regarding how the Affiliate Rules impact their activities in California. The Affiliate Compliance Office reviews its target audience annually to respond to the changing market conditions in SCE's service territory and any changes to the EIX family of companies.

SCE and EIX employees are instructed to adhere to a procedure to help ensure external communications and advertising services are performed in compliance with regulatory requirements and in adherence to internal company standards. This procedure details how all EIX and SCE external brand communication materials and advertising are to be developed, reviewed, and approved before external distribution. The procedure is known as One Voice. One Voice includes the One Voice Checklist, which includes a section where the communication material originator must verify whether there are any references to a Class A Affiliate. Where there is a reference to a Class A Affiliate, the Affiliate Compliance Office must review and approve the material. This process fosters proper use of the required disclaimer language on all external communications when

needed. Also, when a Class A Affiliate is referenced in an SCE external communication or advertisement, the SCE Affiliates Officer must approve the material. In addition, while Class A Affiliate materials distributed in California do not go through the One Voice procedure, the Affiliate Compliance Office is frequently asked to review materials by Class A Affiliates to ensure proper usage of the disclaimer.

SCE's Use of Disclaimer: As authorized in D.02-02-046, when the utility refers to any Class A Affiliate in material circulated within California, SCE includes the following disclaimer regarding the mentioned affiliate:

[Affiliate] is not the same company as Southern California Edison (SCE), the utility, and is not regulated by the California Public Utilities Commission.

EIX's Use of Disclaimer: Although this Rule does not explicitly apply to EIX, SCE believes use of the disclaimer may be appropriate in some instances to avoid confusion. If EIX issues material circulated in California that refers to both the utility and a Class A Affiliate, EIX may use the following disclaimer regarding the mentioned affiliate:

[Affiliate] is not the same company as Southern California Edison (SCE), the utility, and is not regulated by the California Public Utilities Commission.

Class A Affiliates' Use of Disclaimer: If a Class A Affiliate that conducts business in California includes the utility name or the corporate tag line used by SCE (i.e., "An Edison International Company") on materials circulated within California, the affiliate uses the following disclaimer:

[Affiliate] is not the same company as Southern California Edison (SCE), the utility, and is not regulated by the California Public Utilities Commission.

Any SCE Class A Affiliate website with potential customers in California that also utilizes the SCE name or the corporate tagline, "An Edison International Company," must include the disclaimer presented on at least the homepage and the contact page of the site.

Disclaimer Not Required: As determined in Decision 98-11-027, SCE's Class A Affiliates are not required to, and do not use the Rule V.F.1 disclaimer in the following circumstances:

- Communications with governmental bodies, where the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and its affiliates, and where the communications are not related to product sales;
- Annual reports to shareholders; and

- Internal written communications between the holding company, the utility and any of the affiliates covered by the Rules, provided that the internal communications are not also sent to third parties outside of the company.

In addition, the following situations are exempted from the disclaimer requirement of Rule V.F.1 per D.99-04-069: (1) building signage; (2) company vehicles; (3) employee uniforms; and (4) installed equipment on customer premises.

Rules for Disclaimer Use: Pursuant to the Commission's guidance presented in D.98-04-029 and revised by D.98-11-027, the disclaimer shall be the larger of: (a) fifty percent (50%) of the original size of the first display of the utility's name or logo; or (b) 6-point type. The disclaimer must be positioned so that the reader will naturally focus on the disclaimer with ease. These requirements are specifically described in the EIX Style Guide.

Rule V.F.2

A utility, through action or words, shall not represent that, as a result of the affiliate's affiliation with the utility, its affiliates will receive any different treatment than other service providers.

SCE Compliance:

As first mentioned in SCE's compliance with Rule III.C, EIX has Class A Affiliates that operate within SCE's service territory that may potentially market to SCE's customers. In order to support compliance with the customer-related Rules, the Affiliate Rules training to SCE's customer-facing employees emphasizes customer-related Rules, including Rule V.F.2. The Affiliate Compliance Office also communicates with and provides Affiliate Rules training to the Class A Affiliates' management and employees regarding how the Affiliate Rules impact their activities in California. The Affiliate Compliance Office reviews its target audience annually to respond to the changing market conditions in SCE's service territory and any changes to the EIX family of companies.

SCE does not claim to and does not provide preferential treatment to its Class A affiliates or to its Class A affiliates' customers. The requirements of this Rule are included in the Affiliate Compliance Handbook and in SCE's Affiliate Rules training materials.

Rule V.F.3

A utility shall not offer or provide to its affiliates advertising space in utility billing envelopes or any other form of utility customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.

SCE Compliance:

SCE currently uses its billing envelope space exclusively for utility purposes.

Rule V.F.4

A utility shall not participate in joint advertising or joint marketing with its affiliates. This prohibition means that utilities may not engage in activities, which include, but are not limited to the following:

SCE Compliance:

SCE does not participate in joint advertising or joint marketing activities with its Class A affiliates. The requirements of this Rule are included in the Affiliate Compliance Handbook and in SCE's Affiliate Rules training materials.

This Rule permits SCE and Class A affiliates to separately purchase advertisements and marketing communications in a publication or at a facility as long as the publication or facility also includes advertisements and communications from nonaffiliated parties.

As also mentioned above in compliance with Rule V.F SCE's and EIX employees are instructed to adhere to a procedure to help ensure external communications and advertising services are performed in compliance with regulatory requirements and in adherence to internal company standards. This procedure details how all EIX and SCE external brand communication materials and advertising are to be developed, reviewed, and approved before external distribution. This procedure is known as One Voice. One Voice includes the One Voice Checklist, which contains a section where the communication material originator must verify whether there are any references to a Class A Affiliate. Where there is a reference to a Class A Affiliate, the Affiliate Compliance Office must review and approve the material. This process fosters proper use of the required disclaimer language on all external communications when needed. Also, when a Class A Affiliate is referenced in an SCE external communication or advertisement, the SCE Affiliates Officer must approve the material.

Rule V.F.4.a

A utility shall not participate with its affiliates in joint sales calls, through joint call centers or otherwise, or joint proposals (including responses to requests for proposals (RFPs) to existing or potential customers. At a customer's unsolicited request, a utility may participate, on a nondiscriminatory basis, in non-sales meetings with its affiliates or any other market participant to discuss technical or operational subjects regarding the utility's provision of transportation service to the customer;

SCE Compliance:

SCE does not participate in joint sales calls or provide joint proposals to existing or potential customers. The requirements of this Rule are included in the Affiliate Compliance Handbook and in SCE's Affiliate Rules training materials.

SCE's phone centers are used for utility business only.

SCE has a process in place to document SCE's participation in customer-requested meetings with Class A Affiliates. The SCE representative at the customer-requested meeting must acknowledge SCE's responsibility to adhere to all of the Affiliate Rules including Rule V.F.4.a. The SCE representative must attest that: 1) the customer request for the meeting was not solicited by SCE, 2) SCE's participation was for the sole purpose of providing technical and operational support to the SCE customer, and 3) SCE did not participate in any discussion pertaining to affiliate advertising, sales, or marketing.

Class A Affiliate acting as an agent for an SCE Customer: This Rule does not preclude SCE from meeting with an SCE customer and a Class A affiliate that is an agent of an SCE customer. If an SCE customer or potential customer contracts with a Class A affiliate to act as its agent in energy-related matters, then, after an unsolicited invitation from the customer, SCE can meet with the customer and Class A affiliate to discuss the technical and operational details of the SCE customer's energy-related project.

Rule V.F.4.b

Except as otherwise provided for by these Rules, a utility shall not participate in any joint activity with its affiliates. The term "joint activities" includes, but is not limited to, advertising, sales, marketing, communications and correspondence with any existing or potential customer;

SCE Compliance:

SCE does not participate in any joint activity with its Class A Affiliates, including but not limited to advertising, sales, marketing, communications and correspondence with existing or potential customers. The requirements of this Rule are included in the Affiliate Compliance Handbook and in SCE's Affiliate Rules training materials. Please also refer to SCE's Compliance with Rules V.F.4., and V.F.4.a.

Rule V.F.4.c

A utility shall not participate with its affiliates in trade shows, conferences, or other information or marketing events held in California.

SCE Compliance:

SCE does not jointly participate with its Class A Affiliates in trade shows, conferences, or other informational or marketing events held in California. The requirements of this Rule are included in the Affiliate Compliance Handbook and in SCE's Affiliate Rules training materials.

This Rule permits SCE and its Class A Affiliates to separately participate in trade shows, conferences (such as accounting, legal, and compliance conferences), and other informational, charitable or community events, even where EIX is one of the corporate sponsors, as long as 1) SCE and Class A affiliate exhibits are not next to each other and do not promote the affiliation of the utility and the Class A Affiliate, 2) SCE and Class A

Affiliate attendees do not participate in any joint marketing or advertising, and 3) SCE employees do not provide leads or solicit business for the Class A Affiliate.

Rule V.F.5

A utility shall not share or subsidize costs, fees, or payments with its affiliates associated with research and development activities or investment in advanced technology research.

SCE Compliance:

SCE does not share or subsidize costs, fees, payments, or investments with Class A Affiliates for research and development or for advanced technology activities. SCE does not engage in or permit utility and Class A Affiliate employees to jointly author scientific or academic research articles under any circumstances. SCE employees involved in any type of advanced technology activities are aware of Rule V.F.5, which is included on a compliance checklist for any research and development contracts.

With respect to the Electric Program Investment Charge (EPIC), which replaced utility RD&D programs, SCE will follow the “Adopted IOU EPIC Administrator - Contractor Solicitation Process and Evaluation Guidelines,”¹⁵ which were approved in D. 13-11-025. These guidelines state that “each IOU will continue to follow its individual corporate procurement, supply management and affiliate compliance rules, regulations, policies and initiatives.”¹⁶

Rule V.G: Employees

Rule V.G.1.

Except as permitted in Rule V.E (corporate support), a utility and its affiliates shall not jointly employ the same employees. This Rule prohibiting joint employees also applies to Board Directors and corporate officers, except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both to the extent consistent with Rule V.E (corporate support)). Where the utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for the affiliates, the prohibition against any board member or corporate officer of the utility also serving as a board member or corporate officer of an affiliate shall only apply to affiliates that operate within California. In the case of shared directors and officers, a corporate officer from the utility and holding company shall describe and verify in the utility’s compliance plan required by Rule VI the adequacy of the specific mechanisms and procedures in place to ensure that the utility is not utilizing shared officers and directors as a conduit to circumvent any of these Rules. In its compliance plan required in

¹⁵ D. 13-11-025, Attachment 3

¹⁶ D. 13-11-025, Attachment 3, page 1

Rule VI, the utility shall list all shared directors and officers between the utility and affiliates. No later than 30 days following a change to this list, the utility shall notify the Commission's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 of any change to this list.

SCE Compliance:

SCE does not jointly employ any employees with Class A Affiliates. SCE reaffirms its compliance with Rule V.G through its Employment Policy by specifically stating that “employees moving within the Edison family of companies, to or from SCE, must adhere to all Affiliate Transactions Rules.”¹⁷ Shared officers between SCE and EIX are limited to those categories that are within the scope of permitted shared activities described in Rule V.E. This Rule does not prohibit shared officers or directors from having access to any information necessary to fulfill their oversight and governance responsibilities, as long as they do not serve as conduits for impermissible information transfer. SCE follows its “Notification of Shared Directors or Shared Officers” procedure when notifying the CPUC Energy Division of any change to its shared directors or officers in accordance with Rule V.G.1.

Lists of Shared Officers and Directors: SCE’s lists of shared officers and shared directors are attached to this document as Appendices C and D, respectively.

No-Conduit Procedures: For oversight and governance activities in which directors, officers, or other employees of the utility, its parent holding company, or its affiliates are participants, SCE takes appropriate steps to caution those participants about the importance of complying with all applicable Affiliate Rules regarding nonpublic utility information, nondiscrimination, and prohibitions on use of the holding company or non-covered affiliates as conduits to circumvent the Rules. SCE’s affiliate compliance web-based training provides guidance to SCE employees regarding the no-conduit rule. SCE also provides in-person training to SCE Directors and Officers, and EIX personnel. In-person training is also provided to all new Class A affiliate employees on a quarterly basis.

Separation of Key Officers: As of June 12, 2007, SCE does not share with its parent holding company, any of the following key officers: Chair of the entire enterprise, the President at the utility and its holding company parent, the Chief Executive Officer at each, the Chief Financial Officer at each, and the Chief Regulatory Officer at each, or in each case, any and all officers whose responsibilities are the functional equivalent of the foregoing.

Rule V.G.2

All employee movement between a utility and its affiliates shall be consistent with the following provisions:

- a. A utility shall track and report to the Commission all employee movement between the utility and affiliates. The utility shall report this information*

¹⁷ SCE Employment Policy, Section 2.8.2, Inter-Company Mobility.

annually pursuant to our Affiliate Transaction Reporting Decision, D.93-02-016, 48 CPUC2d 163, 171-172 and 180 (Appendix A, Section I and Section II.H.).

- b. Once an employee of a utility becomes an employee of an affiliate, the employee may not return to the utility for a period of one year. This Rule is inapplicable if the affiliate to which the employee transfers goes out of business during the one-year period. In the event that such an employee returns to the utility, such employee cannot be retransferred, reassigned, or otherwise employed by the affiliate for a period of two years. Employees transferring from the utility to the affiliate are expressly prohibited from using information gained from the utility in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.*
- c. When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time payment to the utility in an amount equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included. In the limited case where a rank-and-file (non-executive) employee's position is eliminated as a result of electric industry restructuring, a utility may demonstrate that no fee or a lesser percentage than 15% is appropriate. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future ratemaking treatment (i.e. credited to the Electric Revenue Adjustment Account or the Core and Non-core Gas Fixed Cost Accounts, or other ratemaking treatment, as appropriate), on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. This transfer payment provision will not apply to clerical workers. Nor will it apply to the initial transfer of employees to the utility's holding company to perform corporate support functions or to a separate affiliate performing corporate support functions, provided that that transfer is made during the initial implementation period of these rules or pursuant to a §851 application or other Commission proceeding. However, the rule will apply to any subsequent transfers or assignments between a utility and its affiliates of all covered employees at a later time.*
- d. Any utility employee hired by an affiliate shall not remove or otherwise provide information to the affiliate which the affiliate would otherwise be precluded from having pursuant to these Rules.*

SCE Compliance:

SCE maintains appropriate procedures and mechanisms to help ensure compliance with Rule V.G.2. Before an employee transfers from SCE to EIX or to an affiliate, SCE's Affiliate Compliance Office performs an exit interview with the employee to discuss the

prohibition of the use of nonpublic utility information to the benefit of the affiliate, and to discuss the no-conduit Rule. SCE also identifies any SCE property that the employee requests to take to the affiliate. Any property permitted to be transferred is priced pursuant to the Rules, and the transaction is reviewed and approved by SCE's Affiliates Officer.

Tracking Employee Residency: SCE's Human Resources Organizational Unit tracks the residency of SCE employees transferring to affiliates and returning from affiliates. In addition, SCE's Affiliate Compliance Office monitors all employee transfers as a quality control to ensure compliance with the residency requirement.

Tracking Employee Movement: SCE's Human Resources Organizational Unit tracks and processes the movement of SCE employees to Class A Affiliates, Class B Affiliates, and EIX. The tracking of employee movement includes obtaining acknowledgment by the employee of restrictions pertaining to use of nonpublic utility information and the residency requirements. Exit interviews are conducted by HR and the Affiliate Compliance Office for all departing SCE employees. SCE's Affiliate Compliance Office reviews the paperwork for such employees to help ensure conformity to these Rules. All employee movement from SCE to EIX or affiliates is reviewed and approved by SCE's Affiliates Officer.

Review of Employee Mobility: Movement of EIX employees to SCE's Class A Affiliates are similarly reviewed by SCE's Affiliate Compliance Office to help ensure that employees do not move to EIX and then to an affiliate in order to circumvent payment of the required transfer fee and residency requirement. The Affiliate Compliance Office works with Human Resources on employee transfers between SCE and its affiliates to help ensure compliance with the Rules. Furthermore, in the first quarter of each year, SCE's Human Resources Organizational Unit provides the Affiliate Compliance Office with a summary of all utility employees hired by its affiliates and EIX and all affiliate and EIX employees hired by the utility in the previous calendar year. The Affiliate Compliance Office incorporates this information into SCE's Annual Report on Affiliated Company Transactions which is filed each year on May 1.

Transfer Fee Accounting: When an SCE employee is transferred, assigned, or otherwise employed by a Class A Affiliate, SCE's Affiliate Transfer Memorandum Account is used to record all transfer fees credited pursuant to Rule V.G.2.e. "Annual Base Compensation" includes an employee's wages, salary, bonuses, commissions, all other cash compensation, health care packages, pension benefits, stock options, and all other noncash benefits. SCE's Human Resources Organizational Unit calculates the transfer fees. A transfer fee is not imposed on transfers from SCE to EIX or Class B Affiliates, unless the employee transfers from EIX or a Class B Affiliate to a Class A Affiliate within a year of their transfer from SCE.

Restrictions on Transferred Employees Representing the Company in Negotiations: SCE has instituted additional measures to demonstrate good faith in contract negotiations with any of its Class A Affiliates. Any personnel who have transferred to SCE from EIX or an affiliate after a date six months prior to the commencement of negotiations for a

power purchase contract between SCE and a Class A Affiliate, who also serve as members of SCE's Risk Management Committee shall not participate in any decision making by that committee with respect to the contract. These limitations are not intended to restrict the participation of EIX or EIX subsidiary employees or transferred EIX or EIX subsidiary employees in advising or consulting on matters related to the negotiation of an affiliate's power sales, for example, providing advice in connection with the evaluation of counterparty's credit and financial standing.

SCE has also instituted an internal policy entitled "Policies and Procedures for Administration of Affiliate Power Contracts Prior to Commercial Operation Date," dated March 14, 2010. This policy was established to help ensure integrity in contract administration-related decisions when SCE and Class A Affiliates are counterparties. Please refer to Appendix E, "SCE's Affiliate Policies," for a copy of the policy. SCE currently has no affiliated power contracts.

Rule V.G.2.e

A utility shall not make temporary or intermittent assignments, or rotations to its energy marketing affiliates. Utility employees not involved in marketing may be used on a temporary basis (less than 30% of an employee's chargeable time in any calendar year) by affiliates not engaged in energy marketing only if:

i. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 10% of direct labor cost, or fair market value. When the affiliate obtains the services of an executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value.

ii. Utility needs for utility employees always take priority over any affiliate requests;

iii. No more than 5% of full time equivalent utility employees may be on loan at a given time;

iv. Utility employees agree, in writing, that they will abide by these Affiliate Transaction Rules; and

v. Affiliate use of utility employees must be conducted pursuant to a written agreement approved by appropriate utility and affiliate officers.

SCE Compliance:

SCE maintains appropriate procedures and mechanisms to help ensure compliance with Rule V.G.2.e.

ISR Procedure: SCE requires completion of an Intercompany Service Request form at the beginning of every temporary assignment permitted by this Rule. The SCE employee is required to review and acknowledge his/her understanding of selected Affiliate Rules relevant to temporary assignments. In addition, the SCE employee's manager acknowledges that the employee has available time to perform the work for the affiliate. SCE's Affiliates Officer reviews and approves all ISRs.

All SCE employees on temporary assignment are tracked by the Controllers organization through the monthly Loaned Labor Report. Furthermore, the Affiliate Compliance Office independently monitors the hours SCE employees spend under their ISR agreements to help ensure no SCE employees exceed the 30% limit.

The Affiliate Compliance Office also provides Affiliate Rules training to individuals providing support to Class A Affiliates and emphasizes the prohibition of providing non-public utility information to Class A Affiliates. When it is appropriate, the Affiliate Compliance Office reviews information provided to Class A Affiliates from SCE employees working under an ISR to confirm it is public. Class A Affiliates are also provided training by the Affiliate Compliance Office on the prohibition of using nonpublic utility information in support of their activities.

Energy Marketing Affiliates: As defined in Rule V.G.2.e above, energy marketing affiliates refers to those affiliates that actively broker commodity electricity on a competitive basis. Specifically, an affiliate that buys and sells commodity electricity on the open market is actively "brokering" electricity. Temporary, intermittent, or rotational assignments will not be made to these affiliates. SCE currently does not have any Energy Marketing Affiliates.

Definitions: For the purposes of this Rule, SCE understands the term "executive" to mean any employee who has been designated as an "executive" of SCE by the Executive Compensation and Personnel Committees of the SCE Board of Directors.

For the purposes of this Rule, SCE understands the term "employees involved in marketing" to mean an employee who is in direct contact with SCE customers and is active in (a) selling (approaching, presenting, closing sales), (b) market research and intelligence regarding utility products and services, (c) consultative services regarding utility products and services, and/or (d) prospecting (finding and cultivating new customers). SCE does not consider the employees engaged in the design and media placement of advertising materials, who do not contact customers or consummate sales, to be "employees involved in marketing." SCE does not consider employees providing technical and operational field engineering studies used to identify energy efficiency improvements as "employees involved in marketing."

Rule V.H

***Transfer of Goods and Services:** To the extent that these Rules do not prohibit transfers of goods and services between a utility and its affiliates, and except for*

as provided by Rule V.G.2.e, all such transfers shall be subject to the following pricing provisions:

- 1. Transfers from the utility to its affiliates of goods and services produced, purchased or developed for sale on the open market by the utility will be priced at fair market value.*
- 2. Transfers from an affiliate to the utility of goods and services produced, purchased or developed for sale on the open market by the affiliate shall be priced at no more than fair market value.*
- 3. For goods or services for which the price is regulated by a state or federal agency, that price shall be deemed to be the fair market value, except that in cases where more than one state commission regulates the price of goods or services, this Commission's pricing provisions govern.*
- 4. Goods and services produced, purchased or developed for sale on the open market by the utility will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.*
- 5. Transfers from the utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% of direct labor cost.*
- 6. Transfers from an affiliate to the utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.*

SCE Compliance:

SCE's Controller's organization is responsible for ensuring that transfers are calculated and recorded appropriately. When Controller's questions the amount charged for goods and services, it will notify the Affiliate Compliance Office, the affected Class A Affiliate, and affected utility Organizational Unit for review of the transaction.

For Rule V.H.1 and V.H.4, SCE complies with Rule VII, Utility Products and Services, for utility products or services sold on the open market.

For Rule V.H.2, Supply Management, and Energy Procurement & Management, in conjunction with other SCE Organizational Units, may conduct Request for Offers (RFOs) for goods and services from third-party vendors, including affiliates. The qualifications and rules associated with these RFOs are applied equally to all vendors, including affiliates. The winning bid is considered to be at the fair market price.

For Rule V.H.3, SCE's CPUC and FERC tariffs are offered to all qualified customers, affiliated and non-affiliated, on a non-discriminatory basis.

For Rule V.H.5, SCE complies with all pricing provisions associated with Rule V.E, Corporate Support, and V.G.2.e, temporary or intermittent assignments of utility employees.

For Rule V.H.6, Class A affiliates do not offer goods or services not produced, purchased or developed for sale to SCE.

RULE VI: REGULATORY OVERSIGHT

Rule VI.A

Compliance Plans: *No later than June 30, each calendar year, each utility shall file a compliance plan by advice letter with the Energy Division of the Commission. The compliance plan shall include:*

- 1. A list of all affiliates of the utility, as defined in Rule I.A of these Rules, and for each affiliate, its purpose or activities, and whether the utility claims that Rule II.B makes these Rules applicable to the affiliate;*
- 2. A demonstration of the procedures in place to assure compliance with these Rules. The utility's compliance plan shall be in effect between the filing and a Commission determination of the advice letter. A utility shall file a compliance plan annually thereafter by advice letter when there has been some change in the compliance plan (i.e., when there has been a change in the purpose or activities of an affiliate, a new affiliate has been created, or the utility has changed the compliance plan for any other reason).*

SCE Compliance:

SCE's Affiliate Compliance Office is responsible for maintaining and updating this 2020 Compliance Plan. If changes are determined to be necessary to ensure compliance, the Affiliate Compliance Office will revise this plan and file updates annually and/or as needed. SCE maintains a current list of affiliates that is attached to this document as Appendix B. In addition, SCE maintains the affiliate list on both its Internet and intranet websites.

If the Commission modifies or stays any part of the Affiliate Rules in a manner that necessitates changes to this 2020 Compliance Plan, SCE will file an updated Compliance Plan for those Rules affected as directed by the Commission.

Rule VI.B

New Affiliate Compliance Plans: *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 the Rule II.B makes these Rules applicable to the affiliate, and shall include demonstration to the Commission that there are adequate procedures in place that will ensure compliance with these Rules.*

SCE Compliance:

As noted in the discussion of Rule II.B, SCE has identified the existing affiliates covered by these Rules. SCE has a process established to notify the Commission in writing within three (3) business days of receiving notification that a new Class A or Class B Affiliate has been created or acquired. This notice includes the affiliate's name, headquarters, primary officers, contact person for the Commission, and intended function. SCE also has a process in place to post the updated List of Affiliates electronically, on its Internet website, within three (3) business days of the ACO receiving notification that a new affiliate has been created or acquired. SCE also reviews its List of Affiliates on a biannual basis to help ensure its accuracy. SCE also has a process in place to file an advice letter with the Energy Division no later than sixty (60) days after SCE has been notified of the creation or acquisition of a new affiliate. SCE's Affiliate Compliance Office is responsible for these notices and for preparing the advice letters required by this Rule. Where procedures for implementing the Rules with respect to the new affiliate do not deviate from this compliance plan, such advice letters will refer to this plan or its most current update.

When a new affiliate is created or acquired by EIX, SCE uses the "New Affiliate Classification" form to formally document the process of classifying the new affiliate. The "New Affiliate Classification" form is used to determine and document: 1) if the entity is an affiliate; and 2) if the new affiliate is covered by the Rules.

SCE also provides additional information to the Energy Division beyond that required by Rule VI.B. At the Energy Division's request, shortly after the new affiliate advice letter is filed, SCE provides the following additional information to the Energy Division: the EIX ownership percentage, a detailed explanation of the new affiliate's business activity, a description of the new affiliates' initial target market, and the number of current employees.

Rule VI.C

***Affiliate Audit:** The Commission's Energy Division shall have audits performed biennially by independent auditor. The audits shall cover the last two calendar years, which ends on December 31, and shall verify that the utility is in compliance with the Rules set forth herein. The Energy Division shall post the audit reports on the Commission's website. The audits shall be at shareholder expense.*

SCE Compliance:

SCE will cooperate and work with the Commission's independent auditor in conducting their Affiliate Rules audit. SCE has established specific accounting for the external auditor costs to verify that they are shareholder funded.

Rule VI.D

***Witness Availability:** Affiliate officers and employees shall be made available to testify before the Commission as necessary or required, without*

subpoena, consistent with the provisions of Public Utilities Code Section 314 and 701, the conditions in the Commission's orders authorizing the utilities' holding companies/or mergers and these Rules.

SCE Compliance:

SCE and EIX will make all its affiliate officers and employees available to testify before the Commission as necessary or required, without subpoena, consistent with the provisions of the Public Utilities Code Sections 314 and 701.

Rule VI.E

Officer Certification: *No later than March 31 of each year, the key officers of a utility and its parent holding company, as defined in Rule V.E (corporate support), shall certify to the Energy Division of the Commission in writing under penalty of perjury that each has personally complied with these Rules during the prior calendar year. The certification shall state:*

I, [name], hold the office [title] at [name of utility or holding company], and occupied this position from January 1, [year] to December 31 [year],

I hereby certify that I have reviewed the Affiliate Transaction Rules Applicable to Large California Energy Utilities of the California Public Utilities Commission and I am familiar with the provisions therein, I further certify that for the above period, I followed these Rules and am not aware of any violations of them, other than the following: [list or state "none"]

I swear/affirm these representations under penalty of perjury of the laws of the State of California.

[Signature]

*Executed at _____ [City], County of _____, on
_____ [Date]*

SCE Compliance:

SCE's Affiliate Compliance Office is responsible for coordinating and obtaining the Officer Certifications from "key officers." Rule V.E. lists the key officers as "the Chair of the entire corporate enterprise, the President at the utility and its holding company parent, the chief executive officer at each, the chief financial officer at each, and the chief regulatory officer at each, or in any case, any and all officers whose responsibilities are the functional equivalent of the foregoing." Officer Certifications are obtained for those key officers where those positions exist, or an employee performs the duties of such position.

In late 2016, EIX made certain changes to its corporate governance structure, and created a new non-executive chair of its Board of Directors. This role and person is separate from the role of our Chief Executive Officer and President. The non-executive chair does not participate in the day-to-day management of EIX. Therefore, the non-executive chair does not sign a certification.

SCE's Officer Certification does not include violations, if any, already reported to the Commission during the reporting period via self-reports or postings on sce.com pursuant to Rules IV.A and IV.B. This certification also excludes audits or investigations, if any, still in progress at the end of the reporting period. If violations are ultimately found, they will be reported consistent with this Compliance Plan.

RULE VII: UTILITY PRODUCTS AND SERVICES

Rule VII.A

General Rule: *Except as provided for in these Rules, new products and services shall be offered through affiliates.*

Rule VII.B

Definitions: *The following definitions apply for the purposes of Rules VII:*

1. *“Category” refers to a factually similar group of products and services that use the same type of utility assets or capacity. For example, “leases of land under utility transmission lines” or “use of a utility repair shop for third party equipment repair” would each constitute a separate product or service category.*
2. *“Existing” products and services are those which a utility is offering on the effective date of these Rules.*
3. *“Products” include use of property, both real and intellectual, other than those uses authorized under General Order 69-C.*
4. *“Tariff” or “tariffed” refers to rates, terms and conditions of services as approved by this Commission or the Federal Energy Regulatory Commission (FERC), whether by traditional tariff, approved contract or other such approval process as the Commission or the FERC may deem appropriate.*

SCE Compliance:

SCE applies these definitions in the administration of its procedures, mechanisms and policies for ensuring compliance with Rule VII.

Rule VII.C

Utility Products and Services: *Except as provided in these Rules, a utility shall not offer nontariffed products and services. In no event shall a utility offer natural gas or electricity commodity service on a nontariffed basis. A utility may only offer for sale the following products and services:*

1. *Existing products and services offered by the utility pursuant to tariff;*
2. *Unbundled versions of existing utility products and services, with the unbundled versions being offered on a tariffed basis;*
3. *New products and services that are offered on a tariffed basis; and*

4. *Products and services which are offered on a nontariffed basis and which meet the following conditions:*
 - a. *the nontariffed product or service utilizes a portion of a utility asset or capacity;*
 - b. *Such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;*
 - c. *The involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality of reliability of tariffed utility products and services;*
 - d. *The products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and*
 - e. *The utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.*

SCE Compliance:

SCE only offers non-tariffed products and services as provided pursuant to Rule VII.C.4. The categories of non-tariffed products and services offered by SCE have been approved in Advice 1286-E-A via Resolution E-3639. Advice 1286-E-A demonstrates that each non-tariffed products and services (NTP&S) category complies with Rule VII.C.4 (a-e).

SCE's non-tariffed products and services are included in Preliminary Statement G of SCE's Tariff Book posted on sce.com.

Rule VII.D

***Conditions Precedent to Offering New Products and Services:** This Rule does not represent an endorsement by the Commission of any particular nontariffed utility product or service. A utility may offer new nontariffed products and services only if the Commission has adopted and the utility has established:*

1. *A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;*
2. *A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly*

justify why this procedure is inappropriate, rather than doing so by application or other vehicle.

- 3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and*
- 4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.*

SCE Compliance:

Incremental costs are those costs that would not have been incurred “but for” the non-tariffed product or service. SCE shareholders are responsible for all incremental costs associated with non-tariffed products and services. SCE has established accounting procedures and mechanisms as required in Rule VII.D.1. to identify and record the incremental costs associated with non-tariffed products and services.

SCE also has a mechanism for the treatment of benefits and revenues derived from offering non-tariffed products and services as required by Rule VII.D.2. In September 1999, the Commission approved SCE’s Gross Revenue Sharing Mechanism (GRSM) in D. 99-09-070. This decision provides a Commission-approved mechanism for the treatment of gross revenues derived from non-tariffed products and services. SCE’s Gross Revenue Sharing Mechanism is contained in Preliminary Statement G of SCE’s tariffs on sce.com.

As provided for under Rule VII.H., SCE provides annual updates of its non-tariffed products and services. See the discussion in Rule VII.H. for further detail.

SCE’s non-tariffed products and services are reviewed under the Commission’s biennial affiliate transactions audit and also periodically via SCE’s internal Audit Services Department.

Rule VII.E

***Requirement to File an Advice Letter:** Prior to offering a new category of nontariffed products or services as set forth in Rule VII.C above, a utility shall file an advice letter in compliance with the following provisions of this paragraph.*

- 1. The advice letter shall:*
 - a. demonstrate compliance with these rules;*
 - b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;*
 - c. address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature*

and the degree to which the new category of products or services is projected to affect that market.

- d. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.*
- 2. For categories of nontariffed products or services targeted and offered to less than 1% of the number of customers in the utility's customer base, in the absence of a protest alleging non-compliance with these Rules or any law, regulation, decision, or Commission policy, or allegations of harm, the utility may commence offering the product or service 30 days after submission of the advice letter. For categories of nontariffed products or services targeted and offered to 1% or more of the number of customers in the utility's customer base, the utility may commence offering the product or service after the Commission approves the advice letter through the normal advice letter process.*
- 3. A protest of an advice letter filed in accordance with this paragraph shall include:*
 - a. An explanation of the specific Rules, or any law, regulation, decision, or Commission policy the utility will allegedly violate by offering the proposed product or service, with reasonable factual detail; or*
 - b. An explanation of the specific harm the protestant will allegedly suffer.*
- 4. If such a protest is filed, the utility may file a motion to dismiss the protest within 5 working days if it believes the protestant has failed to provide the minimum grounds for protest required above. The protestant has 5 working days to respond to the motion.*
- 5. The intention of the Commission is to make its best reasonable efforts to rule on such a motion to dismiss promptly. Absent a ruling granting a motion to dismiss, the utility shall begin offering that category of products and services only after Commission approval through the normal advice letter process.*

SCE Compliance:

SCE's Affiliate Compliance Office is responsible for reviewing and coordinating the submittal of all advice letters requesting authorization to offer new non-tariffed products and services to help ensure compliance with these Rules. SCE's current list of approved non-tariffed products and services categories are provided in Preliminary Statement G on sce.com (<https://www.sce.com/NR/sc3/tm2/pdf/ce163.pdf>).

Rule VII.F

Existing Offerings: *Unless and until further Commission order to the contrary as a result of the advice letter filing or otherwise, a utility that is offering tariffed or nontariffed products and services, as of the effective date of this decision, may continue to offer such products and services, provided that the utility complies with the cost allocation and reporting requirements in this rule. No later than January 30, 1998, each utility shall submit an advice letter describing the existing products and services (both tariffed and nontariffed) currently being offered by the utility and the number of the Commission decision or advice letter approving this offering, if any, and requesting authorization or continuing authorization for the utility's continued provision of this product or service in compliance with the criteria set forth in Rule VII. This requirement applies to both existing products and services explicitly approved and not explicitly approved by the Commission.*

SCE Compliance:

The advice letter required by this Rule was filed on January 30, 1998 (Advice 1286-E). A revised Advice Letter (Advice 1286-E-A), reflecting Commission-ordered revisions, was filed April 5, 2000, and approved on September 29, 2003, via Resolution E-3639 with an effective date of May 15, 2000.

Rule VII.G

Section 851 Application: *A utility must continue to comply fully with the provisions of Public Utilities Code Section 851 when necessary or useful utility property is sold, leased, assigned, mortgaged, disposed of, or otherwise encumbered as part of a nontariffed product or service offering by the utility. If an application pursuant to Section 851 is submitted, the utility need not file a separate advice letter, but shall include in the application those items which would otherwise appear in the advice letter as required in this Rule.*

SCE Compliance:

SCE will continue to file Public Utilities Code Section 851 applications as required under the statute.

Rule VII.H

Periodic Reporting of Nontariffed Products and Services: *Any utility offering nontariffed products and services shall file periodic reports with the Commission's Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter unless otherwise directed by the Commission. The utility shall serve periodic reports on the service list of this proceeding. The periodic reports shall contain the following information:*

1. *A description of each existing or new category of nontariffed products and services and the authority under which it is offered;*
2. *A description of the types and quantities of products and services contained within each category (so that, for example, “leases for agricultural nurseries at 15 sites” might be listed under the category “leases of land under utility transmission lines,” although the utility would not be required to provide the details regarding each individual lease);*
3. *The costs allocated to and revenues derived from each category; and*
4. *Current information on the proportion of relevant utility assets used to offer each category of product and service.*

SCE Compliance:

SCE’s Affiliate Compliance Office is responsible for compiling the annual Non-Tariffed Products and Services Report. The Affiliate Compliance Office works with the appropriate Organizational Units to provide a description of each existing category, a description of the types and quantities of products and services contained within each category, the cost allocated to and revenues derived from each category, and the current information on the proportion of relevant utility assets used to offer each category of product or service. Although the Affiliate Rules do not provide a specific date to file the annual Non-Tariffed Products and Services Report, SCE targets the filing of its annual report at the end of the second quarter, reporting on the previous calendar year

Rule VII.I

***Offering of Nontariffed Products and Services to Affiliates:** Nontariffed products and services which are allowed by this Rule may be offered to utility affiliates only in compliance with all other provisions of these Affiliate Rules. Similarly, this Rule does not prohibit affiliate transactions which are otherwise allowed by all other provisions of these Affiliate Rules.*

SCE Compliance:

SCE regularly trains employees involved in the provision of non-tariffed products and services on the requirement of Rule VII and its Gross Revenue Sharing Mechanism. This Affiliate Transaction Rules training addresses the requirement set forth herein related to providing non-tariffed products and services to Class A Affiliates. In addition, any contracts for non-tariffed products and services to Class A Affiliates are reviewed and approved by SCE’s Affiliates Officer.

RULE VIII: COMPLAINT PROCEDURES AND REMEDIES

Rule VIII.A

The Commission Shall Strictly Enforce These Rules: Each act or failure to act by a utility in violation of these rules may be considered a separate occurrence.

Rule VIII.B: Standing

1. Any person or corporation as defined in Sections 204, 205, and 206 of the California Public Utilities Code may complain to the Commission or to a utility in writing, setting forth any act or thing done or omitted to be done by any utility or affiliate in violation or claimed violation of any rule set forth in this document.

2. "Whistleblower complaints" will be accepted and the confidentiality of complainant will be maintained until conclusion of an investigation or indefinitely, if so requested by the whistleblower. When a whistleblower requests anonymity, the Commission will continue to pursue the complaint only where it has elected to convert it into a Commission-initiated investigation. Regardless of the complainant's status, the defendant shall file a timely answer to the complaint.

Rule VIII.C: Procedures

1. All complaints shall be filed as formal complaints with the Commission and complainants shall provide a copy to the utility's designated officer (as described below) on the same day that the complaint is filed.

2. Each utility shall designate an Affiliate Compliance Manager who is responsible for compliance with these affiliate rules and the utility's compliance plan adopted pursuant to these rules. Such officer shall also be responsible for receiving, investigating, and attempting to resolve complaints. The Affiliate Compliance Manager may, however, delegate responsibilities to other officers and employees.

a. The utility shall investigate and attempt to resolve the complaint. The resolution process shall include a meet-and-confer session with the complainant. A Commission staff member may, upon request by the utility or the complainant, participate in such meet-and-confer sessions and shall participate in the case of a whistleblower complaint.

A party filing a complaint may seek a temporary restraining order at the time the formal complaint is filed. The defendant utility and other interested parties may file responses to a request for a temporary restraining order within 10 days of the filing of the request. An assigned commissioner or administrative law judge may shorten the period for responses, where appropriate. An assigned commissioner or administrative law judge, or the Commission shall act on the request for

a temporary restraining order within 30 days. The request may be granted when: (1) the moving party is reasonably likely to prevail on the merits, and (2) a temporary restraining order relief is necessary to avoid irreparable injury, will not substantially harm other parties, and is consistent with the public interest. A notice of temporary restraining order issued by an assigned commissioner or administrative law judge will only stay in effect until the end of the day of the next regularly-scheduled Commission meeting at which the Commission can issue a temporary restraining order or a preliminary injunction. If the Commission declines to issue a temporary restraining order or a preliminary injunction, the notice of temporary restraining order will be immediately lifted. Whether or not a temporary restraining order or a preliminary injunction is issued, the underlying complaint may still move forward.

b. The utility shall prepare and preserve a report on each complaint, all relevant dates, companies, customers and employees involved, and if applicable, the resolution reached, the date of the resolution and any actions taken to prevent further violations from occurring. The report shall be provided to the Commission and all parties within four weeks of the date the complaint was filed. In addition, to providing hard copies, the utility shall also provide electronic copies to the Commission and to any party providing an e-mail address.

c. Each utility shall file annually with the Commission a report detailing the nature and status of all complaints.

d. The Commission may, notwithstanding any resolution reached by the utility and the complainant, convert a complaint to an investigation and determine whether the utility violated these rules, and impose any appropriate penalties under Section VIII.D or any other remedies provided by the Commission's rules or the Public Utilities Code.

3. The utility will inform the Commission's Energy Division and Consumer Services Division of the results of this dispute resolution process. If the dispute is resolved, the utility shall inform the Commission staff of the actions taken to resolve the complaint and the date the complaint was resolved.

4. If the utility and the complainant cannot reach a resolution of the complaint, the utility will so inform the Commission's Energy Division. It will also file an answer to the complaint within 30 days of the issuance by the Commission's Docket Office of instructions to answer the original complaint. Within 10 business days of notice of failure to resolve the complaint, Energy Division staff will meet and confer with the utility and the complainant and propose actions to resolve the complaint. Under the

circumstances where the complainant and the utility cannot resolve the complaint, the Commission shall strive to resolve the complaint within 180 days of the date the instructions to answer are served on the utility.

5. The Commission shall maintain on its web page a public log of all new, pending and resolved complaints. The Commission shall update the log at least once every week. The log shall specify, at a minimum, the date the complaint was received, the specific allegations contained in the complaint, the date the complaint was resolved and the manner in which it was resolved, and a description of any similar complaints, including the resolution of such similar complaints.

6. Preliminary Discussions:

a. Prior to filing a formal complaint, a potential complainant may contact the responsible utility officer and/or the Energy Division to inform them of the possible violation of the affiliate rules. If the potential complainant seeks an informal meeting with the utility to discuss the complaint, the utility shall make reasonable efforts to arrange such a meeting. Upon mutual agreement, Energy Division staff and interested parties may attend such meeting.

b. If a potential complainant makes an informal contact with a utility regarding an alleged violation of the affiliate transaction rules, the utility officer in charge of affiliate compliance shall respond in writing to the potential complainant within 15 business days. The response would state whether or not the issues raised by the potential complainant require further investigation. (The potential complainant does not have to rely on the responses in deciding whether to file a formal complaint.)

SCE Compliance:

For the purposes of Rule VIII.C.2, SCE's Director of Corporate Compliance & Information Governance functions as the "Affiliate Compliance Manager", and accordingly, is responsible for receiving, investigating, and attempting to resolve complaints as defined in Rule VIII. Any complaints brought under this Rule would ordinarily be handled under SCE's existing compliance investigation and remediation procedures, under the direction of SCE's Affiliates Officer.

SCE's Affiliate Compliance Office has a complaint procedure describing the process for managing the investigation of formal complaints, and the establishment of a response plan to address the potential noncompliance event with the Affiliate Rules. In addition, EIX maintains an Ethics and Compliance Helpline for employees to confidentially report wrongdoing or obtain advice about ethics and compliance issues, including complaints related to affiliate transactions. Callers may remain anonymous.

As required by Rule VIII.C.2.c., SCE reports the nature and status of all complaints associated with the Affiliate Rules. This report is filed in Volume III, Section I of SCE's Annual Affiliate Transaction Report filed annually on May 1st.

SCE will self-report to the CPUC any material non-compliance event related to the Rules. For example, on November 4, 2013, SCE self-reported a SCE advertisement which promoted the recent acquisition of the Class A affiliate, SoCore Energy. For immaterial non-compliance events, SCE will notify the CPUC-appointed auditors during the appropriate Affiliate Transaction Rules audit period. Examples of an immaterial non-compliance event could be the inadvertent disclosure of non-public utility information that is posted on sce.com or the late notification, by several days, of the creation or acquisition of a new affiliate.

Rule VIII.D: Remedies

- 1. When enforcing these rules or any order of the Commission regarding these rules, the Commission may do any or all of the following:*
 - a. Order a utility to stop doing something that violates these rules;*
 - b. Prospectively limit or restrict the amount, percentage, or value of transactions entered into between the utility and its affiliate(s);*
 - c. Assess fines or other penalties;*
 - d. Prohibit the utility from allowing its affiliate(s) to utilize the name and logo of the utility, either on a temporary or a permanent basis;*
 - e. Apply any other remedy available to the Commission.*

- 2. Any public utility which violates a provision of these rules is subject to a fine of not less than five hundred dollars (\$500), nor more than \$20,000 for each offense. The remainder of this subsection distills the principles that the Commission has historically relied upon in assessing fines and restates them in a manner that will form the analytical foundation for future decisions in which fines are assessed. Before discussing those principles, reparations are distinguished.*

a. Reparations

Reparations are not fines and conceptually should not be included in setting the amount of a fine. Reparations are refunds of excessive or discriminatory amounts collected by a public utility. PU Code §734. The purpose is to return funds to the victim which were unlawfully collected by the public utility. Accordingly, the statute requires that all reparation amounts are paid to the victims. Unclaimed reparations generally escheat to the state, Code of Civil Procedure §1519.5, unless equitable or other authority directs otherwise, e.g., Public Utilities Code §394.9.

b. Fines

The purpose of a fine is to go beyond restitution to the victim and to effectively deter further violations by this perpetrator or others. For this

reason, fines are paid to the State of California, rather than to victims. Effective deterrence creates an incentive for public utilities to avoid violations. Deterrence is particularly important against violations which could result in public harm, and particularly against those where severe consequences could result. To capture these ideas, the two general factors used by the Commission in setting fines are: (1) severity of the offense and (2) conduct of the utility. These help guide the Commission in setting fines which are proportionate to the violation.

i. Severity of the Offense

The severity of the offense includes several considerations. Economic harm reflects the amount of expense which was imposed upon the victims, as well as any unlawful benefits gained by the public utility. Generally, the greater of these two amounts will be used in establishing the fine. In comparison, violations which caused actual physical harm to people or property are generally considered the most severe, with violations that threatened such harm closely following. The fact that the economic harm may be difficult to quantify does not itself diminish the severity or the need for sanctions. For example, the Commission has recognized that deprivation of choice of service providers, while not necessarily imposing quantifiable economic harm diminishes the competitive marketplace such that some form of sanction is warranted. Many potential penalty cases before the Commission do not involve any harm to consumers but are instead violations of reporting or compliance requirements. In these cases, the harm may not be to consumers but rather to the integrity of the regulatory processes. For example, compliance with Commission directives is required of all California Public Utilities: “Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.” Public Utilities Code §702. Such compliance is absolutely necessary to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity. The number of the violations is a factor in determining the severity. A series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance. Similarly, a widespread violation which affects a large number of consumers is a more severe offense than one which is limited in scope. For a “continuing offense,” PU Code §2108 counts each day as a separate offense.

ii. Conduct of the Utility

This factor recognizes the important role of the public utility’s conduct in (1) preventing the violation, (2) detecting the violation, and (3) disclosing and rectifying the violation. The public utility is responsible for the acts of all its officers, agents, and employees:

“In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent or employee of any public utility, acting within the scope of his [or her] official duties or employment, shall in every case be the act, omission, or failure of such public utility.” Public Utilities Code §2109

1) The Utility’s Actions to Prevent a Violation

Prior to a violation occurring, prudent practice requires that all public utilities take reasonable steps to ensure compliance with Commission directives. This includes becoming familiar with applicable laws and regulations, and most critically, the utility regularly reviewing its own operations to ensure full compliance. In evaluating the utility’s advance efforts to ensure compliance, the Commission will consider the utility’s past record of compliance with Commission directives.

2) The Utility’s Actions to Detect a Violation

The Commission expects public utilities to monitor diligently their activities. Where utilities have for whatever reason failed to meet this standard, the Commission will continue to hold the utility responsible for its actions. Deliberate as opposed to inadvertent wrongdoing will be considered an aggravating factor. The Commission will also look at the management’s conduct during the period in which the violation occurred to ascertain particularly the level and extent of involvement in or tolerance of the offense by management personnel. The Commission will closely scrutinize any attempts by management to attribute wrong-doing to rogue employees. Managers will be considered, absent clear evidence to the contrary, to have condoned day to-day actions by employees and agents under their supervision.

3) The Utility’s Actions to Disclose and Rectify a Violation

When a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the Commission. The precise timetable that constitutes “prompt” will vary based on the nature of the violation. Violations which physically endanger the public must be immediately corrected and thereafter reported to the Commission staff. Reporting violations should be remedied at the earliest administratively feasible time. Prompt reporting of violations furthers the public interest by allowing for expeditious correction. For this reason, steps taken by a public utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.

iii. Financial Resources of the Utility

Effective deterrence also requires that the Commission recognize the financial resources of the public utility in setting a fine which balances the need for deterrence with the constitutional limitations on excessive fines. Some California utilities are among the largest corporations in the United States and others are extremely modest, one-person operations. What is accounting rounding error to one company is annual revenue to another. The Commission

intends to adjust fine levels to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.

- iv. *Totality of the Circumstances in Furtherance of the Public Interest*
Setting a fine at a level which effectively deters further unlawful conduct by the subject utility and others requires that the Commission specifically tailor the package of sanctions, including any fine, to the unique facts of the case. The Commission will review facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest
- v. *The Role of Precedent*
The Commission adjudicates a wide range of cases which involve sanctions, many of which are cases of first impression. As such, the outcomes of cases are not usually directly comparable. In future decisions which impose sanctions the parties and, in turn, the Commission will be expected to explicitly address those previously issued decisions which involve the most reasonably comparable factual circumstances and explain any substantial differences in outcome.

SCE Compliance:

As described in the introduction of this Compliance Plan, SCE has several control tools in place to help ensure and promote compliance with the entire body of the Affiliate Rules. These control tools include (1) a high-level management Affiliates Compliance Oversight Team and the Affiliate Compliance Office; (2) employee education and training regarding Affiliate Rules; (3) a detailed Handbook describing certain policies and procedures governing affiliate transactions; (4) reporting in compliance with Commission directives; and (5) internal reviews of compliance with the Affiliate Rules.

The prevention of Affiliate Rule violations begins with the commitment from SCE's executive management and the establishment of the Affiliate Compliance Oversight Team. The Affiliate Compliance Oversight Team includes the Affiliates Officer and senior executives and managers from the following SCE Organizational Units: Ethics and Compliance, Finance, and Law. The Team oversees the creation and implementation of proper controls throughout the enterprise. The Affiliate Compliance Oversight Team directs the Affiliate Compliance Office to work with Organizational Units throughout SCE and EIX to understand the principles behind the Rules, know the compliance requirements associated with the Rules, and follow the controls established to abide by the Rules. Employee Affiliate Rules training and education is also a key component in preventing Rule violations. SCE's broad Affiliate Rules training curriculum addresses fundamental topics and principles of Affiliate Rules compliance. SCE tailors Affiliate Rules training to address the specific Rules that apply to the operations of each individual organization. The procedures and controls described under each Rule in this Compliance Plan are also key in preventing Rule violations.

The detection of potential Affiliate Rule violations stems from several resources. First the Ethics and Compliance helpline operated by EIX provides employees the ability to ask questions and report potential violations of company policies or regulations, including

affiliate-related questions. Second, SCE has established a dedicated “affiliate information hotline” and affiliate email address; these items are maintained by the Affiliate Compliance Office. This phone number and email address are widely published throughout SCE to allow employees to quickly and easily ask questions regarding the Rules. Finally, the personal contacts and relationships established by the Affiliate Compliance Office staff with key contacts throughout SCE, EIX, and its affiliates promote the free flow of information between the organizations and create an open atmosphere in which questions and issues arising from affiliate compliance activity are actively discussed and promote the detection of possible Rule violations.

RULE IX: PROTECTING THE UTILITY'S FINANCIAL HEALTH

Rule IX.A

Information from Utility on Necessary Capital. Each utility shall provide to the Commission on the last business day of November of each year a report with the following information:

- 1. the utility's estimate of investment capital needed to build or acquire long-term assets (i.e., greater than one year), such as operating assets and utility infrastructure, over each of the next five years;*
- 2. the utility's estimate of capital needed to meet resource procurement goals over each of the next five years;*
- 3. the utility's policies concerning dividends, stock repurchase and retention of capital for each year;*
- 4. the names of individuals involved in deciding corporate policies for the utility's dividends, stock repurchase and retention of capital;*
- 5. the process by which corporate policies concerning dividends, stock repurchase and retention of capital are implemented; and*
- 6. how the utility expects or intends to meet its investment capital needs.*

SCE Compliance:

SCE's Treasurers organization maintains the utility's long-term investment capital estimates. The Treasurers organization also maintains the utility's estimate of financings required to meet needs and maintain its authorized capital structure. SCE's Treasurers organization maintains the utility's policies regarding dividends and retention of capital. SCE does not currently have a stock repurchase program; EIX currently holds 100 percent of SCE stock.

Filing Requirement: SCE understands this Rule to require SCE to submit to the Director of the Energy Division no later than the final business day of November of each year a report containing the information described in this Rule.

Rule IX.B

***Restrictions on Deviations from Authorized Capital Structure.** A utility shall maintain a balanced capital structure consistent with that determined to be reasonable by the Commission in its most recent decision on the utility's capital structure. The utility's equity shall be retained such that the Commission's adopted capital structure shall be maintained on average over the period the capital structure is in effect for ratemaking purposes. Provided, however, that a utility shall file an application for a waiver, on a case by case basis and in a timely manner, of this Rule if an adverse*

financial event at the utility reduces the utility's equity ratio by 1% or more. In order to assure that regulatory staff has adequate time to review and assess the application and to permit the consideration of all relevant facts, the utility shall not be considered in violation of this Rule during the period the waiver is pending resolution. Nothing in this provision creates a presumption of either reasonableness or unreasonableness of the utility's actions which may have caused the adverse financial event.

SCE Compliance:

SCE interprets this Rule as requiring it to maintain its authorized regulatory capital structure on an average basis for the period of time the authorized capital structure is in effect. D.20-05-005 provides that “. . . this could reasonably be interpreted as the time period for which the capital structure is in place, i.e., from the start of a given cost of capital period to the end of that period. . .”¹⁸ SCE's current authorized capital structure is in effect from 2020 to 2022, per D.19-12-056. Therefore, subject to the waiver and notification requirements set forth in D.20-05-005 (as discussed below), SCE will maintain its 52% common equity ratio, as authorized in D.19-12-056, on an average basis over the 2020 to 2022 timeframe.

D.20-05-005 [SCE's 2019 capital structure waiver application] authorized SCE to exclude from its capital structure calculation “the \$1.8 billion net charge reported by SCE to the SEC on February 28, 2019, future charges net of credits stemming from the 2017 and 2018 events, and debt issuance for the purpose of paying claims stemming from the 2017 and 2018 events to the extent that the debt amount is equal to or less than the aggregate net non-cash charges.”¹⁹ This waiver extends through May 7, 2022 [for two years from issuance of this decision (May 7, 2020)] or until the Commission determines SCE's cost recovery for the 2017 and 2018 wildfire and mudslide events, whichever comes first.

D.20-05-005 also requires that while the waiver is in effect, SCE must file a Compliance Notification of Change in Equity Ratio if its common equity ratio declines more than one percent from the ratio most recently filed in that proceeding within 10 days of the adverse financial event triggering a greater than one percent decline, and shall continue until such time as the Commission has approved a plan for SCE to return to its authorized equity ratio. (OP 4) D.20-05-005 clarifies that “[f]or purposes of this decision, an adverse financial event shall be deemed to occur when reported in an Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission for purposes of these notifications.”²⁰ SCE reported an equity ratio of 45.2% with the \$1.8 billion charge reflected and 48.7% excluding the charge. Given that SCE is now authorized to exclude charges related to the 2017 and 2018 wildfire events from the calculation of the level of its common equity, for consistency, SCE intends to notify the Commission if, in any quarter, SCE's common equity falls below 47.7%, excluding these charges.

¹⁸ D.20-05-005, p. 11.

¹⁹ Id., p. 22 (Finding of Fact 17).

²⁰ Id., p. 24-25 (Ordering Paragraph 4).

Once the waiver ends, SCE interprets the Rule to require SCE to seek waiver of the Rule through an application any time SCE's actual ratio drops below its authorized ratio by 1% or more in any quarter. SCE's Treasurer's organization monitors SCE's capital structure on a quarterly basis. As part of this monitoring activity, if an adverse financial event occurs and SCE's equity ratio were discovered to be reduced by one percent or more below 52%, SCE would prepare an application to the Commission to request a waiver of this Rule.

Rule IX.C

Ring-Fencing. *Within three months of the effective date of the decision adopting this amendment to the Rules, a utility shall obtain a non-consolidation opinion that demonstrates that the ring fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. The utility shall promptly provide the opinion to the Commission. If the current ring-fencing provisions are insufficient to obtain a non-consolidation opinion, the utility shall promptly undertake the following actions:*

- 1. notify the Commission of the inability to obtain a non-consolidation opinion;*
- 2. propose and implement, upon Commission approval, such ring-fencing provisions that are sufficient to prevent the utility from being pulled into the bankruptcy of its parent holding company; and then*
- 3. obtain a non-consolidation opinion.*

SCE Compliance:

On March 14, 2007, SCE submitted its non-consolidation opinion from Munger, Tolles and Olson.

Rule IX.D

Changes to Ring-Fencing Provisions. *A utility shall notify the Commission of any changes made to its ring-fencing provisions within 30 days.*

SCE Compliance:

SCE has processes in place to notify the Commission within 30 days of any material changes to its ring-fencing provisions.

Appendix A
Officer Verifications



APPENDIX A

Officer Verifications

Pursuant to requirements set forth in the Affiliate Transaction Rules of California Public Utilities Commission (CPUC) Decision No. 06-12-029, I make the following verifications:

1. Pursuant to Rule I.A., I verify that the specific mechanisms and procedures described in SCE's 2020 Compliance Plan are believed to be sufficient to ensure that Southern California Edison is not using its holding company or any of its affiliates not covered by the Rules as a conduit to circumvent any of the Rules.
2. Pursuant to Rule V.E., I verify that specific mechanisms and procedures in place are believed to be sufficient to ensure: a) that SCE follows the mandates of Rule V.E., and b) that SCE is not utilizing joint corporate support services as a conduit to circumvent the Rules.
3. Pursuant to Rule V.G.1, I verify that specific mechanisms and procedures in place are believed to be sufficient to ensure that SCE is not utilizing shared officers and directors as a conduit to circumvent any of the Rules.

Executed 6/24/2020 at Rosemead, California.

DocuSigned by:

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Carla Peterman
Senior Vice President Regulatory Affairs and SCE Affiliates Officer,
Southern California Edison Company



APPENDIX A

Officer Verifications

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3. Pursuant to Rule V.G.1, I verify that specific mechanisms and procedures in place are believed to be sufficient to ensure that SCE is not utilizing shared officers and directors as a conduit to circumvent any of the Rules.

Executed 6/23/2020 at Rosemead, California.

DocuSigned by:
Aaron Moss
6FC9FA3E9F60446...

Aaron D. Moss
Vice President and Corporate Controller,
Edison International and Southern California Edison Company

Appendix B
Southern California Edison Company
List of Affiliates
(as of May 21, 2020)

Affiliate Name	Business Activity	Classification
Altenex LLC (Survived merger with Altenex Renewable Capital, LLC and ARC I, LLC)	Offsite renewable power provider to large C&I customers.	A
Altenex Energy B.V.	Engineering and other technical design and consultancy	A
Amply Power, Inc.	Offering charging solutions to fleet operators.	A
Associated Southern Investment Company	Real Estate Development	B
Broken Bow Wind, LLC	Owns and operates a wind powered electric generating facility in Nebraska	A
Capistrano Wind Holdings, Inc.	Holding company for a possible wind portfolio finance project	B
Capistrano Wind, LLC	Holding company for a wind portfolio finance project	B
Capistrano Wind II, LLC	Holding company for a wind portfolio finance project	B
Capistrano Wind Partners, LLC	Holding company for a wind portfolio finance project	B
Cedro Hill Wind LLC	Owns and operates a wind-powered electricity-generating facility in Texas	A
Crofton Bluffs Wind, LLC	Owns and operates a wind-powered electric generation facility in Knox County, Nebraska	A
Edison Capital	Invests in Energy and Infrastructure Projects and Affordable Housing	B
Edison Electric Vehicles, Inc.	Currently not engaged in any business activities; therefore, was reclassified as a Class B affiliate on September 25, 2014.	B
Edison Energy Group, Inc. (Formerly Edison Commercial Energy Projects, LLC and Edison Energy Solutions, LLC)	Holding company for unregulated businesses in the energy marketplace. It was reclassified from a Class A affiliate to a Class B affiliate on January 1, 2018.	B
Edison Energy Support Services, LLC	Formed to provide accounting, cash management, legal, business development and other services to businesses established under Edison Energy, Inc.	B
Edison Energy, LLC (Previously, named Edison Energy Solutions, LLC; also named Enteractive Solutions, LLC prior to merger with Edison Energy, LLC, and Delta Energy Services, LLC)	Design, implement, finance, and sell integrated energy products and services to commercial and industrial electricity customers	A
Edison Insurance Services, Inc.	Issues domestic and foreign property damage and business interruption insurance	B

Appendix B
Southern California Edison Company
List of Affiliates
(as of May 21, 2020)

Affiliate Name	Business Activity	Classification
Edison International	Holding Company	Parent Holding Company
Edison International Foundation	Formed for exclusively charitable or educational purposes.	B
Edison International's Relief Fund	Formed to provide assistance to victims of disasters and those in emergency hardship situations, and to carry on other charitable activities associated with this goal as allowed by law.	B
Edison Investment Holdings, LLC	Formed as a holding company to hold minority investments in other companies	B
Edison Investments 1, LLC (Formerly, Edison Energy Holdings, LLC)	Formed to hold investments in other companies	B
Edison Investments 2, LLC (Formerly Edison Energy Holdings 2, LLC)	Formed to hold investments in other companies	B
Edison Mission Energy	Holding Company	B
Edison Mission Group, Inc.	Holding Company. Edison Funding Company merged into Edison Mission Group, Inc.	B
Edison Renewable Energy, Inc.	Currently not engaged in any business activities; therefore, was reclassified as a Class B affiliate on September 25, 2014.	B
Edison Transmission, LLC	Subsidiary owned 100% by Edison Energy Group, Inc. Its purpose is to own Edison Energy Group, Inc.'s competitive transmission business.	A
Edison Water Resources, LLC*	Desalination and Wastewater treatment projects which provide water to water districts	A
Enbala Power Networks, Inc.	Provides software that operates distributed energy resources (storage, load) to participate in energy markets.	A
Gigacon Inc.	Energy procurement and risk management consulting. Energie Avantage Quebec, Inc. merged into Gigacon, Inc.	A
Mission Energy Holding Company	Holding Company for financing vehicle	B
Mission Funding Alpha, LLC	Invests in Leveraged Leases	B
Mission Land Company	Real Estate Development	B
Mission Wind Broken Bow, LLC	Owns 100% of Broken Bow Wind, LLC	B
Mission Wind Cedro, LLC	Owns 100% of Cedro Hill Wind LLC	B
Mission Wind Crofton Bluffs, LLC	Owns 100% of Crofton Bluffs Wind, LLC	B

* On December 28, 2015, Southern California Edison submitted a "Request for Commission Review of Disposition Letter" ("Request"). The Request asks the Commission to correct the Energy Division's interpretation of the applicability of the Affiliate Transaction Rules to Edison Water Resources.

Appendix B
Southern California Edison Company
List of Affiliates
(as of May 21, 2020)

Affiliate Name	Business Activity	Classification
Mission Wind Wyoming, LLC (Delaware LLC)	Owns 100% of Mountain Wind Power, LLC; 100% of Mountain Wind Power II, LLC	B
Mountain Wind Power, LLC	Owns and operates a wind-powered electricity-generating facility	A
Mountain Wind Power II, LLC	Owns and operates a wind-powered electricity-generating facility	A
Perimeter Energy, Inc.	Energy procurement and risk management consulting. Perimeter Energy Holdings Inc. merged into Perimeter Energy Inc.	A
Perimeter Energy, LLC	Energy procurement and risk management consulting.	A

Appendix C
List of Officers Shared between
SCE, EIX, and Class A Affiliates

Caroline Choi	Senior Vice President Corporate Affairs for EIX and SCE
Jacqueline Trapp	Senior Vice President Human Resources for EIX and SCE
Alisa Do	Vice President and Corporate Secretary for EIX and SCE
Beth M. Foley	Vice President Corporate Communications for EIX and SCE
Michael D. Montoya	Vice President and Chief Ethics and Compliance Officer for EIX and SCE
Aaron D. Moss	Vice President and Corporate Controller for EIX and SCE
Andrea Wood	Vice President Tax for EIX and SCE
Michael A. Henry	Assistant General Counsel

Appendix D
List of Directors Shared between
SCE and Affiliates

William P. Sullivan	Chair for EIX Board, SCE Board of Directors
Jeanne M. Beliveau-Dunn	Board of Directors, EIX and SCE
Michael C. Camuñez	Board of Directors, EIX and SCE
Vanessa C.L. Chang	Board of Directors, EIX and SCE
James T. Morris	Board of Directors, EIX and SCE
Timothy T. O’Toole	Board of Directors, EIX and SCE
Pedro J. Pizarro	Board of Directors, EIX and SCE
Cary A. Smith	Board of Directors, EIX and SCE
Linda G. Stuntz	Board of Directors, EIX and SCE
Peter J. Taylor	Board of Directors, EIX and SCE
Keith Trent	Board of Directors, EIX and SCE

Appendix E
Affiliate Policies

POLICIES AND PROCEDURES REGARDING AFFILIATE TRADING IN THE CALIFORNIA MARKET

March 14, 2010

This set of Policies and Procedures for Affiliate Trading in the California Market (the “Affiliate Trading Policies”) establishes certain policies and procedures that are to be followed in connection with SCE’s affiliates engaging in energy markets trading in the California market (“Affiliate California Activities”).

1. Introduction

FERC’s Standards of Conduct and the CPUC’s Affiliate Transaction Rules (“ATR”) generally prohibit the transfer of non-public transmission information to SCE’s marketing function employees¹ as well as the transfer of non-public transmission and other proprietary information to SCE’s Class A affiliates² (such as EMG) (“affiliates”). FERC’s Affiliate Restrictions generally prohibit the transfer of market information from SCE to its market affiliates if such information could be used to the detriment of captive retail customers. The Affiliate Restrictions and Standards of Conduct are referred to herein as the “FERC Rules.” Officers and other employees of Edison International (“EIX”) and shared support personnel coming into possession of this information may not serve as conduits for the otherwise prohibited transfer of such information or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization. The ATR as well as the CPUC’s holding company decision also require that SCE and its affiliates maintain structural separation, and ratepayer indifference to transactions, between the utility and its affiliates. In implementing these principles, the CPUC has concluded that utilities must maintain complete procurement planning independence from their affiliates.

These Affiliate Trading Policies are designed to implement these principles with respect to Affiliate California Activities while addressing the requirement that holding company personnel and shared support personnel also perform their governance and oversight responsibilities and discharge their fiduciary obligations to shareholders. Accordingly, these Affiliate Trading Policies limit the role of EIX personnel with respect to trading in the California market to overseeing compliance with applicable risk management policies, and limit EIX involvement in individual trading decisions or strategies with respect to such market. By limiting the participation of EIX personnel in the decisions of the utility and the affiliates in this manner, these Affiliate Trading Policies are designed to ensure that EIX personnel will not serve as conduits for the otherwise prohibited transfer of information, or provide any unfair competitive advantage.

¹ As defined in FERC Order No. 717, 125 FERC ¶ 61,064 (2008), *codified at* 18 C.F.R. §§ 358.2(c), 358.3(c), and 358.3(d). ² As defined in D. 97-12-088, 77 CPUC2d 449.

2. Trading

2.1 Certain Definitions.

(a) “California market” means, with respect to Trading or Trading Strategies, transactions in CAISO markets, or transactions at locations within the territory of the Western Electricity Coordinating Council other than a transaction that, at or prior to the time of transacting, the affiliate engaging in such transaction reasonably believes does not involve a California utility or a source or sink (viz., serving load) in California.

(b) “Policies” means rules, practices, guidelines, requirements, criteria, methods, procedures, or processes.

(c) “Trading” means hedging and proprietary trading of both physical and financial products in respect of energy, including without limitation electrical energy or capacity, transmission rights, natural gas, and emission credits or allowances.³

(d) “Trading Policies” means Policies applicable to Trading generally or to particular products and/or markets, including without limitation approval of products, establishing market, credit, liquidity, legal, regulatory and operational risk limits, determining methodologies, establishing trading limits, maintaining appropriate organizational integrity, establishing appropriate business controls, approving counterparties and criteria for counterparties, defining acceptable or required Policies and instruments for hedging, approving practices and procedures for Policy violations, and establishing Policies for utilizing brokers and clearing houses, accounting and reporting practices, and trading limits.

(e) “Trading Strategies” means the application or use in current or planned Trading of closely held knowledge, data, software or opinions not known to counterparties.

2.2 *Separation.* No person who is a member of the affiliate corporate committee (currently the EME Risk Management Committee) responsible for overseeing Trading at an affiliate shall simultaneously be a member of or attend the utility corporate committee (currently SCE Risk Management Committee) responsible for overseeing Trading at the utility. In addition, no officer or other employee of EIX may serve as a member of or attend the utility corporate committee (currently SCE Risk Management Committee) responsible for overseeing Trading at the utility.

2.3 *Confidentiality of Information.* Without in any way affecting general restrictions under FERC Rules or CPUC rules or decisions on the transfer of

³ For avoidance of any doubt, this definition of Trading does not include any power purchase agreements, or similar bilateral agreements, established through direct negotiation between the buyer and seller (rather than transacting through an exchange) between an SCE affiliate and an unaffiliated source or sink.

transmission, market and other non-public proprietary information between the utility and affiliates, information about Trading by the utility may not be disclosed or transferred to affiliates, nor may information about Trading by affiliates in the California market be transferred to utility employees who are not Shared Support Personnel (as defined below).⁴ Accordingly, such information should not be the topic of discussions at meetings of intercompany councils at any time when both utility and affiliate personnel are present. Subject to the further provisions of these Affiliate Trading Policies, and so long as they do not serve as conduits for the otherwise prohibited transfer of proprietary information between the utility and the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization, this prohibition should not be construed to prevent officers of EIX (and any EIX employee they designate to assist them in connection with corporate oversight) from receiving such information in the discharge of their fiduciary responsibilities to shareholders to govern EIX and its subsidiaries, or to prevent Shared Support Personnel (as defined below) from obtaining such information as they may deem necessary to perform their obligations as corporate auditor, secretary, controller, accountant, disclosure counsel or other person with responsibility for such matters as financial reporting, corporate disclosures, governance, internal audit, compliance, or any of the functions that are permitted to be performed as shared services under Rule V.E. of the ATR. “Shared Support Personnel” means individuals who provide the support services permitted by Rule V.E. of the ATR to the utility, EIX, and/or affiliates, but excludes (i) individuals who are officers, employees, or directors of affiliates, and (ii) the CEO of EIX.

2.4 California Trading Strategies. Subject to section 2.6, EIX personnel will not participate in the consideration, formulation and/or implementation of any Trading Strategy by the utility or, with respect to the California market, an affiliate, or approve any particular trade by either. This prohibition should not be construed to prevent officers of EIX, in the discharge of their fiduciary obligations, from:

- (a) Assessing and monitoring whether any Trading Strategy, Trading Policy, or the aggregated positions of either the affiliate or the utility conform to enterprise risk management Policies of EIX (and require appropriate corrective action if they do not);
- (b) Assessing and monitoring whether any Trading Strategy of the affiliate conforms to the applicable Trading Policies of the affiliate (and require the cessation of any Trading Strategy that does not); or
- (c) Assessing and monitoring whether any particular trade or position of the affiliate or the aggregated positions of the affiliate conform to applicable Trading Policies of the affiliate (and require appropriate corrective action if they do not).

⁴ The General Counsel of EIX (or a person or persons designated by the General Counsel) may, on a case-by-case basis, authorize an exception from the general prohibition on the transfer to the utility of information about Trading by affiliates in the California market.

2.5 Reporting. Financial and other reporting about Trading activities by the utility and by affiliates with respect to the California market to EIX officers (or their designees) or to Shared Support Personnel shall aggregate data so as not to reveal individual or specific trading positions unless disaggregation is necessary for the recipient to perform his or her fiduciary oversight obligations or shared support function. Absent an emergency situation (and subject to the exception for approval of unusual affiliate transactions set forth in section 2.6 below), to the extent disaggregated information about particular trades or positions of the utility or of an affiliate with respect to the California market are provided to EIX officers (or their designees) or to Shared Support Personnel, such information shall not be provided within less than one week after the execution of any particular trade or position being reported on.

2.6 Unusual Transactions. Notwithstanding sections 2.3 and 2.5, officers of EIX, in the discharge of their fiduciary obligations, may participate in the approval or disapproval of a particular Trading transaction by an affiliate in the California market that is unusual or that, because of the term or other special attributes of the transaction, presents unusual or special risks, provided that such officers do not serve as conduits for the otherwise prohibited transfer of proprietary information between the utility and the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization. Participation in such approval or disapproval of a transaction by an affiliate shall be limited to the procedures set forth in this section 2.6, which are intended to assure that such persons may, on an informed basis, approve or disapprove of a proposed unusual transaction of the affiliate, but may not initiate the proposal or otherwise materially affect the transaction's structure or other attributes, which shall be developed independently by the affiliate's operating personnel.

(a) Approval or disapproval of any such unusual Trading transaction shall occur at a board of directors or board committee meeting or meetings of the affiliate, and officers of EIX may participate in the approval or disapproval process to discharge their fiduciary obligations as members of that board or in support thereof.

(b) Because approval or disapproval of an unusual transaction shall occur in the context of EIX officers' fiduciary obligations as directors, holding company personnel, on the one hand, and affiliate personnel, on the other hand, should avoid engaging in any discussion with one another of whether the affiliate will engage in such transaction other than at board of directors meetings of the affiliate or in anticipation or support thereof. It is intended that while there could be several affiliate board meetings involved in any approval/disapproval decision, the board's approval or disapproval will involve final decisions that do not result in modification of the proposal in any material way absent special circumstances (such as a change in counter party or a new proposal from a counter party); provided that a reduction in transaction size or other risk mitigation measures may be made that do not fundamentally affect terms with the direct counter party (such as through third party hedges).

(c) The affiliate shall keep records of the applicable board (or board committee) meetings, by way of minutes, other written records and/or utilization of outside observers, as well as preservation of materials presented to board members to assist in their analysis, so as to be able to demonstrate that board meetings were not a conduit for the otherwise prohibited transfer of proprietary information between the utility and the affiliate or to create the opportunity for preferential treatment, unfair competitive advantage or cross subsidization.

(d) Nothing in the above procedures is intended to prevent or limit an affiliate board or board member from diligently seeking and obtaining information from the affiliate in order to discharge fiduciary obligations or for decisions to be made on an informed basis. Such information may be gathered, assembled and reviewed prior to any applicable board meeting, but the process for doing so shall not affect the content or transaction structure of the Trading transaction developed independently by the affiliate's operating personnel.

2.7 Certifications. Periodically, senior officers at Edison Mission Marketing & Trading, Inc. ("EMMT") and EMMT traders (or other personnel of EME or its subsidiaries) who are directly responsible for California Trading activities shall certify that, to the best of their knowledge and belief, they have not received any confidential or proprietary information of the utility, whether from utility personnel, holding company or EME officers, or otherwise that provided EMMT or EME with the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization with respect to Trading.

**POLICIES AND PROCEDURE FOR ADMINISTRATION OF AFFILIATE POWER CONTRACTS
PRIOR TO COMMERCIAL OPERATION DATE
MARCH 14, 2010**

These Policies and Procedures for Administration of Affiliate Power Contracts Prior To Commercial Operation Date (the “*Policies*”) set forth certain policies and procedures for the administration of certain power purchase contracts between SCE and its affiliates.

1. Introduction

FERC’s Affiliate Restrictions and Standards of Conduct (“*FERC Rules*”) and the CPUC’s Affiliate Transaction Rules (“*ATR*”) generally prohibit SCE from taking actions that provide preferential treatment, unfair competitive advantage, or nonpublic proprietary utility information to SCE’s Class A affiliates¹ (such as EMG) (“*affiliates*”). The ATR as well as the CPUC’s holding company decision also require that SCE maintain ratepayer indifference to transactions between the utility and its affiliates.

These Policies are designed to promote compliance with these principles in SCE’s administration of Affiliate Power Contracts between the time of contract execution and the commencement of commercial operations, while addressing the requirement that holding company personnel and shared support personnel also perform their governance and oversight responsibilities and discharge their fiduciary obligations to shareholders. For purposes of these Policies, the term “*Affiliate Power Contract*” means a contract to purchase power from a new or repowered generation resource which has not yet commenced commercial operations, where SCE’s Risk Management Committee or the applicable SCE contract manager become aware that the entity that has contracted to sell power to SCE (1) is an “affiliate” as defined in Rule I.A of the ATR, or (2) would become an “affiliate” upon the exercise of an option or other similar right by an existing “affiliate.” Any entity that is, or would become, an “affiliate” pursuant to the preceding sentence shall be referred to herein as the “*Affiliate Counterparty*.”

As a means of promoting compliance with the FERC Rules and ATR, these Policies, among other things, (1) provide for an Independent Evaluator (“*IE*”) to monitor certain communications between SCE and the Affiliate Counterparty in respect of the administration of the Affiliate Power Contract, (2) require SCE contract managers to obtain prior approval from the utility’s Risk Management Committee for certain formal changes to the Affiliate Power Contract, and (3) require SCE contract managers periodically to furnish written contract administration reports in respect of the administration of the Affiliate Power Contract to SCE’s Risk Management Committee (“*RMC*”), Affiliates Officer, SCE’s officer(s) responsible for power procurement, and the IE.

These Policies also limit the role of Edison International (“*EIX*”) officers and employees in affiliate decisions related to SCE’s administration of an Affiliate Power Contract. Specifically, as discussed in Section 3 below, these Policies permit EIX

¹ As defined in D.97-12-088, 77 CPUC2d 449.

officers and employees to participate in affiliate decisions concerning issues or disputes under Affiliate Power Contracts only through affiliate board actions that formulate standards for, and/or approve or disapprove, an affiliate's position. EIX officers and employees are prohibited from otherwise participating in such affiliate decisions, including developing or modifying the terms of the affiliate's position with respect to administration of the Affiliate Power Contract. These Policies are designed to ensure that EIX officers and employees will not serve as conduits to transfer utility information, or provide any unfair competitive advantage or cross-subsidization to affiliates in connection with the administration of the Affiliate Power Contract.

These Policies do not replace or supersede any applicable rules or requirements that remain in force and effect, including, but not limited to, FERC Rules, the ATR and D.06-05-034 (the KRCC Settlement).

2. SCE's Administration of Affiliate Power Contracts.

2.1 General Principles of Affiliate Power Contract Administration. Contract managers and other SCE personnel shall not take actions that provide cross-subsidies or an unfair competitive advantage to an Affiliate Counterparty in administering an Affiliate Power Contract.

2.2 Dissemination of Policies. SCE's Affiliates Officer or SCE's officer(s) responsible for power procurement, as and when appropriate, will distribute these Policies to SCE personnel responsible for administering an Affiliate Power Contract, and request that the EIX Chief Ethics and Compliance Officer communicate these Policies to appropriate EIX and affiliate officers and employees.

2.3 Independent Evaluator Oversight. SCE shall utilize one or more IEs for its Affiliate Power Contracts as provided herein. SCE personnel shall take all reasonable steps to include the IE in any substantive communication with an Affiliate Counterparty regarding any amendment, modification, interpretation or waiver of any term or provision in an Affiliate Power Contract. To the maximum extent practicable, SCE also shall invite the IE to monitor all regularly-scheduled communications between SCE personnel and an Affiliate Counterparty at which major milestones in the development process are discussed. SCE personnel will give the IE access to such non-privileged information as the IE may request for the purpose of enabling the IE to assess whether the utility is dealing with the Affiliate Counterparty in a manner that is consistent with section 2.1. SCE will request that the IE make an initial report to the applicable SCE contract manager whenever the IE believes that SCE is proposing to deal with the Affiliate Counterparty in a manner that is not consistent with section 2.1 and to contact SCE's officer(s) responsible for power procurement, as appropriate, in the event the IE's concerns have not been fully resolved by the contract manager. SCE will further request that the IE make a further report to the Affiliates Officer, if he or she deems it necessary and appropriate.

2.4 Documentation, Review and Oversight of Affiliate Power Contract Administration.

(a) SCE shall maintain contemporaneous records documenting all negotiations regarding an Affiliate Power Contract with an Affiliate Counterparty, whether or not the amendment, modification, interpretation or waiver being negotiated is consummated.

(b) SCE contract managers shall obtain pre-approval from the utility's RMC for decisions involving Affiliate Power Contracts in any of the following circumstances: (1) execution of a proposed amendment; (2) issuance of a waiver, modification, or similar written alteration of contractual rights; (3) the IE recommends RMC pre-approval; (4) SCE's Affiliates Officer recommends RMC pre-approval; or (5) responsible SCE personnel choose to present the issue to the RMC. SCE shall take all reasonable steps to include the IE in those portions of the RMC meetings during which requests for pre-approval pursuant to this paragraph are discussed.

(c) All other Affiliate Power Contract administration decisions and approvals may be made without the prior approval of the RMC, but the SCE contract manager shall provide a written periodic report on such decisions to the RMC, SCE's Affiliates Officer, SCE's officer(s) responsible for power procurement, and the IE. The recipients of such reports shall take such action as they deem appropriate in response.

2.5 Affiliate Power Contract Decisionmaking Restrictions.

(a) Officers and employees who have transferred to SCE from EIX or an affiliate shall not serve as the SCE contract manager, or as the contract manager's direct supervisor, for an Affiliate Power Contract if negotiations regarding the initial execution of such Affiliate Power Contract began prior to the officer's or employee's transfer to SCE, or within the six month period following such transfer.

(b) Members of SCE's RMC who were previously employed by EIX or an affiliate shall not participate in decisionmaking by the RMC with respect to the administration of an Affiliate Power Contract if negotiations regarding the initial execution of such Affiliate Power Contract began prior to the member's transfer to SCE, or within the six month period following such transfer.

3. EIX Participation in Affiliate Power Contract Administration.

3.1 Access to Information. Subject to the other provisions of these Policies and applicable law, EIX officers and employees may, at their discretion and for the purpose of discharging their fiduciary duties, obtain information from SCE regarding the administration of power purchase contracts, provided, however, that they shall not serve as conduits to transfer non-public proprietary SCE information to affiliates or to create the opportunity for any unfair competitive advantage or cross-subsidization to affiliates in connection with the administration of the Affiliate Power Contract or otherwise.

3.2 Limited Participation by EIX Officers and Employees.

(a) EIX officers and employees may participate in decisions made by an affiliate concerning an issue or dispute regarding the administration of an Affiliate Power Contract only through board actions, subject to Sections 3.3, 3.4 and 3.5 below. Nothing stated herein, however, precludes EIX or SCE employees from providing any of the corporate support services that are permitted to be performed as shared services under Rule V.E. of the ATR, so long as they do not serve as conduits to transfer proprietary information from the utility to an affiliate or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization. Shared Support Personnel (as defined below) who receive non-public proprietary information regarding the administration of power purchase contracts from SCE may not participate in decisions made by an affiliate concerning an issue or dispute with respect to the administration of an Affiliate Power Contract, provided, however, that this restriction shall not prevent Shared Support Personnel from providing support services to an affiliate in response to a request from such affiliate for assistance, so long as the same individual does not advise both the utility and the affiliate in connection with an Affiliate Power Contract on an issue that is or may be the subject of negotiation between the utility and the affiliate, such that the provision of such advice would be inconsistent with principles of arms' length dealing.

(b) "Shared Support Personnel" means individuals who provide the support services permitted by Rule V.E. of the ATR to the utility, and/or affiliates, but excludes (i) individuals who are officers, employees, or directors of affiliates, and (ii) the CEO of EIX.

(c) Without limiting the restrictions set forth above, in the event SCE's Controller, Treasurer or Director of Risk Control also holds the same position at EIX, that person shall not participate in decisionmaking regarding the administration of the credit and collateral terms of any Affiliate Power Contract.

3.3 Affiliate Board Actions. Members of the board of directors of the affiliate may, on an informed basis, formulate standards for and/or approve or disapprove the affiliate's position with respect to an issue or dispute regarding the administration of an Affiliate Power Contract in accordance with Section 3.4 below. EIX officers and employees may provide support and assistance to such board members in the discharge of such duties. EIX officers and employees may not otherwise participate in decisions by an affiliate concerning an issue or dispute regarding the administration of an Affiliate Power Contract, including developing or modifying the contents of the affiliate's position, which shall be developed independently by the affiliate's operating personnel. Accordingly, subject to Section 3.4 and 3.5 below, EIX officers and employees, on the one hand, and affiliate personnel on the other hand, should avoid engaging in discussions concerning an issue or dispute regarding the administration of an Affiliate Power Contract other than through such board actions, or in anticipation or support thereof, except that EIX officers and employees and affiliate personnel may discuss any such issue or dispute regarding the administration of an Affiliate Power Contract if representatives of SCE, and the IE, are also present.

3.4 Scope of Affiliate Board Actions. Board actions by an affiliate regarding the administration of an Affiliate Power Contract may consist only of the following:

- (a) The establishment of general criteria for the affiliate's administration of Affiliate Power Contracts;
- (b) Approval or disapproval in its entirety of any proposal (i) made to the affiliate by SCE, or (ii) to be made by the affiliate to waive, modify, alter or exercise any one or more provisions of or rights under such Affiliate Power Contract or to commit funds with respect thereto; and
- (c) Approval or disapproval of any settlement of or proposal to settle a dispute under an Affiliate Power Contract.

Provided that, unless representatives of SCE and the IE are present, any such board action under paragraphs (b) or (c) shall be limited to the approval or disapproval in its entirety of the proposal presented to the board and shall not otherwise include developing, modifying or causing to be modified the contents of any such proposal presented to it. It is intended that while there could be several board meetings in anticipation of any single approval/disapproval of a board action under paragraphs (b) or (c), the board's approval/disapproval process will be non-iterative and will not change the contents or specific terms of an affiliate's position. Accordingly, the specific proposal before the board should not be modified by board action in any material way during the course of the review process, and a negative decision once reached should not, absent special circumstances, be subject to reconsideration based on a modified proposal. This section is not intended to prevent or otherwise limit an affiliate officer or employee who serves on an affiliate board (and who is not also an officer or

employee of EIX) from participating in any Affiliate Power Contract decisionmaking that occurs outside the context of the affiliate board approval/disapproval process.

3.5 Informed Decisions. Nothing in these Policies is intended to limit a board or board member or personnel providing support and assistance to such board or board member, from diligently seeking and obtaining information from the affiliate in order to discharge fiduciary obligations or for decisions to be made on an informed basis. Such information may be gathered, assembled and reviewed prior to any applicable board meeting, but the process for doing so shall not affect the content of the affiliate's position on any Affiliate Power Contract issue.

3.6 Record-keeping. EIX or the affiliate, as the case may be, shall keep records of the applicable board (or board committee) meetings, by way of minutes, other written records and/or utilization of outside observers, as well as preservation of materials presented to board members to assist in their analysis, so as to be able to demonstrate that board actions were not a conduit to transfer proprietary information from the utility to the affiliate or to create the opportunity for unfair competitive advantage or cross-subsidization.

3.7 Transferred Employees. From time to time, SCE officers or employees who have been involved in contract administration, or who otherwise have obtained proprietary information, may transfer from SCE to EIX or an affiliate. In these situations, the person who transfers must not use or disclose SCE non-public proprietary information for the affiliate's benefit and, in any event, shall not participate in the administration of any Affiliate Power Contract on which he or she worked while employed at SCE.

**POLICIES AND PROCEDURES CONCERNING AFFILIATE PARTICIPATION IN SCE REQUESTS FOR
OFFERS AND REQUESTS FOR PROPOSALS
March 14, 2010**

This set of Policies and Procedures Concerning Affiliate Participation in SCE Requests for Offers and Requests for Proposals (the “RFO Policies”) establishes certain policies and procedures that are to be followed in connection with SCE’s affiliates responding to an SCE Request for Offers or Request for Proposals (both referred to herein as “RFOs”) to provide long-term¹ capacity, energy and/or ancillary services (such RFO response being referred to as “Affiliate California Activities”).

1. Introduction

FERC’s Affiliate Restrictions and Standards of Conduct (“FERC Rules”) and the CPUC’s Affiliate Transaction Rules (“ATR”) generally prohibit the transfer of non-public transmission information to SCE’s marketing function employees² as well as the transfer of non-public transmission, market and other proprietary information to SCE’s Class A affiliates³ (such as EMG) (“affiliates”). Officers and other employees of Edison International (“EIX”) and shared support personnel coming into possession of this information may not serve as conduits to transfer such information from the utility to the affiliates (or to any SCE marketing function employees in the case of non-public transmission information) or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization. The ATR as well as the CPUC’s holding company decision also require that SCE and its affiliates maintain structural separation, and ratepayer indifference to transactions, between the utility and its affiliates. In implementing these principles, the CPUC has concluded that utilities must maintain complete procurement planning independence from their affiliates.

These RFO Policies are designed to implement these principles with respect to Affiliate California Activities while addressing the requirement that holding company personnel and shared support personnel also perform their governance and oversight responsibilities and discharge their fiduciary obligations to shareholders. Accordingly, these RFO Policies both restrict the provision of RFO-specific information to EIX personnel and limit the role of EIX personnel in decisions of affiliates with respect to RFOs. Specifically, as discussed below, these RFO Policies require EIX personnel to participate in decisions of affiliates with respect to RFOs only through the formulation by the affiliate’s board of directors of standards for affiliate bidding and/or through affiliate board approval or disapproval of the affiliate’s bid, but prohibit EIX personnel from otherwise participating in developing, modifying or causing to be modified the *contents* of a bid. By limiting the participation of EIX personnel in the decisions of affiliates in this manner, these RFO Policies are designed to ensure that EIX personnel will not serve as conduits to transfer utility information, or provide any unfair competitive advantage, to affiliates.

¹ As defined in D.05-12-022, long-term means greater than three months. ² As defined in FERC Order No. 717, 125 FERC ¶ 61,064 (2008), *codified at* 18 C.F.R. §§ 358.2(c), 358.3(c), and 358.3(d). ³ As defined in D.97-12-088, 77 CPUC2d 449.

2. RFO Utility Procedures

2.1 *Commencement of Process.* Whenever an RFO is issued for which an affiliate is a potential responder, SCE's Senior Vice President of Power Procurement will distribute these RFO Policies to appropriate utility personnel and will notify the EIX Chief Ethics and Compliance Officer and request that these RFO Policies be communicated to appropriate EIX and affiliate personnel. The Senior Vice President of Power Procurement will also make arrangements to retain an Independent Evaluator as called for by the CPUC in its decisions, but if EIX or EME provides notice in writing that no affiliate will respond to the RFO, then the role of the Independent Evaluator may, as appropriate and if permitted by applicable CPUC rules, be terminated, suspended or modified.

2.2 *Restricted Access to RFO Information.* The utility will limit access to RFO Information (as defined below) to utility personnel involved in SCE's RFO Decision-making (as defined below) or who otherwise have a "need to know" such information. Accordingly, affiliate personnel will not have access to such information, and holding company personnel will not have access to such information except as provided in section 2.4.

(a) "RFO Information" means non-public information, data and materials that SCE develops or receives in anticipation of or during the course of an RFO that would not exist but for the RFO and that, if known by a bidder participating or potentially participating in an RFO, would provide it with a competitive advantage in an RFO. RFO Information includes information about the timing of the issuance of an RFO, bids, the evaluation of bids, negotiating positions, terms of agreement, and similar substantive information.

(b) "RFO Decision-making" by SCE means the formulation by SCE of an RFO and SCE's evaluation and selection of proposals or bids that are received in response.

2.3 *Non-Public Procurement Information.* Without in any way limiting general restrictions under FERC Rules or CPUC rules or decisions on the transfer of transmission, market and other non-public proprietary information from the utility to affiliates, utility personnel may not disclose or transfer Non-Public Procurement Information (as defined below) to the utility's affiliates. Accordingly, such Non-Public Procurement Information should not be the topic of discussions at meetings of intercompany councils at any time when affiliate personnel are present.

"Non-Public Procurement Information" means non-public information, including RFO Information, about the utility's procurement plans, energy positions, needs, strategies, contracts, projections and the like that, if known by a market participant, would provide it with a current or future competitive advantage.

2.4 Limited Access By Holding Company Personnel And Shared Support Personnel To Information. Notwithstanding sections 2.2 and 2.3, but subject to CPUC requirements respecting utility procurement planning independence, holding company personnel and Shared Support Personnel (as defined below) may obtain Non-Public Procurement Information as follows:

(a) Officers of EIX (and any EIX employee they designate to assist them in connection with corporate oversight) may obtain from the utility Non-Public Procurement Information that is not RFO Information in order to fulfill their fiduciary duties, but such officers and supporting EIX personnel who receive such information may not serve as conduits to transfer proprietary information from the utility to the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization.

(b) Shared Support Personnel (as defined below) may obtain Non-Public Procurement Information (including RFO Information) as they may deem necessary to perform their obligations as corporate auditor, secretary, controller, accountant, disclosure counsel or other person with responsibility for such matters as financial reporting, corporate disclosures, governance, internal audit, compliance, or any of the functions that are permitted to be performed as shared services under Rule V.E. of the ATR, so long as they do not serve as conduits to transfer proprietary information from the utility to the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization. Shared Support Personnel who receive Non-Public Procurement Information may not participate in Affiliate RFO Decision-making (as defined in Section 3.1 below), provided, however, that this restriction shall not prevent Shared Support Personnel from providing support services to an affiliate in response to a request from such affiliate for assistance, so long as the same individual does not advise both the utility and the affiliate with respect to an issue that is or may be the subject of negotiation between the utility and the affiliate, such that the provision of such advice would be inconsistent with principles of arms' length dealing.

(c) "Shared Support Personnel" means individuals who provide the support services permitted by Rule V.E. of the ATR to the utility, EIX, and/or affiliates, but excludes (i) individuals who are officers, employees, or directors of affiliates, and (ii) the CEO of EIX.

2.5 Affiliate Questions. To the extent mandated by CPUC and/or FERC requirements, or otherwise suggested by the Independent Evaluator, SCE will post any questions from affiliates about an RFO on an electronic website or bulletin board that is easily accessible to all potential bidders, and affiliates' questions will be answered through the website or bulletin board.

3. RFO Affiliate Procedures

3.1 *Affiliate RFO Decision-making.* EIX personnel are permitted to participate in Affiliate RFO Decision-making only through participation in the decisions made by the affiliate's board of directors as set forth in Sections 3.2 and 3.3 below and in actions undertaken in anticipation or support thereof. "Affiliate RFO Decision-making" means decisions by an affiliate concerning the contents of any response by the affiliate to an SCE RFO. This provision should not be construed to prevent Shared Support Personnel from obtaining such information as they may deem necessary to perform their obligations as corporate auditor, secretary, controller, accountant, disclosure counsel or other person with responsibility for such matters as financial reporting, corporate disclosures, governance, internal audit, compliance or any of the functions that are permitted to be performed as shared services under Rule V.E. of the ATR, nor shall this provision prevent Shared Support Personnel from providing support services to an affiliate subject to the limitations identified in section 2.4(b). EIX personnel and Shared Support Personnel may not serve as conduits to transfer proprietary information from the utility to the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization.

3.2 *Board of Directors Participation.* EIX personnel may participate in Affiliate RFO Decision-making to discharge their fiduciary obligations or to provide support and assistance to the discharge of such duties. Such participation will be consistent with the guidelines set forth below, which are intended to assure that such persons may, on an informed basis, set standards for and/or approve or disapprove the affiliate's bid but not otherwise participate in developing, modifying or causing to be modified the *contents* of the bid, which shall be developed independently by the affiliate's operating personnel. Accordingly, subject to sections 3.1 above and 3.4 and

3.6 below, EIX personnel, on the one hand, and affiliate personnel on the other hand, should avoid engaging in any discussion with one another concerning the contents of any response by the affiliate to an SCE RFO other than at affiliate board of directors meetings or in anticipation or support thereof.

3.3 *Affiliate Board Actions.* Actions undertaken by the board of directors of an affiliate as part of Affiliate RFO Decision-making may not be used as a conduit to transfer proprietary information from the utility to the affiliates or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization and may consist only of the following:

- (a) The formulation of general criteria (that are not bid or counterparty specific) for investments or projects of the type in question, such as size of project, target returns, financing parameters, extent of risk (e.g., the nature and extent of "offramps"), portfolio diversification, application and enforcement of overall portfolio risk metrics, resource evaluation criteria, general contractual requirements (e.g., length of contracts, fixed or variable pricing, creditworthiness of counterparties), equipment specifications (e.g., age or nature of technology, performance guarantees), construction terms (e.g., experience of contractors, environmental constraints, fixed versus cost based pricing, and performance

guarantees), operations and maintenance arrangements and requisite regulatory and political environment;

(b) Approval or disapproval of any non-binding indication of interest that the affiliate intends to submit in response to the RFO, without altering the specific terms thereof;

(c) Approval or disapproval in its entirety of any binding bid that the affiliate intends to submit in response to the RFO, without altering the specific terms thereof; and

(d) Approval or disapproval of investments made pursuant to the terms of the bid.

It is intended that while there could be several meetings of the affiliate board in anticipation of any single approval/disapproval decision of the board under paragraphs (b), (c), or (d), the board's approval/disapproval process will be non-iterative and will not change the contents or specific terms of an indication of interest, bid or investment. Accordingly, the particular proposal before the board should not be modified by board action in any material way during the course of the review process, and a negative decision once reached should not, absent special circumstances (e.g., a change in the RFO), be subject to reconsideration based on a materially modified proposal. This section is not intended to prevent or otherwise limit an affiliate officer or employee who serves on an affiliate board (and who is not also an officer or employee of EIX) from participating in any Affiliate RFO Decision-making that occurs outside the context of the affiliate board approval/disapproval process.

3.4 Informed Decisions. Nothing in these RFO Policies is intended to prevent or limit an affiliate board or board member from diligently seeking and obtaining information from the affiliate in order to discharge fiduciary obligations or for decisions to be made on an informed basis. Such information may be gathered, assembled and reviewed prior to any applicable board meeting, but the process for doing so shall not affect the content of the affiliate's response to the RFO.

3.5 Record-keeping. The affiliate shall keep records of the applicable board (or board committee) meetings, by way of minutes, other written records and/or utilization of outside observers, as well as preservation of materials presented to board members to assist in their analysis, so as to be able to demonstrate that board meetings were not a conduit to transfer proprietary information from the utility to the affiliate or to create the opportunity for preferential treatment, unfair competitive advantage or cross-subsidization.

3.6 *Transferred Employees.* From time to time, SCE officers or employees who have been involved in the utility's RFO Decision-making with respect to an RFO, or who otherwise have obtained Non-Public Procurement Information, may transfer from SCE to EIX or an affiliate. In these situations, the person who transfers must not use or disclose Non-Public Procurement Information for the affiliate's benefit and, in any event, will not participate in Affiliate RFO Decision-making with respect to an RFO for which he or she has been involved in RFO Decision-making at the utility.

Appendix F
Permissible Shared Support Matrix

Appendix F
Southern California Edison Company
Permissible Shared Support Matrix

Function(s) That May Be Shared	Description of Shared Support Functions
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Audit Services	
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Internal Audits	Includes administering internal audit functions, conducting financial and contract audits, operational audits, information technology audits, and environmental, health and safety audits, and consulting engagements.
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Corporate Communications	
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Internal Communications	Provide information and updates on annual corporate goals and success measures and provide quarterly updates. Provide information on the vision and values. Produce biennial Edison Award program and annual Business Briefing. Manage the content and distribution of corporate-wide email notes using Exact Target. Draft notes and speeches on behalf of senior leadership for corporate-wide distribution. Provide general information regarding corporate-wide events, services, benefits, and changes affecting current business operations. Draft communications plans, scripts, and Q&As, for use across the enterprise. Provide corporate safety initiatives information to employees. Includes health and welfare and Edison 401(k) savings plan enrollment communications for new hires. Investment education for all retirement plan participants. Provide 401(k) savings plan fund performance information. Provide annual summary plan descriptions (SPDs) for 401(k) and welfare benefit plans. Provide annual funding notices for defined benefit plans. Prepare and distribute benefits-related information. Provide wellness-related communications (e.g., health risk assessment, preventive health account). Manage the distribution of the Your Benefits Handbook SPDs. Provide communications related to Edison's Total Compensation Statements.
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Client Services Communications	Includes producing EIX's annual report. Producing corporate videos and providing audio-visual support and photography services for corporate sponsored events.
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Media Relations	Coordinate, support and manage media relations related to company-wide issues, including financial issues. Support EIX executives with media activities.
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Advertising / Public Education	Includes developing and managing advertisement campaigns.
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Philanthropic Programs & Service	Includes managing corporate contributions, employee contributions, volunteer programs, educational programs, and special projects (Shareholder funded program that targets non-profit organizations and educational institutions).
Web Communications	Includes coordinating, consulting, developing, and managing web strategies and digital content. Budget and manage web projects. Prepare and distribute daily enterprise news items to internal staff. Authorize and manage DNS accounts. Prepare, manage, and update corporate-level internal messaging tied to corporate-level goals, corporate-level HR information, and corporate-level messaging for ethics and vision.
Edison Material Supply	
Bid Processing Contract Mgmt Contract Development Contact Maintenance Purchasing Vendor Identification	Includes the procurement process for major project development, execution, operation, and maintenance of vendor contracts. Does not include joint procurements.
	Includes the development, collaboration, review, and maintenance of jointly negotiated agreements. Assist in the development of request for proposals, request for information, contract development, and contract maintenance, for both jointly negotiated agreements and separately negotiated contacts.
Ethics & Compliance	
Information Governance	The maintenance, retrieval, storage and on-site destruction of all corporate business records.
	Assist with the compliance of the California Consumer Privacy Act (CCPA).

Ethics & Compliance	Facilitates the company's approach to compliance-related activities across Edison and its affiliates with a goal of providing reasonable assurance that core compliance management practices are in place across EIX and its subsidiaries. Informs affiliates of prevailing requirements and of the impacts that affiliate non-compliance may have on utility operations. Provides support and oversight to ensure that the company and its subsidiaries maintain a culture and environment of ethics and compliance. Monitors concerns that are reported through the Edison International (EIX) Ethics and Compliance Helpline, as well as subsequent investigations in order to focus and manage remedial compliance actions, and to identify areas of potential or actual noncompliance. This function does not provide support on regulations affecting the affiliates (not the utility).
Finance	
Accounts Payable	Includes both direct and indirect support of Non-Purchase Order (NPO) documentation, reporting, and payment processing.
Property Tax	Filing property taxes
SOX Compliance	Provide Sarbanes Oxley (SOX) coordination support for EIX only
Corporate Accounting	Provide accounting support for affiliate-related transactions, including preparation of intercompany billings to affiliates, calculation of allocation rates, creation and maintenance of cost objects and preparation of annual CPUC filing

Benefits Accounting	<p>Provide support for the recording of pension expenses and liabilities for EIX. Review/validate recorded pension related activities. Prepare affiliate bills for the Company match and profit sharing contributions program. Calculate stock/share based compensation expenses. support of the share based compensation expenses and inter-affiliate transfers of officers/directors/employees who have an outstanding share based award. Calculate community property vested benefits that SCE holds for an alternate payee (e.g., divorce). Prepare footnote disclosures required under FAS87,106, 123R and 158. Shared officers: Prepare work related stock options accounting for shared officers. Record the amortization of prior service cost and net actuarial gain/loss for EIX. Support EMG and EIX with deferred compensation information. Provide reporting services on all benefit plans, as mandated by law.</p>
Financial Reporting & Technical Accounting Research	<p>Includes the preparation and consolidation of financial statements, 10Q and 10K SEC filings, and earnings per share (EPS) calculations. Periodically provide technical accounting research for EIX only.</p>
Payroll	<p>Includes payroll services and payroll related services. Timely and accurate payroll processing including timesheets, payroll adjustments and closing entries. Manage payroll and reporting including W2 statements, payroll tax collection and remittance to the proper agencies. Process credit card transactions and the management and administration of employee expense reimbursements.</p>
Tax	<p>Includes the preparation of federal and state corporate / partnership / LLC tax returns, quarterly estimated federal and state tax payments, tax return true-up calculations, quarterly tax forecast (1 year, 5 year, 10 year), quarterly 10Q/10K disclosures, monthly tax provisions/tax accounting, monthly intercompany tax account analysis. Also includes state research and planning, federal and state Fin48 update and state apportionment forecast & calculations. Managing audits of corporate income taxes, employment taxes, pension and profit-sharing, and excise taxes. Analyzing the impact of tax-related matters in proposed federal and state legislation. Researching tax-related implications of transactions.</p>

Retirement Plan Management	Includes the monitoring of investment manager activity, facilitating benefit payments and contributions for the pension plan, and data management for financial reporting (10Q/10K).
Stock Savings Plus Plan 401 (k) Management	Review / monitor plan options.
Cash Management	Includes the management, administration, and selection of bank accounts, credit facility, short-term investments, short-term borrowing, credit cards, electronic fund transfers, cash accounting, account reconciliation, and escheatment.
Financial Planning and Analysis	Develop SCE's five and ten year financial forecasts and submit to EIX financial planning.
Human Resources	
Compensation	Includes the design and administration of EIX results sharing, management incentive programs, and annual non-executive compensation reviews. Evaluate and classify non-executive jobs.
Learning & Development	Includes the design, implementation, and evaluation of employee and leadership development. Provide corporate wide compliance training.
Performance Assessment & Testing	Includes developing and validating pre-employment, promotional, and training selection tests and assessments. Also includes the administration of assessment surveys and tools used for the development of employees.
Succession Planning	Includes the assessment and development planning for executive-level positions.
Workforce Planning	Includes the development of workforce plans and forecasts.
Organizational Development & Effectiveness	Includes consultation to executives on business initiatives pertaining to organizational alignment, and the development of strategies relating to organizational design, culture, and talent.
Equal Opportunity Operations	Includes the develop of affirmative action plans, responding to the department of Labor/OFCCP (Office of Federal Compliance and Contracts Programs) on issues pertaining to compliance reviews. Also includes conducting investigations into allegations of discrimination.

Executive Compensation	Includes payroll location support for executives and board of directors (timesheet assistance, SAP records, biweekly and monthly executive and Board of Directors payroll, ad hoc payment requests). Employment verification and annual W2 reconciliation for executives. Benefits administration for executives (deferred compensation, retirement, survivor benefits, severance, disability, and perquisites). Short-term and long-term incentive program administration for executives. Job pricing and compensation review of executives. Regulatory reporting (proxy, 10-K, GRC, GO77-M, etc.), quarterly financial reporting, responses to IRS, SOX, other audit requests and ad hoc data requests. Board of directors benefits administration (deferred compensation, director retirement plan) and board compensation committee support (scheduling of preparation meetings, preparation of materials, etc.)
Benefits Strategy & Operations	Includes the administration and management of recordkeeping for health & welfare benefit programs, pension plans, and 401(k). Vendor management for health and welfare plans. Support for union health & welfare benefit negotiations. Assist in benefits design, bench-marking and consulting.
Employee Information Center	HR contact center for employment events, rehires, reinstatements, new hires, candidates, severance, life events, terminal illness, death notifications, HR programs, educational reimbursement, rideshare service awards, disability benefits, payroll, verification of employment, and other compensation inquires.
Employee Data Integrity	Includes the administration of vacation and holiday benefits, correcting employee data, calculating affiliate transfer fees (vacation and benefits), and bridging / adjusting in-service dates.
Information Technology	
Corporate Program Management & Application Governance	Includes the administration of vacation and holiday benefits, correcting employee data, calculating affiliate transfer fees (vacation and benefits), and bridging / adjusting in-service dates.

Electronic-mail Services	Includes break/fix of lotus notes, and the integration of systems (e.g., blackberry, malware, etc.). Also includes maintaining EIX directory catalog, EIX servers, and domino directories.
Risk Management	Includes eDiscovery and digital forensics, defining policies and standards designed to protect information assets and business operations, and mitigate risks, information security awareness and training, establishing common “baseline” information security tools and standards for all EIX companies, and monitor adherence to those standards. Also includes developing and maintaining disaster recovery strategies pertaining to computer systems, and ensuring separation of utility and affiliate computer and information systems.
Infrastructure Management and Support (desktop and distributed services)	Includes support for the coordination of databases, procuring IDs and approving systems access, and database support for EIX. Also includes procuring laptops, flashdrives, printers, and other technology related devices for EIX. Providing technology, maintenance, and on-call support for EIX executives (technology related hardware), and dedicated support for EIX sponsored offsites.
IT Vendor Management	Includes support for external vendor audits, and support for joint procurements.
IT Service Center Support (not including Desktop Support)	Includes the development of policies, processes, and tools to identify, resolve, and manage device end user issues (e.g., computers, phones, wireless devices, etc.). Audio and visual support for conference rooms, secondary desktop support (no on-site activity), remote troubleshooting of minor issues and answering frequently-asked questions, develop and implement a standard IT environment.
Mainframe/Distributed Services (for permissible shared functions only)	Facilitating the pass through of demographic information, organizational information, and financial data, and payroll processing data. Providing support for portal to portal access, and integration support for SAP releases with affiliates. Mid-range services (SAP) for human resources (HCM), financial reporting, and affiliate billing. Provide EIX identity through Identity Management (IDM) system.

Network	Includes the management, operation, and maintenance of the network. Also includes developing and implementing corporate-wide systems strategies, best practices, facilities management, network, standardization of network and system management. Support network functions for phones (non-cell), circuits, wireless LAN, firewall, and internet.
Server Management	Includes providing server infrastructure standardization, architecture, and management.
Computer Services	Includes providing computer services support for the entire network.
Telecomm. Services	Includes the transferring of incoming calls to employees' homes or work, sending numeric pages, organizing conference calls for executives, answering after-hours calls for executives, coordinating conference calls for EIX, and supporting phone operators.
Service Management Office & Operations (SMOO) / Enterprise Resource Planning (ERP)	Includes providing custom software and report development related to ERP/SAP systems. Also includes SAP security administration, and portal federation support.
IT SMOO – CS/EPM/SONGS/IT Application Services	Includes providing website design and website enhancement support.
Legal	
Corporate Secretary	Includes performing legal and corporate services for corporate governance compliance with federal and state securities laws, and political laws, state corporate and escheatment laws, stock exchange rules, and certain company policies. Also includes legal and related support for financings, executive compensation matters, and director and officer insurance.
Legal	Includes legal support and administrative support for EIX and its subsidiaries. Retaining and supervising outside counsel. Providing support in the development and coordination of policy positions, and the processing of workers' compensation claims.
Operations	
Facility Management	Includes the maintenance of facility assets, support in the negotiation leases of non-SCE properties, and the planning of facility resources.

Mail Services	Includes the distribution of corporate-wide mail, letters from senior officers, internal newsletters, inter-company communications relating to shared corporate governance, oversight, and support.
Meeting & Event Services	Includes logistical support for corporate meetings, events, and educational workshops.
Transportation Services	Includes the fueling, maintenance, and repair of passenger cars, trucks, and utility equipment, as well as helicopter services to corporate-level officers.
Travel Services	Includes managing third party contacts for business travel services such as travel management and booking services for air, hotel, and car rentals.
Publication / Documentation Services (Graphics)	Includes producing corporate-wide printed communications for EIX including benefits information, stationery, and corporate-level documents.
Environmental	Includes support of the siting and licensing of transmission and substation projects and various EHS compliance projects.
Regulatory Affairs	
Corporate Environmental Policy	Includes the development of corporate wide environmental policies, such as global climate change policies. Developing and analyzing environmental policies for both proposed and pending legislation (state and federal). Participation in state and federal forums, as such forums pertain to environmental issues. Consistent implementation of legislation affecting environmental footprints.
Safety, Security & Business Resiliency	
Business Resiliency	Includes the planning, creating, and execution of response systems, policies, tools and standard practices to respond to natural or man-made business interruptions, in order to facilitate the return to a normal operating mode
Corporate Security	Includes protection services to EIX executives, travel security advisories, and residential assessments (select executives).

Employee Health & Safety	Management of Safety Compliance policies and programs including communicating the requirements of new or revised OSHA and other state or federal health and safety regulations; oversight and technical support in the areas of Industrial Hygiene and Electric & Magnetic Fields. Provide Office Safety and Ergonomic support across the enterprise; develop and manage enterprise wide contractor safety program. Conduct Cause Evaluations on employee serious injuries and fatalities; classify, record and manage employee injury data. Develop, manage and implement enterprise wide safety initiatives/roadmap. Assist OU in development of safety education/training. Administer/facilitate H&S Leadership Council meetings to review safety incidents, initiatives and share best practices.
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Strategy, Integrated Planning & Performance

Strategic Planning	Development of long-term strategies, providing direction and support for the decision-making processes for the allocation of capital and labor resources.
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EIX

Executive Compensation	Prepare stock option valuation calculation - FAS 123R.
Washington, DC Public Affairs	Includes advocacy before Congress, the Administration and federal agencies.
Legislative and Regulatory Analysis	Includes tracking and analyzing legislation and some regulatory proceedings at the federal and state levels.
Political Activities Compliance	Includes tracking and reporting political and lobbying activities, as required by law, to various federal, state, and local agencies.
Insurance	Purchase and administration of insurance.
EIX Helpline and Investigations	Investigate matters reported by employees of Edison International or any of its subsidiaries regarding concerns or allegations that suggest a potential violation of law, Edison International Employee Code of Conduct, or Company Policy.

Services That May Not Be Shared
Hedging
Financial Derivatives
Arbitrage Services

Employee Recruiting
Arrangement of meetings between governmental agencies and Class A affiliates for affiliate marketing purposes
Customer Information Data Services
Mainframe Services (for services that may not be shared)
Joint Advertising related to products and services
Marketing
Gas and electricity purchasing for resale
Gas transportation and storage capacity purchasing
Electric transmission purchasing
System Operations purchasing
Marketing purchasing
Account Management Services
Credit and Payment Processing
Electric Distribution
Engineering
Field Services
Generation
Grid Operations & Maintenance
Grid Planning & Strategy
Meter Reading
Research and Development