

(Roll Call Vote)

RESOLUTION NO. 2017-017

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY APPROVING THE BUDGET FOR
PALO VERDE PROJECT
FOR THE FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018

BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority (the "Authority") that:

1. The budget for the Palo Verde Project for the Fiscal Year July 1, 2017 through June 30, 2018, submitted to this Board of Directors, is hereby approved. The Executive Director is hereby authorized and directed to place the budget so approved in final form, with such changes as shall be necessary or advisable to comply with the Palo Verde Project Bond Indenture and Power Sales Contracts; and the budget hereby approved, in such final form, shall constitute the Authority's Annual Budget for the Palo Verde Project for the Fiscal Year July 1, 2017 through June 30, 2018.

2. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 18th day of May 2017.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public
Power Authority

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

PALO VERDE PROJECT

ANNUAL BUDGET

FOR THE FISCAL YEAR

JULY 1, 2017 THROUGH JUNE 30, 2018

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

PALO VERDE NUCLEAR GENERATING STATION

COMPARISON OF BUDGET - FISCAL 2016-17 TO 2017-18
(\$000's)

	<u>2016-17</u>	<u>2017-18</u>	Variance	
			\$	%
MINIMUM COST COMPONENT				
Debt Service (net)	\$ 12,406	\$ -	\$ (12,406)	-100.00%
Operation and Maintenance	\$ 31,296	\$ 38,712	\$ 7,416	23.70%
APS Administration and General	\$ 8,004	\$ 8,004	\$ -	0.00%
Insurance	\$ 324	\$ 324	\$ -	0.00%
Renewals and Replacements	\$ 13,800	\$ 14,184	\$ 384	2.78%
Decommissioning	\$ 0	\$ 0	\$ -	0.00%
Taxes	\$ 3,300	\$ 3,200	\$ (100)	-3.03%
Authority A&G	<u>\$ 276</u>	<u>\$ 288</u>	<u>\$ 12</u>	<u>4.35%</u>
Subtotal Minimum Cost Component	\$ 69,406	\$ 64,712	\$ (4,694)	-6.76%
VARIABLE COST COMPONENT				
Nuclear Fuel - Combined	\$ 16,956	\$ 14,148	\$ (2,808)	-16.56%
Debt Service ANPP Trans. (net)	\$ 200	\$ -	\$ (200)	-100.00%
Payments to SRP	\$ 240	\$ 240	\$ -	0.00%
Debt Service - PV Switchyard (net)	\$ 18	\$ -	\$ (18)	-100.00%
PV Switchyard O&M	<u>\$ 264</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>0.00%</u>
Subtotal Variable Cost Component	\$ 17,678	\$ 14,652	\$ (3,026)	-17.12%
Total Cost of Power to the Authority	\$ 87,084	\$ 79,364	\$ (7,720)	-8.87%
Indirect A&G	\$ 828	\$ 578	\$ (250)	-30.19%
TOTAL FOR BILLING	\$ 87,912	\$ 79,942	\$ (7,970)	-9.07%
Estimated Scheduled Energy (MWH)	1,962,645	1,962,645	-	0.00%
Total Average Unit Cost (without Indirect A&G)	\$ 0.044	\$ 0.040	\$ (0.004)	-8.87%
Interest Earnings	\$ 216	\$ -	\$ (216)	-100.00%

EXPLANATION OF VARIANCES - PALO VERDE

Minimum Cost Component

- 1 Net Debt Service reflects retirement of all debt obligations.
- 2 Operation and Maintenance reflects expiration of \$6.7 million subsidy from restructuring of DS
- 3 Insurance reflects actual costs.
- 4 Renewals & Replacements reflects ongoing performance improvements
- 5 Decommissioning obligations fully funded, per latest estimates.
- 6 Taxes reflects actual history.
- 7 Indirect A&G is SCPPA administrative costs allocated by new methodology.

Variable Cost Component

- 1 Nuclear Fuel Direct and Disposal combined
- 2 Payments to SRP reflect historical billings.
- 3 PV Switchyard O&M reflects historical billings.

10-May-17

ANNUAL BUDGET
 Power Supply Year
 July 1, 2017 Through June 30, 2018
 Authority Interest in Palo Verde Nuclear Generating Station (1)
 (\$000)

<u>Minimum Cost Component (2)</u>										
Generating Station										
Month	Net Debt Service (4)(5)	Operation and Maintenance (6)	APS Admin.& General (6)	Insurance (7)	Renewals and Replacements (6)	Additional Decommissioning Reqmt. (8)	Taxes (9)	Auth. A&G Expenses (10)	Indirect A&G Expenses (10)	Subtotal Minimum Cost Component
Jul	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Aug	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Sep	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Subtotal	\$0	\$9,678	\$2,001	\$81	\$3,546	\$0	\$800	\$72	\$144.510	\$16,323
Oct	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Nov	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Dec	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Subtotal	\$0	\$9,678	\$2,001	\$81	\$3,546	\$0	\$800	\$72	\$144.510	\$16,323
Jan	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Feb	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Mar	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Subtotal	\$0	\$9,678	\$2,001	\$81	\$3,546	\$0	\$800	\$72	\$144.510	\$16,323
Apr	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
May	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Jun	\$0	\$3,226	\$667	\$27	\$1,182	\$0	\$267	\$24	\$48.170	\$5,441
Subtotal	\$0	\$9,678	\$2,001	\$81	\$3,546	\$0	\$800	\$72	\$144.510	\$16,323
Total FY	\$0	\$38,712	\$8,004	\$324	\$14,184	\$0	\$3,200	\$288	\$578.038	\$65,290

ANNUAL BUDGET

Power Supply Year

10-May-17

July 1, 2017 Through June 30, 2018

Authority Interest in Palo Verde Nuclear Generating Station (1)

(\$000)

Variable Cost Component (3)

Month	Combined Nuclear Fuel (11)	Transmission				Palo Verde Switchyhd. O&M and Taxes (14)	Subtotal Variable Cost Component	Total Cost of Power to Authority (15)	Estimated Energy to be Scheduled (MWh) (16)
		Debt Service ANPP Transm. Sys. (4)	Payments to SRP (12)	Debt Service PV Swyd. (13)					
Jul	\$1,179	\$0	\$20	\$0	\$22	\$1,221	\$6,662	176,014	
Aug	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	176,014	
Sep	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	170,336	
Subtotal	\$3,537	\$0	\$60	\$0	\$66	\$3,663	\$19,986	522,363	
Oct	\$1,179	\$0	\$20	\$0	\$22	\$1,221	\$6,662	132,483	
Nov	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	158,980	
Dec	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	176,014	
Subtotal	\$3,537	\$0	\$60	\$0	\$66	\$3,663	\$19,986	467,477	
Jan	\$1,179	\$0	\$20	\$0	\$22	\$1,221	\$6,662	170,336	
Feb	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	164,658	
Mar	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	176,014	
Subtotal	\$3,537	\$0	\$60	\$0	\$66	\$3,663	\$19,986	511,007	
Apr	\$1,179	\$0	\$20	\$0	\$22	\$1,221	\$6,662	128,698	
May	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	162,765	
Jun	\$1,179	\$0	\$20	\$0	\$22	1,221	6,662	170,336	
Subtotal	\$3,537	\$0	\$60	\$0	\$66	\$3,663	\$19,986	461,799	
Total FY	\$14,148	\$0	\$240	\$0	\$264	\$14,652	\$79,942	1,962,645	

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ANNUAL BUDGET
Power Supply Year
July 1, 2017 Through June 30, 2018
Authority Interest in Palo Verde Nuclear Generating Station (1)
(\$000)

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Footnotes:

- (1) Based on latest approved ANPP Annual Budget for 2017 and estimate for 2018. Authority Operating Expenses include all of the costs shown herein, with the exception of the following: Debt Service, Debt Service ANPP transmission System, and Debt Service Palo Verde Switchyard.
- (2) Establishes the basis for the billing of the minimum cost component of Monthly Power Costs pursuant to Section 5.2, Adoption of Annual Budget, of the Power Sales Contracts with the Project Participants.
- (3) Establishes the rate for billing of the variable cost component of Monthly Power Costs pursuant to Section 5.2, Adoption of Annual Budget, of the Power Sales Contracts with the Project Participants. Such rate of billing is determined by dividing the fiscal year total of the "Subtotal Variable Cost Component" column by the fiscal year total of the "Estimated Energy to be Scheduled" column. The monthly Variable cost Component is determined by multiplying such rate of billing by the actual energy delivered to the Authority at the high voltage bus of the Palo Verde High Voltage Switchyard.
- (4) Interest to be paid from revenues is accrued during the six months prior to each semi-annual payment on July 1 and January 1. Principal is accrued during the twelve months prior to each annual payment on July 1. Also based on transferring 100% of the investment income to the Revenue Fund from the Debt Service Reserve Accounts in the Debt Service Fund, the Reserve Account in the Reserve and Contingency Fund and the Operating Fund.
- (5) Includes 50% of debt service allocated to Palo Verde High Voltage Switchyard. This represents the portion of such debt service attributable to the generation side of the Palo Verde High Voltage Switchyard.
- (6) Based on estimates provided by APS, payroll loads included in A&G only.
- (7) Based on estimates provided by APS. Includes nuclear insurance.
- (8) "Additional Decommissioning Requirement" represents a sinking fund allowance, which was based, in part, on APS' estimate for decommissioning each unit.
- (9) Based on the Authority ad valorem taxes at rates estimated by APS and Salt River Project.
- (10) Based on amounts estimated by Authority.
- (11) Based on estimates provided by APS and ANPP. There are no fixed costs of nuclear fuel to be incurred under Appendix F to the ANPP Participation Agreement, dated August 23, 1973, as amended, which are not to be funded out of bond proceeds. (See Section 4.32.1.4 of the Power Sales contracts with the Project Participants.) The debt service on these bonds is included under the Minimum Cost Component.
- (12) Based on Amendment No. 1 to the Authority's Transmission Agreement with SRP, dated as of August 25, 1982. Includes Taxes, O&M, Dispatch and Wheeling.
- (13) 50% of debt service allocated to Palo Verde High Voltage Switchyard. This represents the portion of such debt service attributable to the transmission side of the Palo Verde High Voltage Switchyard.
- (14) Based on estimates provided by SRP.
- (15) Sum of Minimum Cost Component and Variable Cost Component.
- (16) At the high voltage bus of the Palo Verde High Voltage Switchyard. Computed as the Authority's share of estimated total generation at the Project site based on latest approved data from APS.

10-May-17

ANNUAL BUDGET
 Power Supply Year
 July 1, 2017 Through June 30, 2018
 Authority Interest in Palo Verde Nuclear Generating Station (1)
 (\$000)

Month	Revenues (*)				Revenue Fund Disbursements							
	Minimum Cost Component	Variable Cost Component	Interest Earnings	Total Revenues	Operating Fund	Acquisition of Fuel Reserve	Debt Service Account	Debt Service Reserve Account	Renewal & Replacement Account	Decommissioning Account	General Reserve Fund (**)	Total Revenue Fund Disbursements
Jul	\$5,441	\$1,221	\$0	\$6,662	\$4,253	\$1,179	\$0	\$0	\$1,182	\$0	\$0	\$6,614
Aug	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Sep	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Subtotal	\$16,323	\$3,663	\$0	\$19,986	\$12,758	\$3,537	\$0	\$0	\$3,546	\$0	\$0	\$19,841
Oct	\$5,441	\$1,221	\$0	\$6,662	\$4,253	\$1,179	\$0	\$0	\$1,182	\$0	\$0	\$6,614
Nov	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Dec	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Subtotal	\$16,323	\$3,663	\$0	\$19,986	\$12,758	\$3,537	\$0	\$0	\$3,546	\$0	\$0	\$19,841
Jan	\$5,441	\$1,221	\$0	\$6,662	\$4,253	\$1,179	\$0	\$0	\$1,182	\$0	\$0	\$6,614
Feb	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Mar	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Subtotal	\$16,323	\$3,663	\$0	\$19,986	\$12,758	\$3,537	\$0	\$0	\$3,546	\$0	\$0	\$19,841
Apr	\$5,441	\$1,221	\$0	\$6,662	\$4,253	\$1,179	\$0	\$0	\$1,182	\$0	\$0	\$6,614
May	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Jun	5,441	1,221	\$0	6,662	4,253	1,179	\$0	0	1,182	0	\$0	6,614
Subtotal	\$16,323	\$3,663	\$0	\$19,986	\$12,758	\$3,537	\$0	\$0	\$3,546	\$0	\$0	\$19,841
Total FY	\$65,290	\$14,652	\$0	\$79,942	\$51,032	\$14,148	\$0	\$0	\$14,184	\$0	\$0	\$79,364

(*) To be deposited in the Revenue Fund.