

RESOLUTION NO. 1996-7

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (I) AUTHORIZING THE ESTABLISHMENT OF A PROJECTS' STABILIZATION FUND AND ACCOUNTS THEREIN, (II) PROVIDING PROCEDURES FOR DEPOSITS TO AND WITHDRAWALS FROM SUCH ACCOUNTS, (III) AUTHORIZING THE EXECUTION AND DELIVERY OF A TRANSFER AGREEMENT, (IV) AUTHORIZING CERTAIN RELATED ACTIONS AND (V) AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE CONCERNING SUCH FUND AND ACCOUNTS

WHEREAS, the Board of Directors of the Southern California Public Power Authority (the "Authority") wishes to assist its members (the "Members") in their efforts to compete in an environment of increased competition in the electric utility industry;

WHEREAS, the Business Assessment and Strategy Program approved by the Board of Directors in 1995 identifies the creation of a project stabilization fund as one of the means by which the Members may better position themselves to compete in an environment of increased competition;

WHEREAS, the Board of Directors desires to take such actions as are necessary or advisable to create a Projects' Stabilization Fund (the "Fund") with a separate account (the "Account") therein for each Member that so desires and to, among other things, establish procedures for deposits to and withdrawals from each such Account; and

WHEREAS, the Authority believes that moneys in a Member's Account will result in increased security for payments to be made by the Member to the Authority under certain contracts between the Authority and the Member;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions. Except as otherwise provided by this Resolution, all capitalized terms which are used but not defined in this Resolution shall have the same meanings as such terms are given in the indentures of trust, power sales contracts, transmission service contracts and other similar agreements to which the Authority is a party that govern the external financing arrangements of the Authority.

In this Resolution, in addition to the terms defined in the above recitals, the following terms shall have the indicated meanings:

Authorized Authority Representative shall mean for purposes of this Resolution any officer of the Authority, the Executive Director of the Authority, the Project Administrator of the Authority, the Director of Finance of the Los Angeles Department of Water and Power of The City of Los Angeles, the Manager of SCPPA Accounting, the Senior Utility Accountant - SCPPA Investment Manager, the Utility Accountant - Assistant SCPPA Investment Manager and any other person or entity as may be designated in writing by the Executive Director of the Authority.

Authorized Member Representative shall mean the Member's representative or alternate (or alternates) on the Authority's Board of Directors.

Bank shall mean Wells Fargo Bank, National Association, or any successor or assigns thereto, acting under this Resolution in an agency capacity and not in its capacity as trustee under any indenture of trust or similar agreement with the Authority.

Direction shall mean the direction of a Member to the Authority to cause the Bank to make a payment from the Member's Account, as described in Section 203(2) hereof.

Investment Securities shall mean any of the following to the extent (a) permitted by the California Government Code, (b) consistent with the applicable portion of the Authority's then current investment policy and (c) within the limitations (including but not limited to percentage and credit quality limitations) set forth in the California Government Code and such investment policy:

(i) obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board or the Tennessee Valley Authority; obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; guaranteed portions of Small Business Administration notes; or obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(iii) U.S. dollar denominated banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 270 days after the date of purchase;

(iv) commercial paper of corporations organized and operating in the United States which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's, and which matures not more than 180 days after the date of purchase;

(v) negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined in Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank and which matures not more than 360 days after the date of purchase;

(vi) no-load investments in a money market fund (including a money market fund for which the parent of the Bank, its affiliates and subsidiaries provide investment advisory or other management services) rated in the highest rating categories of Standard & Poor's and Moody's;

(vii) medium-term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, provided that such notes shall be rated in one of the two highest rating categories of Standard & Poor's or Moody's;

(viii) repurchase agreements entered into with primary dealers of the Federal Reserve Bank of New York and a member of the Securities Investors' Protection Corporation provided that: (a) the securities that underlay the repurchase agreement (which securities shall be limited to U.S. Treasuries, federal agencies described in clause (ii) above, banker's acceptances and negotiable certificates of deposit) shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly; (b) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than one year; and (c) the Bank shall have a valid and perfected first security interest therein under the California Commercial Code; and

(ix) deposits in the California Local Agency Investment Fund, in accordance with policies established by the State Treasurer.

Monthly Billing Statement shall mean the statement that is to be sent to a Member on a monthly basis pursuant to a power sales contract, transmission service contract or other similar contract between the Authority and the Member.

Monthly Deposit Amount shall mean the amount, if any, included on a Member's Monthly Billing Statement that is paid by the Member for deposit into such Member's Account.

Moody's shall mean Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Standard & Poor's) as may be designated in writing by the President or Executive Director of the Authority.

Requisition shall mean the requisition of the Authority to the Bank for the Bank to make a payment from a Member's Account, as described in Section 203(2) hereof.

Standard & Poor's shall mean Standard & Poor's Ratings Group or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody's) as may be designated in writing by the Authority.

Trustee shall mean a bank or other financial institution that acts in the capacity of a trustee under one or more indentures of trust between the Authority and such trustee. The term "Trustee" shall not include the Bank in its agency capacity.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF PROJECTS' STABILIZATION FUND AND ACCOUNTS THEREIN; DEPOSITS TO AND WITHDRAWALS FROM ACCOUNTS

Section 201. Establishment and Administration of Projects' Stabilization Fund and Accounts Therein. 1. The Authority shall promptly cause to be created the Fund and within such Fund a separate Account for each Member that requests an Account be established for its benefit. The Fund and the Accounts shall be held by the Bank for the benefit of the Authority and the respective Members (as described in greater detail in this Resolution). The name of a Member's Account shall include the name of the Member.

2. The Authority shall direct the Bank to hold the Fund separate and apart from all of the funds and accounts under the indentures of trust and supplemental indentures of trust to which the Authority is a party, and separate and apart from any general fund of the Authority, and shall direct the Bank not to combine, consolidate or commingle, for investment purposes or otherwise, moneys on deposit in the Fund with any moneys held under or pursuant to any such indenture of trust, supplemental indenture of trust or general fund.

3. In holding and administering the Fund and the Accounts (which shall be held and administered in trust) and in taking all other actions pursuant to this Resolution, the Bank shall be acting in its agency capacity and shall not be acting in its capacity as a Trustee under any indenture of trust or similar agreement to which the Bank is a party.

4. With respect to the Fund, a Member shall have a right and interest in only those moneys, if any, on deposit in its Account. No Member shall have any right or interest in moneys on deposit in any other Account. In addition, no other person or entity, including but not limited to the Bank (other than as provided in footnote 1 of Appendix A), any Trustee, any creditor of the Authority or any other Member, shall have any right or interest in moneys on deposit in a Member's Account. The Bank, in accepting its responsibilities under this Resolution, waives any and all rights of lien, attachment or set-off whatsoever, whether such rights arise by reason of statutory or common law, by contract or otherwise.

Section 202. Deposits to the Fund. 1. The Authority shall include on each Monthly Billing Statement of a Member, in such manner as the Authority deems appropriate, such Member's Monthly Deposit Amount (if any) for the month. Unless otherwise directed by the President, Vice President or Executive Director of the Authority, the Member's Monthly Deposit Amount (if any) shall be included on its Monthly Billing Statement relating to the Palo Verde Nuclear Generating Station; provided, however, that the City of Anaheim's Monthly Deposit Amount (if any) shall be included on its Monthly Billing Statement relating to the Hoover Uprating Project.

2. A Member's Monthly Deposit Amount (if any) shall be determined solely by an Authorized Member Representative of the Member. The Authority shall provide to the Bank a schedule setting forth the Members' Monthly Deposit Amounts. The schedule may be revised from time to time by the President, Vice President or Executive Director upon the written request of one or more Members. The Authority shall file with the Bank a copy of each revised schedule within five business days of each such revision. Revisions to the schedule shall be made only on a prospective basis.

3. Failure by a Member to pay any or all of its Monthly Deposit Amount (or failure to take any other action under this Resolution) shall not constitute a default, an event of default, a breach of contract or otherwise under any agreement or contract between the Authority and such Member and shall not be the basis for the imposition of any penalty, charge (including interest charge) or other action against the Member by the Authority, the Bank, any Trustee or any other person or entity.

4. The Authority shall, prior to mailing to a Member a Monthly Billing Statement that includes a Monthly Deposit Amount, notify the Bank in writing and the applicable Trustee (other than Wells Fargo Bank, National Association, if it is the applicable Trustee) of (i) the Member's Monthly Deposit Amount to be included in such Monthly Billing Statement and (ii) the remaining amount covered by such Monthly Billing Statement (which remaining amount is to be paid by the Member for deposit into the funds and accounts of the indenture of trust to which the Trustee is a party). Notwithstanding the foregoing, the Authority shall take such action as shall be necessary or advisable to assure that no moneys received from a Member are deposited by the Bank into the Member's Account for a particular month unless the amount received by the Trustee from the Member is also sufficient to provide for the Member's required payment into the funds and accounts of the indenture of trust to which the Trustee is a party. The Authority shall direct each Trustee (other than Wells Fargo Bank, National Association, as trustee) that receives Monthly Deposit Amounts to transfer such Amounts immediately to the Bank by wire transfer for immediate deposit into the Accounts of the Members that paid such Monthly Deposit Amounts. Except as otherwise provided in the second sentence of this Section 202(4), the Authority shall direct Wells Fargo Bank, National Association, in its capacity as a Trustee, to deposit promptly (through the Bank) into a Member's Account the (i) Member's Monthly Deposit Amount received by it as a Trustee and (ii) the Member's Monthly Deposit Amount or Monthly Deposit Amounts received by it from any other Trustee or bank (including, but not limited to, First Trust of California, National Association).

5. The Authority shall take such actions as are necessary to assure that no Trustee deposits any Monthly Deposit Amount into any fund or account established under any indenture of trust to which a Trustee is a party.

6. Amounts deposited into the Accounts shall not be deemed to have been deposited for the purposes of any particular Authority project for which the Authority has received any form of external financing. Amounts deposited into the Accounts shall not constitute (i) Revenues of the Authority, (ii) revenues, income, rents or receipts derived by the Authority from or attributable to Authority Capacity (or to the payment of costs thereof) or the ownership or operation of any Authority project, or (iii) Monthly

Power Costs, Transmission Service Costs or Monthly Transmission Costs pursuant to any contract or agreement to which the Authority and a Member are parties. Monthly Deposit Amounts shall not constitute amounts required to be paid by the Members to any Trustee pursuant to any contract.

7. The Authority shall instruct the Bank to provide to the Authority by the fifteenth day of each month an accounting statement relating to the preceding month. The accounting statement shall set forth the following with respect to each Account: (i) the amount of any deposit or deposits to each Account, (ii) the amount withdrawn from each Account, (iii) any interest earnings credited to each Account and (iv) the Account balance at the end of the month for each Account.

Section 203. Withdrawals from Accounts. 1. Amounts in a Member's Account, upon satisfaction of the conditions set forth in subsection (2) of this Section 203, may be applied to or set aside for, at the sole discretion of the Member, one or more of the following purposes:

(a) to pay Monthly Power Costs, Transmission Service Costs, Monthly Transmission Costs or any other costs payable by the Member relating to any Authority project in which the Member is a participant;

(b) to pay capital costs relating to any Authority project in which the Member is a participant;

(c) to pay operating expenses relating to any Authority project in which the Member is a participant;

(d) to purchase or redeem bonds or other obligations relating to any Authority project in which the Member is a participant, and to pay costs and expenses in connection therewith;

(e) to pay costs of issuance and any other costs incurred by the Authority in connection with the issuance of bonds (including refunding bonds) or other obligations relating to any Authority project in which the Member is a participant;

(f) to cure any deficiency in any fund or account in any indenture of trust relating to an Authority project in which the Member is a participant;

(g) any other lawful purpose relating to an Authority project in which the Member is a participant; and

(h) to pay any costs or expenses incurred by the Authority and payable by the Member to the Authority that do not relate to any specific Authority project.

2. The Authority shall direct the Bank to make payments from the Accounts in the amounts, at the times, in the manner and on the terms and conditions set forth in this subsection (2). Before any payment from a Member's Account shall be made, the Member shall file with the Authority its Direction to the Authority for the Authority to cause the Bank to make such payment, signed by an Authorized Member Representative, stating with respect to the payment to be made (a) the name and address of the person, firm, corporation or other entity to which payment is to be made (which may be, among others, the Authority or a Trustee), (b) the amount of such payment, (c) that such payment is a proper charge against the Account, (d) the date the payment is to be made by the Bank (which date shall not be earlier than six business days after receipt by the Authority of the Member's Direction) and (e) the means by which the payment is to be made (e.g., check or wire transfer). The Authority shall file with the Bank, within five business days after receipt by the Authority of the Member's Direction, the Authority's Requisition for such payment, signed by an Authorized Authority Representative. The Requisition shall (i) attach a copy of the Member's Direction and (ii) direct the Bank to make the payment in accordance with the Direction (if and to the extent available funds are on deposit in the Member's Account to make such payment).

ARTICLE III

INVESTMENT OF MONEYS; SALE OF INVESTMENT SECURITIES

Section 301. Investment of Moneys in Accounts. 1. The Authority shall invest moneys deposited into the Accounts. Moneys in the Accounts shall be invested in Investment Securities and shall be invested and managed in accordance with all applicable laws (including, but not limited to, California Government Code §§ 53600.3, 53600.5 and 53601). The maturity of an Investment Security (or, if applicable, the remaining maturity of an Investment Security) shall not exceed five years. An Authorized Member Representative or an officer or employee of a Member responsible for investment decisions may consult with the Authority from time to time regarding the maturity or maturities of Investment Securities to be purchased with moneys deposited in such Member's Account. Until such time as an Authorized Authority Representative directs otherwise, the Bank may act as principal or agent in the purchase or sale of Investment Securities and may purchase Investment Securities through its own investment department.

2. The Authority shall instruct the Bank that (i) moneys in the Accounts shall not be commingled for investment purposes without the prior written consent of the Authority and an Authorized Member Representative of each affected Member and (ii) in the event moneys are commingled for investment purposes in accordance with this Section 301(2), the Bank shall account for the amount invested by each affected Member, including for purposes of allocating the applicable proportionate amount of principal and interest (and gains or losses, if any) to the affected Members' Accounts.

3. Investment income earned on moneys or investments in an Account shall be credited to such Account. Nothing in this Resolution shall prevent any Investment Securities from being issued or held in book-entry form.

Section 302. Sale of Investment Securities in Accounts.

1. Investment Securities in a Member's Account may be sold by an Authorized Authority Representative. Any sale by an Authorized Authority Representative shall occur only after receipt of a written direction from the Member to sell the Investment Security or Investment Securities. Notwithstanding the foregoing, the Authority shall sell at the best price obtainable, or direct the Bank to present for redemption, any Investment Security in a Member's Account to the extent necessary to make a payment for the benefit of the Member pursuant to Section 203(2) of this Resolution.

2. Investment Securities purchased as an investment for an Account shall be deemed at all times to be a part of such Account and any profit realized from the sale of such Investment Securities shall be credited to such Account; any loss resulting from the sale of such Investment Securities shall be charged to the Account.

3. The Bank shall not be liable for any losses resulting from the sale or redemption of Investment Securities sold or redeemed in accordance with this Section 302.

ARTICLE IV

MISCELLANEOUS

Section 401. Limitation of Authority Liability. The obligations of the Authority under this Resolution as well as any costs or expenses of the Authority incurred in respect of its obligations hereunder shall not constitute or give rise to any liability of the Authority. Neither the members of the Board of Directors of the Authority nor any officer, employee or agent of the Authority shall be individually liable in respect of any obligations of the Authority under this Resolution.

Section 402. Effect of this Resolution. 1. This Resolution is adopted for the purposes described in this Resolution, and is intended solely for the benefit of the Authority and its Members. Accordingly, the obligations of the Authority contained herein shall not be, or be deemed to be, covenants, agreements or conditions on the part of the Authority or any Member for purposes of any agreement, contract or other document, including any indenture of trust, Power Sales Contract, Transmission Service Contract, or other agreement, contract or document governing the external financing arrangements entered into from time to time by the Authority.

2. Neither the Bank nor any Trustee shall at any time be charged with the responsibility of monitoring, or taking any actions with respect to, the obligations on the part of the Authority contained herein. Neither the Bank nor any Trustee shall have any responsibility to perform any action to be performed by the Authority or any Member under this Resolution.

3. The Authority acknowledges that the Bank may consult with independent legal counsel in the event of any dispute or question as to the construction of any of the provisions of this Resolution or its obligations described in this Resolution and that the Bank shall not incur any liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

4. The Authority acknowledges that in the absence of bad faith on its part, the Bank shall be protected in taking any action at the direction of the Authority as provided in this Resolution and that the Bank may conclusively rely as to the truth and correctness of the statements contained in any instruction, Direction, consent, approval or other document furnished to the Bank by the Authority pursuant to this Resolution.

5. The Authority acknowledges that the obligations of the Bank under this Resolution shall be limited to those expressly described in this Resolution.

Section 403. Preservation of Tax Exemption. The Authority shall not take any action under this Resolution if such action would cause the interest on any bond, note, obligation or other evidence of indebtedness issued by the Authority to be included in gross income of any owner thereof for purposes of federal income taxes.

Section 404. Compensation and Indemnification of Bank.
1. The Bank shall be paid the agreed upon compensation for its services rendered pursuant to this Resolution, including all agreed upon reasonable expenses, charges, counsel fees and other out-of-pocket expenses incurred by the Bank in the performance of the Bank's obligations pursuant to this Resolution. The schedule of

initial compensation of the Bank is attached hereto as Appendix A. The Bank and the President or Executive Director of the Authority may, from time to time, agree to revisions of Appendix A.

2. In the event the Bank becomes involved in arbitration or litigation in connection with this Resolution, the Authority (consisting, for purposes of this Section 404(2), of only those Members with Accounts at the time of commencement of such arbitration or litigation) shall, to the extent permitted by law, indemnify and hold harmless the Bank from all losses, costs, damages, expenses, liabilities, judgments and attorneys' fees incurred by the Bank as a result thereof, provided that any such indemnification or obligation to hold harmless the Bank shall not extend to any action or failure to act relating to the Bank's gross negligence or wilful misconduct.

Section 405. Bank Records; Inspection of Bank Records. The Authority shall direct the Bank to keep records of all deposits to and withdrawals from each Account. Upon the request of any Member, the Authority shall request that the Bank allow the Authority or an agent of the Authority (which may be a Member) to inspect or audit, during reasonable business hours, the books and records of the Bank with respect to the Fund and the Accounts.

Section 406. Termination of Responsibilities. 1. The Authority shall have the right to terminate the Bank arrangements described in this Resolution upon written notice to the Bank. Any such notice shall include instructions to the Bank regarding the transfer or other disposition of all amounts in the Accounts, and upon such transfer or other disposition, the Bank shall have no further responsibilities pursuant to this Resolution.

2. The Authority acknowledges that the Bank shall have the right to terminate its responsibilities under this Resolution by providing 45 days' written notice to the Authority. Upon the receipt of any such notice, the Authority, prior to the expiration of such 45 day period, shall instruct the Bank regarding the transfer or other disposition of all amounts in the Accounts, and upon such transfer or other disposition, the Bank shall have no further responsibilities pursuant to this Resolution.

Section 407. Execution and Delivery of the Transfer Agreement. Each of the President and Vice President and each of the Secretary and any Assistant Secretary of the Authority are hereby authorized to execute and deliver, at such time as the executing officer deems appropriate, a Transfer Agreement, between the Authority and First Trust of California, National Association, in substantially the form attached hereto as Appendix B, with such changes, insertions and omissions as shall be approved by the President or Vice President (such approval to be conclusively evidenced by his execution and delivery thereof), and each of the

Secretary and any Assistant Secretary is hereby authorized to affix the seal of the Authority thereto.

Section 408. Other Actions. The President, Vice President, Secretary, any Assistant Secretary, Executive Director and any other officer of the Authority are each hereby authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or advisable for carrying out the transactions contemplated by this Resolution.

Section 409. Effective Date. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 16th day of May, 1996.



President
Southern California Public
Power Authority

ATTEST:



Assistant Secretary
Southern California Public
Power Attorney

SCHEDULE OF COMPENSATION

The compensation of the Bank shall be as follows:

One-Time Acceptance Fee:	\$ 500
Annual Administration Fee:	3,500
Account Maintenance Fee: ^{1/}	100 per year for each Account
Disbursements (Check or Wire) from Account: ^{1/}	25 per transaction
Investments: ^{1/}	35 per transaction

^{1/}To be deducted from the applicable Account. (All other fees and out-of-pocket expenses shall be paid by the Authority, with each Member having an Account paying equal amounts.)

TRANSFER AGREEMENT

by and between

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

and

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

Dated as of _____ 1, 1996

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS 2

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF TRANSFER
FUND AND TRANSFER ACCOUNTS THEREIN; DEPOSITS TO
AND TRANSFERS FROM TRANSFER ACCOUNTS

Section 201. Establishment and Administration of Transfer
Fund and Transfer Accounts Therein 2

Section 202. Deposits to and Transfers from Transfer
Accounts 3

ARTICLE III

MISCELLANEOUS

Section 301. Limitation on Individuals' Liability 5

Section 302. Effect of this Agreement. 5

Section 303. Preservation of Tax Exemption. 5

Section 304. Compensation and Indemnification of Bank. 5

Section 305. Severability. 5

Section 306. Assignment. 6

Section 307. Amendments. 6

Section 308. Effective Date. 6

Section 309. Termination. 6

Section 310. Concerning the Bank. 6

Section 311. Governing Law. 7

Section 312. Counterparts. 7

Schedule 1 Schedule of Compensation

TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT (the "Agreement"), dated as of _____ 1, 1996, by and between Southern California Public Power Authority, established under the laws of the State of California (the "Authority"), and First Trust of California, National Association, a national banking association, duly organized and existing under the laws of the United States of America (the "Bank");

W I T N E S S E T H:

WHEREAS, the Bank acts as a trustee under certain indentures of trust between the Authority and the Bank;

WHEREAS, the Bank receives and will receive from certain members of the Authority (the "Members") payments on a monthly basis (the "Monthly Payments") pursuant to certain contracts between each of the Members and the Authority;

WHEREAS, heretofore the Monthly Payments received by the Bank have been deposited in their entirety into the funds and accounts of the applicable indentures of trust to which the Bank and the Authority are parties;

WHEREAS, pursuant to the Authority's Resolution No. 1996-7, a Member may include in any Monthly Payment an amount (a "Monthly Deposit Amount") that is not to be deposited into the funds and accounts of any indenture of trust to which the Bank and the Authority are parties;

WHEREAS, the Authority has requested that the Bank transfer all Monthly Deposit Amounts to Wells Fargo Bank, National Association (including any successor or assigns, "Wells Fargo") for deposit by Wells Fargo into the applicable accounts within the Projects' Stabilization Fund created by the Authority and held by Wells Fargo (the "Stabilization Fund"); and

WHEREAS, the Authority and the Bank desire to enter into this Agreement to establish, among other things, the procedures to be followed to effect the transfer of the Monthly Deposit Amounts to the Stabilization Fund;

It is hereby agreed by and between the Authority and the Bank as follows:

ARTICLE I

DEFINITIONS

Except as otherwise provided by this Agreement, all capitalized terms which are used but not defined in this Agreement shall have the same meanings as such terms are given in the indentures of trust, power sales contracts, transmission service contracts and other similar agreements to which the Authority is a party that govern the external financing arrangements of the Authority.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF TRANSFER FUND AND TRANSFER ACCOUNTS THEREIN; DEPOSITS TO AND TRANSFERS FROM TRANSFER ACCOUNTS

Section 201. Establishment and Administration of Transfer Fund and Transfer Accounts Therein. 1. The Bank shall create a special fund entitled the "Transfer Fund" to be held by the Bank in accordance with this Agreement. Within the Transfer Fund, the Bank shall create an Account for each Member of the Authority (each, a "Transfer Account") whose name is designated in writing by the Authority and delivered to the Bank. The name of a Member's Transfer Account shall include the name of the Member.

2. The Bank shall hold the Transfer Fund separate and apart from all of the funds and accounts under the indentures of trust and supplemental indentures of trust to which the Authority is a party and separate and apart from any general fund of the Authority. The Bank shall not combine, consolidate or commingle moneys on deposit in the Transfer Fund with moneys held under or pursuant to any such indenture of trust, supplemental indenture of trust or general fund.

3. The Bank shall keep records of all deposits to and withdrawals from each Transfer Account. The Authority or an agent of the Authority and each Member shall have the right upon reasonable notice and during reasonable business hours to audit the books and records of the Bank with respect to the Transfer Fund and the Transfer Accounts.

4. With respect to the Transfer Fund, a Member shall have a right and interest in only those moneys, if any, on deposit in its Transfer Account. No Member shall have any right or interest in moneys on deposit in any other Transfer Account. In addition, no other person or entity, including but not limited to the Authority, the Bank, any trustee under any indenture of trust or similar agreement to which the Authority is a party, and any creditor of the Authority or any Member, shall have any right or

interest in moneys on deposit in a Member's Transfer Account. The Bank hereby waives any and all rights of lien, attachment or set-off whatsoever, whether such rights arise by reason of statutory or common law, by contract or otherwise.

5. In holding and administering the Transfer Fund and in taking all other actions pursuant to this Agreement, the Bank shall act in its corporate capacity and shall not act in its capacity as a trustee under any indenture of trust or similar agreement between the Authority and the Bank.

Section 202. Deposits to and Transfers from Transfer Accounts. 1. Prior to the fifth business day of each month, for each indenture of trust to which the Authority and the Bank are parties, the Authority shall notify the Bank in writing of the amount of the Monthly Payment to be made by a Member for each month covered by such notice. The Bank may conclusively rely upon such notice. A Member's Monthly Deposit Amount (if any) shall be determined solely by an Authorized Member Representative of the Member. With respect to each such Monthly Payment of a Member, the written notice shall specify (i) the amount to be deposited by the Bank into the funds and accounts of the applicable indenture of trust to which the Bank is a party (the "Monthly Indenture Amount") and (ii) the amount of the Member's Monthly Deposit Amount. Failure by a Member to pay any or all its Monthly Deposit Amount shall not constitute a default, an event of default, a breach of contract or otherwise under any agreement or contract between the Authority and such Member and shall not be the basis for the imposition of any penalty, charge (including interest charge) or other action against the Member by the Authority, the Bank, any trustee under an indenture of trust or similar agreement to which the Authority is a party, or any other person or entity.

2. The Authority may amend any notice given to the Bank pursuant to Section 202(1) of this Agreement. Any such amendment shall be in writing delivered to the Bank and shall relate only to future payments to be made by Members.

3. Notwithstanding anything else in this Agreement to the contrary, (i) the Bank shall not transfer to Wells Fargo the amount designated by the Authority as a Member's Monthly Deposit Amount (or any portion of such Amount) for a particular month unless the Bank has also received from the Member the Member's Monthly Indenture Amount for such month and (ii) in the event the Bank does not receive the full amount of a Monthly Payment from a Member, the Bank shall give priority to depositing the Monthly Indenture Amount to the funds and accounts of the applicable indenture of trust.

4. On the day (or the next business day if deposit on such day is not practicable) the Bank receives a Monthly Payment from a Member, the Bank shall deposit into the Member's Transfer

Account the portion (if any) of the Monthly Payment that constitutes the Member's Monthly Deposit Amount. Following such deposit in the Member's Transfer Account (but in any event not later than the last business day of the month), the Bank shall, by wire transfer, transfer the balance in the Member's Transfer Account to Wells Fargo for deposit into the Member's account in the Stabilization Fund and shall, as soon as reasonably practicable in connection with such transfer, notify Wells Fargo by telephone or by facsimile of the amount of such transfer and the name of the Member to which such transfer relates. If the Bank does not wire transfer the Member's Monthly Deposit Amount on the date received, the Bank shall invest such amount in a taxable money-market portfolio consisting of securities issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America. Any interest earnings on the Member's Monthly Deposit Amount shall be deposited into the Member's Transfer Account and shall be included in the next wire transfer of the Member's Monthly Deposit Amount. Within ten business days after the last day of the month in which such a transfer occurs, the Bank shall provide to the Authority an accounting statement setting forth the following: (i) the date the transfer was made, (ii) the amount of the transfer, (iii) the name of the applicable Member and (iv) the month to which the Member's Monthly Deposit Amount relates.

5. The Bank shall not, without the prior written consent of the applicable Member, deposit any Monthly Deposit Amount or portion thereof into any fund or account established under any indenture of trust or similar agreement to which the Bank is a party.

6. Amounts deposited into the Transfer Accounts shall not be deemed to have been deposited for the purposes of any particular Authority project for which the Authority has received any form of external financing. Amounts deposited into the Transfer Accounts shall not constitute (i) Revenues of the Authority, (ii) revenues, income, rents or receipts derived by the Authority from or attributable to Authority Capacity (or to the payment of costs thereof) or the ownership or operation of any Authority project, or (iii) Monthly Power Costs, Transmission Service Costs or Monthly Transmission Costs pursuant to any contract or agreement to which the Authority and a Member are parties. Monthly Deposit Amounts while held by the Bank shall not constitute amounts required to be paid by the Members to any trustee under any indenture of trust or similar agreement to which the Authority is a party.

ARTICLE III

MISCELLANEOUS

Section 301. Limitation on Individuals' Liability.

Neither the members of the Board of Directors of the Authority nor any officer, employee or agent of the Authority shall be individually liable in respect of any obligations of the Authority under this Agreement.

Section 302. Effect of this Agreement.

The obligations of the Authority contained in this Agreement shall not be, or be deemed to be, covenants, agreements or conditions on the part of the Authority or any Member for purposes of any agreement, contract or other document, including any indenture of trust, Power Sales Contract, Transmission Service Contract, or other agreement, contract or document governing the external financing arrangements entered into from time to time by the Authority.

Section 303. Preservation of Tax Exemption.

The Authority shall not take any action under this Agreement if such action would cause the interest on any bond, note, obligation or other evidence of indebtedness issued by the Authority to be included in gross income of any owner thereof for purposes of federal income taxes.

Section 304. Compensation and Indemnification of Bank.

1. The Authority shall pay or cause to be paid to the Bank the agreed upon compensation for its services rendered pursuant to this Agreement, including all agreed upon reasonable expenses, charges, counsel fees and other disbursements incurred by the Bank in the performance of the Bank's obligations pursuant to this Agreement. The schedule of initial compensation of the Bank is attached hereto as Schedule 1. The Bank and the President or Executive Director of the Authority may, from time to time, agree to revisions of Schedule 1.

2. To the extent permitted by law, the Authority (consisting, for purposes of this Section 304(2), of only those Members with Transfer Accounts at the time of the Bank's action referred to in this Section 304(2)) hereby agrees to indemnify and hold harmless the Bank, its officers, directors, employees and agents against any loss, cost, expense, claim or liability whatsoever, including without limitation fees and expenses of its attorneys, incurred as a result of its actions in accordance with this Agreement not resulting from the Bank's own gross negligence or wilful misconduct. The obligations under this Section 304 shall survive the termination or discharge of this Agreement.

Section 305. Severability.

If any one or more of the agreements provided in this Agreement on the part of the Authority or the Bank to be performed are determined by a court of competent

jurisdiction to be invalid or contrary to law, such agreements shall be null and void and shall be deemed separate from the remaining agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 306. Assignment. The rights, obligations and duties of the Bank set forth herein shall not be assigned by the Bank or any successor thereto without the prior written consent of the Authority.

Section 307. Amendments. This Agreement shall not be amended or revised except by a written instrument signed by duly authorized officers of the Authority and the Bank.

Section 308. Effective Date. This Agreement shall become effective as of the date first above written.

Section 309. Termination. The Authority may terminate this Agreement at any time upon written notice to the Bank. The Bank may terminate this Agreement at any time by providing 45 days' written notice to the Authority. Upon any such termination, the Bank, to the extent provided by this Agreement, shall immediately transfer to Wells Fargo any and all Monthly Transfer Amounts held by the Bank, and thereafter the Bank shall have no further responsibility under this Agreement.

Section 310. Concerning the Bank. 1. In the absence of bad faith on its part, the Bank shall be protected in taking any action at the direction of the Authority as provided in this Agreement and may conclusively rely as to the truth and correctness of the statements contained in any instruction, direction, consent, approval or other document furnished to it by the Authority pursuant to this Agreement.

2. The Bank shall perform such duties and only such duties as expressly provided in this Agreement, and no implied duties or obligations shall be imposed against the Bank pursuant to this Agreement

3. The Bank shall not be responsible for any loss from any sale or disposition of any investment purchased pursuant to this Agreement except for its own gross negligence or wilful misconduct. The Bank or any of its affiliates may act as principal or agent in making any investment provided for in this Agreement.

4. The Bank may rely upon the opinion or advice of counsel and shall be protected in taking or not taking any action under this Agreement in reliance upon such opinion or advice of counsel.

5. No provision of this Agreement shall require the Bank to risk or advance its own funds or incur any financial

liability (other than any financial liability relating to its gross negligence or wilful misconduct).

Section 311. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

Section 312. Counterparts. This Agreement may be executed in counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Southern California Public Power Authority has caused this Agreement to be signed in its name and on its behalf by an authorized officer of the Authority, and its seal to be hereunto affixed and attested by its Assistant Secretary, and the Bank has caused this Agreement to be signed in its name and attested on its behalf by duly authorized officers of the Bank, all as of the 1st day of _____, 1996.

SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY

[Authority Seal]

By: _____
Title: _____

Attest: _____

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION

By: _____
Title: _____

Attest: _____
Authorized Officer

SCHEDULE OF COMPENSATION

The compensation of the Bank (which shall be paid in equal amounts by each Member having a Transfer Account) shall be as follows:

Acceptance Fee:	\$ 250
Annual Administration Fee:	2,000
External Legal Fees:	1,250
Out-of-Pocket Expenses (including but not limited to postage, stationery and courier charges):	At Cost