

[ROLL CALL VOTE]

RESOLUTION NO. 1996-14

RESOLUTION OF THE SOUTHERN CALIFORNIA  
PUBLIC POWER AUTHORITY APPROVING ANNUAL BUDGET  
FOR PALO VERDE PROJECT POWER SUPPLY YEAR  
BEGINNING JULY 1, 1996

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

1. The budget for the Palo Verde Project for the Power Supply Year beginning July 1, 1996, 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 Power Supply Year beginning July 1, 1996.

2. 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 Authority

# **PALO VERDE**

**ANNUAL BUDGET**

**FOR THE FISCAL YEAR**

**JULY 1, 1996 THROUGH JUNE 30, 1997**

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
PALO VERDE NUCLEAR GENERATING STATION  
COMPARISON OF BUDGET - FISCAL YEAR 1995-96 TO 1996-97  
(\$1000S)

| MINIMUM COST COMPONENT              | <u>1995-96</u> | <u>1996-97</u> | VARIANCE     |              |
|-------------------------------------|----------------|----------------|--------------|--------------|
|                                     |                |                | <u>\$</u>    | <u>%</u>     |
| Debt Service (net)                  | \$74,073       | \$70,952       | (3,121)      | - 4.2        |
| Operation and Maintenance           | 15,532         | 15,554         | 22           | + 0.1        |
| APS Administration and General      | 4,478          | 4,371          | (107)        | - 2.4        |
| Insurance                           | 732            | 588            | (144)        | -19.7        |
| Renewals and Replacements           | 3,989          | 2,304          | (1,685)      | -42.2        |
| Additional Decommissioning Reqmt.   | 8,000          | 8,000          | 0            | 0.0          |
| Taxes                               | 9,628          | 8,622          | (1,006)      | -10.4        |
| Authority Admin.and Gen.Expenses    | <u>1,581</u>   | <u>1,476</u>   | <u>(105)</u> | <u>- 6.6</u> |
| Subtotal Minimum Cost Component     | \$118,013      | \$111,867      | (6,146)      | - 5.2        |
| <b>VARIABLE COST COMPONENT</b>      |                |                |              |              |
| Nuclear Fuel - Direct Costs         | \$ 6,306       | \$6,293        | (13)         | - 0.2        |
| Nuclear Fuel - Spent Fuel           | 1,508          | 1,570          | 62           | + 4.1        |
| Debt Service - ANPP Trans. (net)    | 1,194          | 1,144          | (50)         | - 4.2        |
| Payments to SRP                     | 393            | 361            | (32)         | - 8.1        |
| Debt Service - PV Switchyard (net)  | 109            | 104            | (5)          | - 4.6        |
| P. V. Switchyard - O&M and Taxes    | <u>57</u>      | <u>48</u>      | <u>(9)</u>   | <u>-15.8</u> |
| Subtotal Variable Cost Component    | \$9,567        | \$9,521        | (46)         | -0.5         |
| Total Cost of Power to Authority    | \$127,580      | \$121,388      | (6,192)      | - 4.9        |
| Estd. Scheduled Energy (Mwh)        | 1,450,000      | 1,573,000      | 123,000      | + 8.5        |
| Total Average Unit Cost (mills/kWh) | 88.0           | 77.2           | (10.8)       | -12.3        |
| Incremental Cost (mills/kWh)        | 6.6            | 6.1            | (0.5)        | - 7.6        |
| Interest Earnings                   | \$ 9,849       | \$8,892        | 957          | - 9.7        |

PALO VERDE PROJECT  
EXPLANATIONS OF BUDGET VARIANCES  
1996-97 COMPARED TO 1995-96  
(\$ in 1000's)

MINIMUM COST COMPONENT

1. Debt Service (net) -\$3,121 -4.2%

Reflects the 1996 refunding.

2. Operation and Maintenance + \$22 + 0.1%

Reflects that the operating agent expects to continue maintenance at approximately the same cost.

3. APS Administration and General -\$107 -2.4%

Reflects a continuance of tighter goals and greater efficiencies.

4. Insurance -\$144 -19.7%

Reflects larger than expected non-incident credits and reduced property premiums due to competition among insurers.

5. Renewals and Replacements -\$1,685 -42.2%

Reflects tighter goals and greater efficiencies.

6. Additional Decommissioning Requirement \$ 0 0.0%

7. Taxes -\$1,006 -10.4%

Reflects that taxes have not increased to values anticipated.

8. Authority Administration and General Expenses -\$105 - 6.6%

Reflects the proposed 1996-97 SCPPA budget.

## VARIABLE COST COMPONENT

1. Nuclear Fuel - Direct Costs - \$13 - 0.2%

Reflects an expected normal operation.

2. Nuclear Fuel - Spent Fuel Disposal +\$ 62 + 4.1%

Reflects an increase in disposal costs.

3. Debt Service - ANPP Transmission System -\$50 -4.2%

Reflects the 1996 refunding.

4. Payments to SRP -32 -8.1%

Reflects expected reduction in wheeling over El Dorado.

5. Debt Service - PV Switchyard -\$5 -4.6%

Reflects the 1996 refunding.

6. Palo Verde Switchyard - O&M and Taxes -\$9 -15.8%

Reflects an expected decrease in O&M as well as the decrease in taxes

| Minimum Cost Component (2) |                         |                               |                          |               |                               |                                      |          |                         |                                 |  |
|----------------------------|-------------------------|-------------------------------|--------------------------|---------------|-------------------------------|--------------------------------------|----------|-------------------------|---------------------------------|--|
| 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) | Subtotal Minimum Cost Component |  |
| Jul                        | \$5,913                 | 1,296                         | \$364                    | \$49          | \$192                         | \$667                                | \$718    | \$123                   | \$9,322                         |  |
| Aug                        | \$5,912                 | 1,296                         | \$364                    | \$49          | \$192                         | 667                                  | 719      | 123                     | 9,322                           |  |
| Sep                        | \$5,913                 | 1,297                         | \$365                    | \$49          | \$192                         | 667                                  | 718      | 123                     | 9,324                           |  |
| Subtotal                   | \$17,738                | \$3,889                       | \$1,093                  | \$147         | \$576                         | \$2,000                              | \$2,155  | \$369                   | \$27,967                        |  |
| Oct                        | \$5,913                 | 1,296                         | \$364                    | \$49          | \$192                         | \$667                                | \$719    | \$123                   | \$9,323                         |  |
| Nov                        | \$5,912                 | 1,296                         | \$364                    | \$49          | \$192                         | 667                                  | 718      | 123                     | 9,321                           |  |
| Dec                        | \$5,913                 | 1,296                         | \$365                    | \$49          | \$192                         | 667                                  | 719      | 123                     | 9,324                           |  |
| Subtotal                   | \$17,738                | \$3,888                       | \$1,093                  | \$147         | \$576                         | \$2,000                              | \$2,156  | \$369                   | \$27,967                        |  |
| Jan                        | \$5,913                 | 1,296                         | \$364                    | \$49          | \$192                         | \$667                                | \$718    | \$123                   | \$9,322                         |  |
| Feb                        | \$5,912                 | 1,296                         | \$364                    | \$49          | \$192                         | 667                                  | 719      | 123                     | 9,322                           |  |
| Mar                        | \$5,913                 | 1,297                         | \$365                    | \$49          | \$192                         | 667                                  | 718      | 123                     | 9,324                           |  |
| Subtotal                   | \$17,738                | \$3,889                       | \$1,093                  | \$147         | \$576                         | \$2,000                              | \$2,155  | \$369                   | \$27,967                        |  |
| Apr                        | \$5,913                 | 1,296                         | \$364                    | \$49          | \$192                         | \$667                                | \$719    | \$123                   | \$9,323                         |  |
| May                        | \$5,912                 | 1,296                         | \$364                    | \$49          | \$192                         | 667                                  | 718      | 123                     | 9,321                           |  |
| Jun                        | \$5,913                 | 1,296                         | \$364                    | \$49          | \$192                         | 667                                  | 719      | 123                     | 9,323                           |  |
| Subtotal                   | \$17,738                | \$3,888                       | \$1,092                  | \$147         | \$576                         | \$2,000                              | \$2,156  | \$369                   | \$27,966                        |  |
| Total FY96                 | \$70,952                | \$15,554                      | \$4,371                  | \$588         | \$2,304                       | \$8,000                              | \$8,622  | \$1,476                 | \$111,867                       |  |

| Month      | Variable Cost Component (3) |               |   |                            |                                     |  |   |  |  |  |  | Total<br>Cost of<br>Power to<br>Authority<br>(15) | Estimated<br>Energy<br>to be<br>Scheduled<br>(MWh)(16) |
|------------|-----------------------------|---------------|---|----------------------------|-------------------------------------|--|---|--|--|--|--|---|--|
|            | Nuclear Fuel (11)           |               |   |                            | Transmission                        |  |   |  |  |  |  |   |  |
|            | Direct<br>Costs             | Spent<br>Fuel | Debt Ser-<br>vice ANPP<br>Transm.<br>Sys. (4) | Payments<br>to<br>SRP (12) | Debt<br>Service<br>PV Swyd.<br>(13) | Palo Verde<br>Switchyd.<br>O&M and<br>Taxes (14) | Subtotal<br>Variable<br>Cost<br>Component |  |  |  |  |   |  |
| Jul        | \$525                       | \$131         | \$95  | \$30                       | \$9                                 | \$5  | \$795                                     |  |  |  |  | \$10,117  | 150,000  |
| Aug        | 524                         | 131           | 95  | 30                         | 9                                   | 4  | 793                                       |  |  |  |  | 10,115  | 150,000  |
| Sep        | 524                         | 131           | 95  | 29                         | 9                                   | 3  | 791                                       |  |  |  |  | 10,115  | 106,000  |
| Subtotal   | \$1,573                     | \$393         | \$286   | \$90                       | \$26                                | \$12   | \$2,380                                   |  |  |  |  | \$30,347  | 406,000  |
| Oct        | \$525                       | \$131         | \$95  | \$30                       | \$9                                 | \$5  | \$795                                     |  |  |  |  | \$10,118  | 100,000  |
| Nov        | 524                         | 131           | 95  | 30                         | 9                                   | 4  | 793                                       |  |  |  |  | 10,113  | 137,000  |
| Dec        | 524                         | 130           | 95  | 30                         | 9                                   | 3  | 791                                       |  |  |  |  | 10,115  | 150,000  |
| Subtotal   | \$1,573                     | \$392         | \$286   | \$90                       | \$26                                | \$12   | \$2,379                                   |  |  |  |  | \$30,346  | 387,000  |
| Jan        | \$525                       | \$131         | \$95  | \$30                       | \$9                                 | \$5  | \$795                                     |  |  |  |  | \$10,117  | 150,000  |
| Feb        | 524                         | 131           | 95  | 32                         | 9                                   | 4  | 795                                       |  |  |  |  | 10,116  | 135,000  |
| Mar        | 524                         | 131           | 95  | 31                         | 9                                   | 3  | 793                                       |  |  |  |  | 10,117  | 122,000  |
| Subtotal   | \$1,573                     | \$393         | \$286   | \$93                       | \$26                                | \$12   | \$2,383                                   |  |  |  |  | \$30,350  | 407,000  |
| Apr        | \$525                       | \$131         | \$95  | \$28                       | \$9                                 | \$4  | \$792                                     |  |  |  |  | \$10,114  | 96,000   |
| May        | 524                         | 131           | 95  | 30                         | 9                                   | 4  | 793                                       |  |  |  |  | 10,114  | 129,000  |
| Jun        | 525                         | 130           | 95  | 31                         | 9                                   | 4  | 794                                       |  |  |  |  | 10,117  | 145,000  |
| Subtotal   | \$1,574                     | \$392         | \$286   | \$89                       | \$26                                | \$12   | \$2,379                                   |  |  |  |  | \$30,345  | 370,000  |
| Total FY96 | \$6,293                     | \$1,570       | \$1,144                                       | \$361                      | \$104                               | \$48   | \$9,521                                   |  |  |  |  | \$121,387   | 1,570,000  |

Footnotes:

- (1) Based on latest approved ANPP Annual Budget for FY 96 and estimate for FY 97. 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.



| Month      | Revenues (*)           |                         |                   | Revenue Fund Disbursements |                            |                 |              |                         |                     |                        | Total Revenue Fund Disbursements |
|------------|------------------------|-------------------------|-------------------|----------------------------|----------------------------|-----------------|--------------|-------------------------|---------------------|------------------------|----------------------------------|
|            | Minimum Cost Component | Variable Cost Component | Interest Earnings | Operating Fund             | Aquisition of Fuel Reserve | Service Account | Debt Account | Service Reserve Account | Replacement Account | Accomplishment Account |                                  |
| Jul        | \$8,322                | \$785                   | \$741             | \$2,716                    | \$525                      | \$4,834         | \$0          | \$192                   | \$687               | \$1,824                | \$10,858                         |
| Aug        | 9,322                  | 783                     | 741               | 2,716                      | 524                        | 4,833           | 0            | 192                     | 687                 | 1,824                  | 10,858                           |
| Sep        | 9,324                  | 791                     | 741               | 2,715                      | 524                        | 4,834           | 0            | 192                     | 687                 | 1,824                  | 10,858                           |
| Subtotal   | \$27,967               | \$2,380                 | \$2,223           | \$8,148                    | \$1,573                    | \$14,801        | \$0          | \$576                   | \$2,000             | \$5,472                | \$32,570                         |
| Oct        | \$9,323                | \$785                   | \$741             | \$2,717                    | \$525                      | \$4,834         | \$0          | \$192                   | \$687               | \$1,824                | \$10,859                         |
| Nov        | 9,321                  | 793                     | 741               | 2,715                      | 524                        | 4,833           | 0            | 192                     | 687                 | 1,824                  | 10,854                           |
| Dec        | 9,324                  | 781                     | 741               | 2,715                      | 524                        | 4,834           | 0            | 192                     | 687                 | 1,824                  | 10,858                           |
| Subtotal   | \$27,967               | \$2,379                 | \$2,223           | \$8,147                    | \$1,573                    | \$14,801        | \$0          | \$576                   | \$2,000             | \$5,472                | \$32,569                         |
| Jan        | \$9,322                | \$785                   | \$741             | \$2,718                    | \$525                      | \$4,834         | \$0          | \$192                   | \$687               | \$1,824                | \$10,858                         |
| Feb        | 9,322                  | 795                     | 741               | 2,718                      | 524                        | 4,833           | 0            | 192                     | 687                 | 1,824                  | 10,857                           |
| Mar        | 9,324                  | 793                     | 741               | 2,717                      | 524                        | 4,834           | 0            | 192                     | 687                 | 1,824                  | 10,858                           |
| Subtotal   | \$27,967               | \$2,383                 | \$2,223           | \$8,151                    | \$1,573                    | \$14,801        | \$0          | \$576                   | \$2,000             | \$5,472                | \$32,573                         |
| Apr        | \$9,323                | \$792                   | \$741             | \$2,714                    | \$525                      | \$4,834         | \$0          | \$192                   | \$687               | \$1,824                | \$10,855                         |
| May        | 9,321                  | 793                     | 741               | 2,715                      | 524                        | 4,833           | 0            | 192                     | 687                 | 1,824                  | 10,855                           |
| Jun        | 9,323                  | 784                     | 741               | 2,716                      | 525                        | 4,834           | 0            | 192                     | 687                 | 1,824                  | 10,858                           |
| Subtotal   | \$27,966               | \$2,379                 | \$2,223           | \$8,145                    | \$1,574                    | \$14,801        | \$0          | \$576                   | \$2,000             | \$5,472                | \$32,568                         |
| Total FY96 | \$111,867              | \$9,521                 | \$8,892           | \$32,560                   | \$6,293                    | \$59,204        | \$0          | \$2,304                 | \$8,000             | \$21,988               | \$130,279                        |

(\*) To be deposited in the Revenue Fund.

(\*\*) To be transferred to the Pledged Revenues Accounts under the 1983, 1986A, and 1986B Subordinate Bonds' indentures for amounts accruing for debt service payment under those indentures.