

RESOLUTION NO. 1987-7

A RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY REGARDING FLOW AND USE OF
MONEYS IN THE OPERATING FUND AND GENERAL RESERVE
FUND RELATED TO THE PALO VERDE PROJECT.

WHEREAS, Southern California Public Power Authority (the "Authority") has entered into an Indenture of Trust, dated as of July 1, 1981, as amended and supplemented, by and between the Authority and First Interstate Bank of California, as Trustee (the "Indenture"); and

WHEREAS, in accordance with the terms of the Indenture there have been established funds and accounts including, but not limited to, the Operating Fund (including the Operating Expense Account and the Working Capital Reserve Account) and the General Reserve Fund; and

WHEREAS, the Authority wishes to clarify for the benefit of the Trustee the flow and use of moneys in the Operating Fund and General Reserve Fund.

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

1. The Trustee is hereby instructed that during each month commencing on or after the date hereof, all moneys required to be deposited in the Operating Fund from the Revenue Fund shall be deposited in the Operating Expense Account.

2. To the extent that moneys in the Operating Expense Account are not sufficient to make any payment of Authority Operating Expenses, the Trustee is hereby instructed to transfer moneys from the Working Capital Reserve Account to the Operating Expense Account to the extent of the insufficiency.

3. The Trustee is hereby instructed that on and after the date hereof all Authority Operating Expenses shall be paid, as they become due and payable, from moneys in the Operating Expense Account.

4. The Trustee is hereby instructed that all amounts on deposit in the Operating Expense Account at the end of any month commencing on or after the date hereof, shall be transferred to the Working Capital Reserve Account.

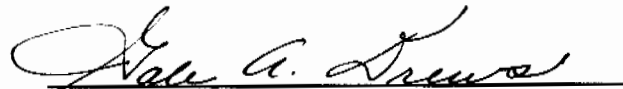
5. The Trustee is hereby instructed to transfer all amounts which are now on deposit or hereafter deposited in the General Reserve Fund to the Working Capital Reserve Account,

except to the extent the Trustee is otherwise directed from time to time by the Executive Director of the Authority; provided, however, that before any such transfer shall be made to the Working Capital Reserve Account the amount of \$1,051,821.64 (equal to the amount received by the Authority from the reoptimization of the Authority's 1986 Refunding Series B Escrow Fund on June 16, 1987) shall be transferred to the Initial Facilities Account in the Construction Fund to be expended on the first \$1,051,821.64 of payments made from the Initial Facilities Account after such transfer.

6. Resolution No. 1986-22 of the Board of Directors of the Authority is hereby repealed.


7. This resolution shall take effect immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this first day of July, 1987.



President
Southern California Public
Power Authority

ATTEST:



Assistant Secretary
Southern California Public
Power Authority