

RESOLUTION NO. 2004-8

**RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC
POWER AUTHORITY AUTHORIZING A BENCHMARKING
STUDY TO BE PERFORMED BY PLAN b SOLUTIONS
AND PROVIDING FOR ADDITIONAL CONTRIBUTIONS
TO THE AUTHORITY'S REVOLVING GENERAL FUND,
AND TAKING CERTAIN RELATED ACTION
(RESTRUCTURING)**

WHEREAS, the Southern California Public Power Authority (the Authority) owns interests in various generation and transmission projects, the output of which has been sold to Members of the Authority; and

WHEREAS, certain of the Authority Members have a need to retain consultants to provide a benchmarking study; and

WHEREAS, the Authority has an existing contract with Plan b Solutions, and is willing and able to bill all expenses and costs of the benchmarking study the Members receiving service; and

WHEREAS, the Board of Directors of Authority, in its Resolution No. 1990-15, established a revolving general fund (the General Fund) for the payment of costs and expenses incurred by the Authority from time to time in carrying out its purposes; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1992-1, provided for the continuation of the General Fund and established a procedure to be followed with respect to additional contributions to the General Fund; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-2, provided for a separate bank account (the Joint Planning Account) to hold and disburse the additional contributions to the General Fund with respect to joint planning matters; and

WHEREAS, the Board of Directors of the Authority, in its Resolution No. 1995-13, changed the name of the Joint Planning Account to the Restructuring Account; and

WHEREAS, the Board of Directors of the Authority wishes to provide for additional contributions to the General Fund, and the applicable Members of the Authority are willing to make such additional contributions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. The Executive Director is authorized and directed to retain Plan b Solutions, at the request of a Member(s) of the Authority, provided that such Member(s) agrees, in writing, to bear all costs and expenses of such consultant.
2. The Board of Directors hereby provides for additional contributions to the General Fund. Notwithstanding anything to the contrary in Resolution No. 1992-1, such additional contributions,
 - a) shall be solely for the purpose of paying costs and expenses incurred by the Authority with respect to the benchmarking study performed by Plan b Solutions, and pending application for such purpose the contributions shall not be expended to pay costs or expenses properly allocable to one or more projects as provided in Section 3 of Resolution No. 1992-1;
 - b) with respect to each bill SCPPA receives from Plan b Solutions for benchmarking studies, shall be billed in equal shares to the Members that are participating in the study; and
 - c) shall be billed and collected by adding the amounts provided above to the Authority's Hoover Uprating Project billings to Anaheim (if applicable), and to the Authority's Palo Verde Project billings to the other applicable Members, with such amounts designated as "Resolution No. 2004-8 Charge".
3. Although the amounts to be contributed under this Resolution and related income shall constitute part of the General Fund, they shall be held and accounted for in a separate subaccount within the existing Restructuring Account. The Executive Director of the Authority is hereby directed to establish a subaccount (the Plan b Solutions Benchmarking Subaccount) within the Restructuring Account for the purpose of holding contributions and related income, and making disbursements, under this Resolution. The President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority are each authorized to execute checks drawn on the Restructuring Account from time to time.
4. Amounts contributed to and held in the General Fund and the Plan b Solutions Benchmarking Subaccount pursuant to this Resolution will not be contributed or held for the purposes of any project for which the Authority has obtained any form of external financing. Such amounts shall not constitute (a) Revenues, or (b) revenues, income, rents or receipts derived by the Authority from or attributable to Authority Capacity (or to the payment of the costs thereof) or the ownership or operation of any Project. As used herein, "Revenues", "Authority Capacity" and "Project" shall have the respective meanings set forth in the indentures of trust and other instruments governing the external financing arrangements entered into from time to time by the Authority.

5. 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 proper for carrying out the transactions contemplated by this Resolution.

6. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 18th day of March, 2004.



PRESIDENT
Southern California
Public Power Authority

ATTEST:



SECRETARY
Southern California
Public Power Authority

March 1, 2004

Mr. Stephen H. Badgett
Utilities Assistant Director, Energy Delivery
Riverside Public Utilities
3900 Main Street
Riverside, CA 92522

Dear Steve:

Based on our further discussions regarding the SCPPA Ad Hoc T&D E&O Committee's desires regarding benchmarking, Plan b Solutions makes the following proposal.

This benchmarking project is designed to produce a series of important benefits. These benefits include:

- The benchmarking study will be developed with input from the SCPPA subcommittee and will focus on those areas that are key to each manager's success to run their departments effectively;
- Each utility will be able to compare their performance to the other participants;
- Information will be available to each utility regarding appropriate work measures thereby providing input on potential best practices; and,
- The participating utilities will be able to compare work measures and potentially derive/create common standards that they each can follow.

The work plan for this effort includes the following:

- The development of the appropriate questionnaire with input from the SCPPA subcommittee;
- Compilation of the questionnaire data into comparison charts and tables;
- Development of some best practices hypothesis;
- Preparation of a report for the participants, including some best practices hypothesis; and,
- Report presentation to the SCPPA Ad Hoc T&D E&O Committee.

The table on the following page provides a breakdown of the work effort for this project.

Activity	Deliverable	Estimated Plan b Solutions Work Effort (days)	SCPPA Ad Hoc T&D E&O Committee Effort
Prepare draft questionnaire	Draft Questionnaire	5 Days	
Workshop with SCPPA T&D E&O to review and finalize questionnaire	Workshop	1 Day	1 Day
Finalize questionnaire and distribute to SCPPA participants for completion	Questionnaire sent to SCPPA participants	1 Day	
SCPPA participants complete the questionnaire and return to Plan b Solutions			3 weeks
Plan b Solutions available to answer questions/assist SCPPA participants in completing the questionnaire	None	3 Days	
Compile questionnaire responses, prepare, charts, tables		13 Days	
Prepare best practices hypothesis and draft report	Draft Report	5 Days	
Present report to SCPPA	Presentation	2 Days	
SCPPA review report			2 weeks
Workshop with SCPPA to review best practices hypothesis	Workshop	1 Day	

Plan b Solutions professional fees for this benchmarking study would be approximately \$45,000 depending on the extent of the desired areas to be surveyed/compared. Our professional fees will be based on the actual time incurred. Out-of-pocket expenses are estimated to be less than 10% of the professional fees.

We expect that this effort would take approximately 2-1/2 months and are prepared to begin the week after receiving approval to proceed. Mr. Dale Tarkington, Project Consultant will lead this project and will include work performed by Beth Mangiapane. They will be assisted by Mr. Tom Resh, Managing Director – Energy Practice, and other Plan b Solution consultants as appropriate.

We look forward to assisting each of the utilities with this effort. Please call me at 714.433.1363 ext. 121 if you have any questions.

Sincerely yours,

Tom Resh
Managing Director
Plan b Solutions

SCPPA AD HOC T&D E&O COMMITTEE
BENCHMARKING SURVEY
BACKGROUND

SCPPA's Ad Hoc Transmission and Distribution Engineering and Operations Committee was formed last summer to facilitate discussion on common areas of interest and concern.

The first meeting was held on July 31, 2003 and was attended by representatives from Riverside, Colton, Pasadena, Vernon, Anaheim, Azusa, Banning and Burbank. At that initial meeting, the group identified almost two dozen topics that could be addressed as a team. From that list, there was agreement that three key areas of concern should be focused on. Those topics were training, benchmarking and General Order 165.

The Committee has been meeting monthly to work on these three areas, in particular benchmarking. The Committee is in agreement with the shortcomings national studies such as the Theodore Barry & Associates (TB&A) survey. That study requires a tremendous amount of staff time to prepare submittals and there is uncertainty that everyone is reporting the same information (apples to apples). It was discussed that a benchmarking – best practices survey among SCPPA members would be appropriate.

The Committee concentrated on developing areas that were key to each Manager's success to run their function effectively. In the end, there were over 40 key areas and over 100 subsets of those areas that could be benchmarked. Everyone agreed that a structured format was required to collect the information and that there should be a lead entity to pull all the information together. Everyone agreed that they did not have the time or staff to take this lead.

The Committee approached Plan b Solutions from Costa Mesa, California, to make a proposal to perform the benchmarking – best practices survey. Plan b Solutions has a background in benchmarking and is very familiar with the SCPPA cities. On January 13, 2004, staff from Plan b Solutions made a presentation to the Committee. On January 14, 2004, Plan b Solutions submitted a proposal to perform the study. The Committee will have most input into the design of the survey and how the data will be evaluated. It is the desire of the Committee that Plan b solutions perform a functional analysis vs. an economic analysis. The survey will produce data that can be applied to each member's operations. The Committee reviewed the proposal and at its February 17, 2004, meeting, agreed to recommend to the SCPPA Board retaining the services of Plan b Solutions.

FISCAL IMPACT

The professional fees for the work proposed by Plan b Solutions are approximately \$45,000. The Committee is recommending that these costs be shared equally with each participating member.