

RESOLUTION NO. 2004-17

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY PROVIDING FOR AN ADDITIONAL CONTRIBUTION TO THE
AUTHORITY'S REVOLVING GENERAL FUND, AND TAKING CERTAIN
RELATED ACTION
(RESTRUCTURING)
(R.W. BECK SCE RATE FORECAST)

WHEREAS, the Board of Directors of the Southern California Public Power Authority (the "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;

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;

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;

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;

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

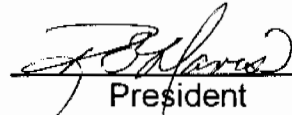
BE IT RESOLVED by the Board of Directors as follows:

1. The Board of Directors hereby provides for an additional contribution to the General Fund. Such additional contribution,

- (a) shall be solely for the purpose of paying costs and expenses incurred by the Authority with respect to the R.W. Beck SCE Retail Rate Forecast, and pending application for such purpose the contribution 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) shall be billed and collected by adding to the Authority's Hoover Uprating Project billings to Anaheim, and the Authority's Palo Verde Project billings to each other Member who participates, the amount allocated with respect to each of them for services received, with such amount designated as "Resolution No. 2004-17 Charge".
2. Although the amounts 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 Beck 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.
 3. Amounts contributed to and held in the General Fund and the Beck 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.


4. 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.
5. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 20th day of May, 2004.



President
Southern California Public
Power Authority

ATTEST:



Secretary
Southern California Public
Power Authority

Agreement Between
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
and the
R. W. BECK, INC.

This PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is dated January 29, 2004, by and between R. W. Beck, Inc., (“Consultant” or “R. W. Beck”), with offices at 2710 Gateway Oaks Drive, Suite 300 South, Sacramento, California 95833-3502, and Southern California Public Power Authority (“SCPPA”), with offices at 225 South Lake Avenue, Suite 1410, Pasadena, California 91101. SCPPA and Consultant are also referred to as parties.

WHEREAS, SCPPA owns interests in certain generation and transmission projects on behalf of its Members; and

WHEREAS, restructuring of the electric industry in California has resulted in Members of SCPPA needing Consulting services related directly or indirectly to SCPPA generation and transmission projects; and

WHEREAS, R. W. Beck has many years of experience in the electric industry and is capable of providing Consulting services; and

WHEREAS, the **City of Anaheim**, Public Utilities Department, (“Member”) has requested SCPPA to retain Consultant to provide the services described in **Exhibit A**.

NOW, THEREFORE, in consideration of the promises herein and for other good and valuable consideration, the parties agree as follows:

1. **Services to be Provided:** SCPPA engages the Consultant to perform professional consulting services to develop a Southern California Edison Company (SCE) Retail Rate Forecast for competitive analysis, benchmarking, and planning, and other rate design and financial analysis services (the “Services”) as described in **Exhibit A** (the “Scope of Services” or “Scope”) for the Member. Detailed procedures and practices to be followed while performing the Services, including acceptance of the Services, shall be as set forth in the Scope of Services or a work order issued thereunder. Consultant will perform the services at the direction of and on behalf of the Member.
2. **Independent Contractors:**
 - (a) Consultant is an independent contractor and is not an employee of the SCPPA. Services performed by the Consultant under this agreement are solely for the benefit of the SCPPA and its Members unless specified otherwise.
 - (b) Consultant is not required to perform the services during a fixed hourly or daily time and if the services are performed at the Member’s premises, then Consultant’s time spent at the premises is to be at the discretion of Consultant; subject to Member’s normal business hours and security requirements. Except as provided in the Scope, SCPPA will not be required to furnish or provide any training to the Consultant to enable the Consultant to perform the Services. The order or sequence in which the Services are to be performed shall be agreed upon by the Consultant and the Members. Except to the extent that Consultant’s work

must be performed on or with Member's computers or Member's existing software, all materials used in providing the Services shall be provided by the Consultant.

3. **Standard of Care:** The Consultant will perform Services under this Agreement with the degree of skill and diligence normally practiced by consultant performing the same or similar services.
4. **Changes/Amendments:** This Agreement may not be changed except by written amendment signed by both parties. Services not expressly set forth in this Agreement are excluded. Consultant shall promptly notify the SCPPA if changes to the Scope of Services affect the schedule, level of effort or payment to Consultant. If Consultant determines that changes should be made to **Exhibit A**, the Consultant will notify SCPPA of such proposed changes in writing, including the affects on the schedule, level of effort and payment for such changes. Thereafter, Consultant and SCPPA shall agree in writing on which changes, if any, shall be included in an amendment to either **Exhibit A**. If Consultant is delayed in performing the Services by any act of war, force majeure or other circumstance beyond its control, then Consultant shall not be considered to be in default of the performance of its obligations under this Agreement.
5. **Payment:** SCPPA agrees to pay Consultant for services in accordance with the terms and schedule contained in **Exhibit A**. SCPPA shall pay invoiced amounts not more than sixty (60) days after delivery of an invoice.
6. **Taxes:** Any and all taxes imposed on Consultant's income, imposed or assessed by reason of this agreement or its performance, including but not limited to sales or use taxes, shall be paid by Consultant. Consultant shall be responsible for any taxes or penalties assessed by reason of any claims that Consultant is an employee of SCPPA, and SCPPA and Consultant specifically agree that Consultant is not an employee or agent of SCPPA.
7. **Indemnity:** To the extent permitted by law, Consultant agrees to indemnify, defend and hold harmless SCPPA and its Members directors, officers and employees from and against any and all loss, damage, claim or liability, including reasonable attorneys' fees incurred by SCPPA in connection with the provision of the Services to the extent arising out of Consultant's negligence, willful misconduct or bad faith. To the extent permitted by law, SCPPA agrees to indemnify, defend and hold harmless Consultant from and against any and all loss, damage, claim or liability (including, without limitation, reasonable attorney's fees) incurred by Consultant in connection with the provision of the Services or to the extent arising out of SCPPA negligence, willful misconduct or bad faith.
8. **Limitation of Liability:** No employee or member of the Consultant shall have individual liability to SCPPA. To the extent permitted by law, the total liability of the Consultant to SCPPA for any and all claims arising out of this Agreement, whether caused by negligence errors, omissions, strict liability, breach of contract or contribution, or indemnity claims based on third party claims, shall not exceed one hundred fifty thousand dollars (\$150,000) or the fee amount received by the Consultant hereunder, whichever is lower, provided, however this limitation shall not apply in the event of gross negligence, willful misconduct or bad faith on the Consultant.

IN NO EVENT AND UNDER NO CIRCUMSTANCES SHALL CONSULTANT BE LIABLE TO SCPPA FOR ANY INTEREST, LOSS OR ANTICIPATED REVENUES, EARNINGS, PROFITS, INCREASED EXPENSES OF OPERATIONS, LOSS BY REASON OF SHUTDOWN OR NON-OPERATIONS DUE TO LATE COMPLETION OR FOR ANY CONSEQUENTIAL, PUNITIVE, INDIRECT OR SPECIAL DAMAGES.

9. **Insurance:** Consultant shall, at his own cost and expense, procure and maintain during the entire term of this Agreement, public liability insurance and property damage insurance (issued by an insurance company admitted in the State of California to issue such insurance) naming SCPPA as an additional insured against loss or liability caused by or connected with Consultant's use of an automobile in the performance of this Agreement for not less than: (a) \$100,000 for injury to or death to one person, or of not less than \$300,000 for injury to or death to two or more persons as a result of any one accident or incident; and (b) \$50,000 for damage to or destruction of any property of SCPPA or others.

The insurance policy shall contain the following claims:

“It is agreed that any insurance maintained by SCPPA shall apply in excess of and not contribute with insurance provided by this policy.”

“SCPPA, its officers and employees are added as additional insureds with respect to the activities done pursuant to this agreement on behalf of the named insured on behalf of the named insured.”

This insurance shall not be cancelled, limited in scope or coverage or non-renew until after thirty (30) days written notice has been given to the Executive Director, SCPPA, 225 South Lake Avenue, Suite 1410, Pasadena, CA 91101.

10. **Terms and Termination:** The term of this Agreement shall be one year from the date hereof, at which time, it shall either terminate or be extended by written agreement between SCPPA and the Consultant, unless sooner terminated in accordance with this section. Either party may terminate this Agreement upon thirty (30) days' written notice to the other party. SCPPA shall pay Consultant for all services rendered to the date of termination plus reasonable expenses for winding down the services.

11. **Use and Ownership of Work Products:**

- (a) **Work Product.** As used in this agreement, the term “Work Product” means any and all materials fixed in a tangible medium of expressions, including software code, written or procedures, written documents, abstracts and summaries thereof, or any portions or components of the foregoing created, written, developed, conceived, perfected or designed in connections with the Services provided under this Agreement.
- (b) The Member shall remain all right, title and interest in and to the Work Product, including all intellectual property rights therein and any and all enhancements, improvements and derivative works thereof, and Consultant obtains no rights therein.

12. **Information Provided by Others:** Members shall provide to the Consultant in a timely manner any information indicated is needed to perform the services hereunder. Consultant may rely on the accuracy of information provided by Members and its representatives.
13. **Dispute Resolution:** Consultant and SCPPA shall attempt to resolve conflicts or disputes under this Agreement in a fair and reasonable manner and agree that if resolution cannot be made to attempt to mediate the conflict by a professional mediator. If mediation does not settle any dispute or action which arises under this Agreement or which relates in any way to this Agreement or the subject matter of this Agreement, it shall be subject to arbitration under the rules governing commercial arbitration as promulgated by the American Arbitration Association, arbitrability shall be subject to the Federal Arbitration Act and the locale of the arbitration shall be southern California.
14. **Miscellaneous:**
- (a) This Agreement is binding upon and will inure to the benefit of the SCPPA and Consultant and their respective successors and assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party; provided, however, that either party may assign this Agreement to a successor of the party's entire business relating to this Agreement.
 - (b) If any provision of this Agreement is invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect and the provision declared invalid or unenforceable shall continue in full force shall continue as to other circumstances in accordance with, the laws of the State of California.
 - (c) This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.
 - (d) In any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover, as part of its judgment, reasonable attorneys' fees and costs from the other party.

IN WITNESS WHEREOF, the parties have signed this Agreement the date first written above.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

By: _____
 Title: Executive Director

R. W. BECK, INC.

By: _____
 Title:



City of Anaheim
PUBLIC UTILITIES DEPARTMENT

April 21, 2004

RECEIVED

APR 23 2004

Mr. William D. Carnahan
Executive Director
Southern California Public Power Authority
225 South Lake Avenue, Suite 440 1250
Pasadena, CA 91101

SCPPA-PASADENA

Subject: Consultant to Perform Southern California Edison (SCE) Retail Rate Forecast Services

Dear Mr. Carnahan:

The City of Anaheim, Public Utilities Department (Anaheim), hereby requests Southern California Public Power Authority (SCPPA) to enter into a Professional Services Agreement (Agreement) with R.W. Beck, Inc. (Consultant) to perform the following task:

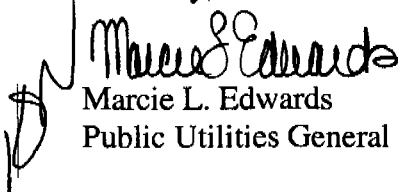
- Professional consulting services to develop a SCE Retail Rate Forecast for competitive analysis, benchmarking, and planning, and related rate design and financial analysis services, as described in the Agreement.

The day-to-day activities of the Consultant will be under the direction of Ken Noller, Assistant General Manager, Electric Services. The project budget will not exceed \$110,000, and expenses shall be reimbursed in accordance with SCPPA's out-of-pocket travel and personal expenses guidelines.

It is agreed that Anaheim will be solely responsible for all costs incurred under said Agreement. It is also agreed that Consultant is performing this work for Anaheim and not SCPPA. All work products are the sole property of Anaheim.

Fees and expenses paid by SCPPA pursuant to the Agreement shall be billed to Anaheim with the SCPPA monthly power bill to Anaheim for the Hoover Power Project.

Sincerely,


Marcie L. Edwards
Public Utilities General Manager

Enclosures

November 19, 2003



Via E-Mail

Mr. William D. Carnahan
Executive Director
Southern California Public Power Authority
225 South Lake Avenue, Suite 1410
Pasadena, California 91101

Subject: **Proposal for Professional Consulting Services**

Dear Mr. Carnahan:

R. W. Beck, Inc. would like to gauge your interest in the development of a Southern California Edison (SCE) retail rate forecast to be used by SCPA and member utilities for competitive analysis, benchmarking, and planning. R. W. Beck has recently completed a report that compared the forecasted *system* average rates of SCE with the City of Anaheim's (Anaheim) forecasted *system* average rates over the short and long run. Based on that report, Anaheim expressed an interest in having R. W. Beck complete a forecast of SCE's *class* level average rates for the purposes of benchmarking and evaluating Anaheim's competitive advantage over SCE rates in the long run.

The City of Pasadena has also expressed interest in receiving such a report for its own planning purposes. Both Cities are interested in SCPA funding the report through donations by the Cities. Having SCPA fund the report for its member Cities allows the Cities to share the cost of report development while ensuring a sufficient budget is available to complete a thorough and detailed forecast. In addition, producing a single report for SCPA reduces the time and expense required in developing similar but separate SCE forecasts for each interested SCPA member. R. W. Beck is currently discussing the forecast with other SCPA members and it is possible others will also be interested in the study.

The report will include an analysis of SCE's current average rates and a forecast of SCE's average rates over the long term (three, five, and 10 years). The report would provide this information for four major customer segments: residential, commercial, industrial, and agricultural, and for the system as a whole. The report will also include low, expected, and high case scenarios based on clearly identified assumptions about the following issues:

- The effects of the California Public Utilities Commission (CPUC) and SCE settlement that allows recovery of outstanding debts incurred by purchasing power for more than their retail rates recovered.
- The cost, operation, and ultimate retail price of SCE's retained generation.
- Federal Energy Regulatory Commission (FERC) hydroelectric relicensing issues.
- SCE's 2003 general rate case for delivery system revenue requirements and rate design, as well as balancing account amortization and allocation.
- The allocation of energy purchasing costs from the California Department of Water Resources.
- SCE's proposed pricing of transmission assets and SCE's cost responsibility from participation in the California Independent System Operator and successor organizations.
- The resumption of energy purchasing for the purpose of meeting all remaining retail (non-Direct Access) load.
- Proposed changes to public purpose programs, nuclear decommissioning fees, tier usage allowances, or line extension practices.



- Bypassable and non-bypassable charges, exit fees, and amortization of rate reduction bonds.

Given the proposed scope of the report, R. W. Beck anticipates initial pricing will be about \$80,000. Additional work will be needed to determine specific report contents and final pricing, including determining those Cities that would like to participate. It is anticipated that staff resources will need to be allocated for monitoring the many rate-related proceedings currently being litigated at the CPUC and FERC. Expenses associated with this work would also be billed at cost and are included in the cost estimate.

Additional work could also be completed to tailor the report for each City. The report could be expanded to include an analysis and forecast of each individual City's class average rates and include a review of each City's financial and rate modeling, as well as energy and demand forecasts. The cost of these additional services would be customized to each City's need and would likely cost an additional \$20,000 per City, depending on the services required. Pasadena has already expressed an interest in these additional services.

In addition, Anaheim has expressed interest in having a complete rate design and financial analysis completed in conjunction with the forecast report. Anaheim's rate design and financial analysis would include:

- Evaluating Anaheim's current load forecasts, financial planning and modeling, and current cost-of-service allocations and analysis.
- Evaluating Anaheim's high-level rate design and cost-of-service objectives.
- Based on Anaheim's cost-of-service analysis and allocation, development of Anaheim's retail rates, including assessment of customer impacts, competitiveness, and evaluation of Anaheim's current rate options.
- Support for rate design and cost-of-service study development before Anaheim's Board and the City Council.

The budget for these services would be between \$60,000 and \$75,000, once again to be reimbursed by Anaheim. More detail on the tasks and scope of this project, as well as a final budget, would be negotiated directly with Anaheim.

The Project Manager for the report and financial and rate design services will be Scott Martin, who has more than 12 years of electric and natural gas pricing experience with several major IOUs in the Western United States and a large California municipal utility. He has testified before regulatory agencies and executive boards on electric and natural gas pricing issues in California, Arizona, Nevada, and Maine.

Please do not hesitate to contact me if you have any questions or would like to talk over these issues further.

Sincerely,

R. W. BECK, INC.

A handwritten signature in black ink, appearing to read 'Michael A. Bell'. The signature is written in a cursive, slightly slanted style.

Michael A. Bell
Principal and Senior Director of Client Services