

RESOLUTION NO. 2000-12

RESOLUTION (I) ADOPTING A POLICY ALLOCATING PERMITTED PRIVATE USE UNDER LAWS RELATED TO FEDERAL TAX EXEMPTION WITH RESPECT TO THE PALO VERDE PROJECT AND (II) AUTHORIZING OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE

WHEREAS, provisions of law, regulations and administrative interpretations relating to the exclusion of interest on the bonds of the Southern California Public Power Authority (the "Authority") from the gross income of the owners thereof for Federal income tax purposes (the "Federal Tax Exemption") limit the trade or business use or the private business use (the "private use") permitted with respect to the Authority's projects in order that such exclusion not be adversely affected; and

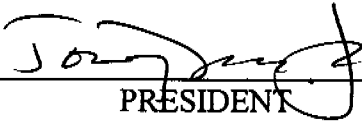
WHEREAS, the Board of Directors desires to adopt a policy relating to the allocation of private use of the Authority's interest in the Palo Verde Project (the "Project") in order to assure (i) the maintenance of the existing Federal Tax Exemption of bonds relating to the Project and (ii) a fair and equitable allocation of permitted private use among all of the participants in the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. The "Palo Verde Project Policy Regarding Allocation of Permitted Private Use" attached to this Resolution is hereby adopted.
2. Each of the President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the purpose of this Resolution.

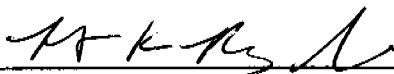
3. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 18th day of May, 2000.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



SECRETARY
Southern California Public
Power Authority

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

PALO VERDE PROJECT POLICY REGARDING ALLOCATION OF PERMITTED PRIVATE USE

Adopted by the Board of Directors
on May 18, 2000

1. Defined Terms

Capitalized terms used but not defined in this Policy have the respective meanings ascribed thereto in the Power Sales Contracts between the Southern California Public Power Authority (the "Authority") and each of the Purchasers described therein (the "Power Sales Contracts").

2. Allocation of Permitted "Private Use" Based Upon Project Entitlement Shares; Existing and Future Private Use Arrangements

(A) Based on the provisions of law, regulations and administrative interpretations relating to the Federal Tax Exemption, there is a limited amount of private use permitted with respect to the Project. Subject to Section 2(C) below, such permitted private use is hereby allocated so that it shall be available for transactions heretofore and hereafter entered into by Project Participants such that all permitted private use shall be available to the Project Participants in proportion to their respective Project Entitlement Shares under the Power Sales Contracts. The Project Entitlement Shares of the Project Participants as of the date of adoption of this Policy are as follows:

<u>Project Participant</u>	<u>Project Entitlement Shares</u>
City of Azusa	1.00%
City of Banning	1.00
City of Burbank	4.40
City of Colton	1.00
City of Glendale	4.40
Imperial Irrigation District	6.50
Department of Water and Power of The City of Los Angeles	67.00
City of Pasadena	4.40
City of Riverside	5.40
City of Vernon	<u>4.90</u>
Total	100.00%

Attached hereto as Attachment A is an illustration of the methodology used in determining the amount of permitted private use for each Project Participant as of the date of adoption of this Policy.

(B) Each Project Participant agrees that it shall not enter into private use arrangements that exceed the amount of private use allocated to such Project Participant pursuant to Section 2(A) above. If the Authority, after consultation with its Bond Counsel and a Project Participant, determines that a Project Participant has failed to comply with the preceding sentence and gives written notice to such Project Participant of the noncompliance, then such Project Participant shall promptly take all necessary actions to assure that the Project Participant is again in compliance with Section 2(A) of this Policy.

(C) Upon prior written notice to the Authority, any Project Participant may make any portion of the unused private use allocated to it pursuant to Section 2(A) above, available to one or more of the other Project Participants.

(D) In order to enable the Authority to determine the amount of private use with respect to the Project, within 30 days of a Project Participant entering into an arrangement that constitutes private use, such Project Participant shall provide to the Authority a written description of each such private use arrangement; provided, however, that with respect to any private use arrangements entered into by a Project Participant prior to the adoption of this Policy, such written description shall be provided within 60 days after the adoption of this Policy. If a Project Participant has not entered into any private use arrangement prior to the adoption of this Policy, it shall so notify the Authority in writing within 60 days after the adoption of this Policy.

The written description to be provided to the Authority pursuant to the preceding paragraph shall include at least the following information for each private use arrangement: (i) the date the arrangement was entered into; (ii) the term (expressed in months or years) and any renewal terms of the arrangement; (iii) the amount of capacity and energy sold and/or to be sold pursuant to the arrangement; and (iv) the amount of capacity and energy exchanged or pooled and/or to be exchanged or pooled pursuant to the arrangement. Following the submission of the description, if the Project Participant learns that any of the information included in its written description is no longer correct, the Project Participant shall promptly provide to the Authority written notice correcting the incorrect information.

PALO VERDE PROJECT PRIVATE USE¹

“Measurement Period” in Hours ²	258,102 Hours
Nameplate Capacity (1,270 x 3)	3,810 MW
Total Possible MWhs (258,102 x 3,810)	983,368,620 MWhs
SCPPA’s Portion of MWhs (983,368,620 x 5.91%)	58,117,085 MWhs
Factor Based Upon \$15,000,000 Limitation	10.45 %
Total MWhs Available for Permissible Private Business Use	6,073,235 MWhs

Allocation of Permissible Private Business Use Among Project Participants:

<u>Project Participant</u>	<u>Project Entitlement Shares</u>	<u>Permissible Private Business Use</u>
City of Azusa	1.00%	60,732 MWhs
City of Banning	1.00	60,732
City of Burbank	4.40	267,222
City of Colton	1.00	60,732
City of Glendale	4.40	267,222
Imperial Irrigation District	6.50	394,761
Department of Water and Power of The City of Los Angeles	67.00	4,069,068
City of Pasadena	4.40	267,222
City of Riverside	5.40	327,955
City of Vernon	4.90	297,589
Total	100.00%	6,073,235 MWhs

¹For purposes of illustration only. As applicable laws, regulations and administrative interpretations change, the amount of permitted private use and the allocation thereof (as expressed above) shall be deemed to change as necessary to remain in compliance with then-current laws, regulations and administrative interpretations. The methodology set forth above is based upon certain assumptions (e.g., the applicability of a continuing \$15,000,000 nonqualified amount limitation for “grandfathered” advance refunding issues), and actual permitted private use may be significantly higher.

²Calculated pursuant to Treas. Reg. sections 1.141-3(g)(2) and 1.141-8T(b) treating multiple generating units as a single project.