

RESOLUTION NO. 2000-13

RESOLUTION (I) ADOPTING A POLICY ALLOCATING PERMITTED PRIVATE USE UNDER LAWS RELATED TO FEDERAL TAX EXEMPTION WITH RESPECT TO THE SOUTHERN TRANSMISSION 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 Southern Transmission 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 "Southern Transmission 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 18<sup>th</sup> day of May, 2000.

  
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PRESIDENT  
Southern California Public  
Power Authority

ATTEST:

  
\_\_\_\_\_  
SECRETARY  
Southern California Public  
Power Authority

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

SOUTHERN TRANSMISSION 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 Transmission Service Contracts between the Southern California Public Power Authority (the "Authority") and each of the Transmission Service Purchasers described therein (the "Transmission Service Contracts").

**2. Allocation of Permitted "Private Use" Based Upon Transmission Service 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 Transmission 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 Transmission Service Purchasers such that all permitted private use shall be available to the Transmission Service Purchasers in proportion to their respective Transmission Service Shares under the Transmission Service Contracts. The Transmission Service Shares of the Transmission Service Purchasers as of the date of adoption of this Policy are as follows:

<u>Transmission Service Purchaser</u>	<u>Transmission Service Shares</u>
City of Anaheim	17.647%
City of Burbank	4.498
City of Glendale	2.274
Department of Water and Power of The City of Los Angeles	59.534
City of Pasadena	5.883
City of Riverside	<u>10.164</u>
Total	100.000%

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

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

(C) Upon prior written notice to the Authority, any Transmission Service Purchaser 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 Transmission Service Purchasers.

(D) In order to enable the Authority to determine the amount of private use with respect to the Transmission Project, within 30 days of a Transmission Service Purchaser entering into an arrangement that constitutes private use, such Transmission Service Purchaser 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 Transmission Service Purchaser prior to the adoption of this Policy, such written description shall be provided within 60 days after the adoption of this Policy. If a Transmission Service Purchaser 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 transfer capability sold and/or to be sold pursuant to the arrangement; and (iv) the amount of transfer capability exchanged or pooled and/or to be exchanged or pooled pursuant to the arrangement. Following the submission of the description, if the Transmission Service Purchaser learns that any of the information included in its written description is no longer correct, the Transmission Service Purchaser shall promptly provide to the Authority written notice correcting the incorrect information.

SOUTHERN TRANSMISSION PROJECT PRIVATE USE<sup>1/</sup>

“Measurement Period” in Hours	317,040 Hours
Capacity	1,920 MW
Total Possible MWhs (317,040 x 1,920)	608,716,800 MWhs
Factor Based Upon \$15,000,000 Limitation	3.14 %
Total MWhs Available for Permissible Private Business Use	19,113,707 MWhs

## Allocation of Permissible Private Business Use Among Transmission Service Purchasers:

<u>Transmission Service Purchaser</u>	<u>Transmission Service Shares</u>	<u>Permissible Private Business Use</u>
City of Anaheim	17.647%	3,372,996 MWhs
City of Burbank	4.498	859,735
City of Glendale	2.274	434,646
Department of Water and Power of The City of Los Angeles	59.534	11,379,154
City of Pasadena	5.883	1,124,459
City of Riverside	<u>10.164</u>	<u>1,942,717</u>
Total	100.000%	19,113,707 MWhs

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<sup>1/</sup> For 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.