

(Roll Call Vote)

RESOLUTION NO. 1999-12

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY APPROVING THE BUDGET FOR
PALO VERDE PROJECT FOR THE FISCAL YEAR
JULY 1, 1999 THROUGH JUNE 30, 2000

BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority (the "Authority") that:

1. The budget for the Palo Verde Project for the Fiscal Year July 1, 1999 through June 30, 2000, submitted to this Board of Directors, is hereby approved. The Executive Director is hereby authorized and directed to place the budget so approved in final form, with such changes as shall be necessary or advisable to comply with the Palo Verde Project Bond Indenture and Power Sales Contracts; and the budget hereby approved, in such final form, shall constitute the Authority's Annual Budget for the Palo Verde Project for the Fiscal Year July 1, 1999 through June 30, 2000.

2. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority, this 20th day of May 1999.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public
Power Authority

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

PALO VERDE PROJECT

ANNUAL BUDGET

FOR THE FISCAL YEAR

JULY 1, 1999 THROUGH JUNE 30, 2000

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

PALO VERDE NUCLEAR GENERATING STATION

COMPARISON OF BUDGET - FISCAL 1998-99 TO 1999-2000
(\$000's)

	<u>1998-99</u>	<u>1999-2000</u>	Variance	
			\$	%
MINIMUM COST COMPONENT				
Debt Service (net)	\$ 134,589	\$ 134,624	\$ 35	0.03%
Operation and Maintenance	\$ 16,200	\$ 17,064	\$ 864	5.33%
APS Administration and General Insurance	\$ 4,180	\$ 1,428	\$ (2,752)	-65.84%
Renewals and Replacements	\$ 384	\$ 156	\$ (228)	-59.38%
Decommissioning	\$ 3,500	\$ 3,216	\$ (284)	-8.11%
Taxes	\$ 8,000	\$ 8,004	\$ 4	0.05%
Authority A&G	\$ 5,600	\$ 5,100	\$ (500)	-8.93%
	\$ 1,264	\$ 1,008	\$ (256)	-20.25%
Subtotal Minimum Cost Component	\$ 173,721	\$ 170,600	\$ (3,121)	-1.80%
VARIABLE COST COMPONENT				
Nuclear Fuel - Direct Costs	\$ 6,639	\$ 6,900	\$ 261	3.93%
Nuclear Fuel - Spent Fuel	\$ 1,720	\$ 1,728	\$ 8	0.47%
Debt Service ANPP Trans. (net)	\$ 2,170	\$ 2,170	\$ -	0.00%
Payments to SRP	\$ 370	\$ 216	\$ (154)	-41.62%
Debt Service - PV Switchyard (net)	\$ 198	\$ 198	\$ -	0.00%
PV Switchyard O&M	\$ 56	\$ 96	\$ 40	71.43%
Subtotal Variable Cost Component	\$ 1,152	\$ 11,308	\$ 10,156	881.60%
Total Cost of Power to the Authority	\$ 184,874	\$ 181,908	\$ (2,966)	-1.60%
Estimated Scheduled Energy (MWH)	1,720,000	1,717,000	(3,000)	-0.17%
Total Average Unit Cost (mills/kWh)	107.5	105.9	(1.6)	-1.45%
Interest Earnings	\$ 6,227	\$ 6,492	\$ 265	4.26%

EXPLANATION OF VARIANCES

Minimum Cost Component

- 1 Net Debt Service flat per Resolution No. 1998-28.
- 2 Operation and Maintenance increase reflects funds for dry cask storage facility.
- 3 APS A&G decrease reflects cost containment efforts and reclassifications to O&M.
- 4 Insurance decrease reflects decreasing rates.
- 5 Renewals & Replacements decrease reflects cost containment efforts.
- 6 Decommissioning flat, reflects rounding.
- 7 Taxes decrease reflects actual history.
- 8 Authority A&G decrease reflects decreasing trustee costs and nuclear staff at DWP.

Variable Cost Component

- 1 Nuclear Fuel Direct Costs reflects timing of purchases.
- 2 Nuclear Fuel Spent Fuel Disposal flat.
- 3 Debt Service ANPP Transmission flat.
- 4 Payments to SRP decrease reflects no more wheeling charges and end of charges for black start power in February.
- 5 Debt Service PV Switchyard flat.
- 6 PV Switchyard O&M increase reflects capital improvements (transformer).

Power Supply Year Number 15
 July 1, 1999 Through June 30, 2000
 Authority Interest in Palo Verde Nuclear Generating Station (1)
 (\$000)

		Minimum Cost Component (2)									
		Generating Station									
Month	Net Debt Service (4)(5)	Operation and Maintenance (6)	APS Admin. & General (6)	Insurance (7)	Renewals and Replacements (6)	Additional Decommissioning Reqmt. (8)	Taxes (9)	Auth. A&G Expense (10)	Subtotal Minimum Cost Component		
Jul	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Aug	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Sep	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Subtotal	\$33,656	\$4,266	\$357	\$39	\$804	\$2,001	\$1,275	\$252	\$42,650		
Oct	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Nov	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Dec	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Subtotal	\$33,656	\$4,266	\$357	\$39	\$804	\$2,001	\$1,275	\$252	\$42,650		
Jan	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Feb	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Mar	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Subtotal	\$33,656	\$4,266	\$357	\$39	\$804	\$2,001	\$1,275	\$252	\$42,650		
Apr	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
May	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Jun	\$11,219	\$1,422	\$119	\$13	\$268	\$667	\$425	\$84	\$14,217		
Subtotal	\$33,656	\$4,266	\$357	\$39	\$804	\$2,001	\$1,275	\$252	\$42,650		
Total FY97	\$134,624	\$17,064	\$1,428	\$156	\$3,216	\$8,004	\$5,100	\$1,008	\$170,600		

July 1, 1999 Through June 30, 2000
Authority Interest in Palo Verde Nuclear Generating Station (1)
(\$000)

Month	Variable Cost Component (3)											Estimated Energy to be Scheduled (MWh)(16)
	Nuclear Fuel (11)				Transmission			Palo Verde Switchd. O&M and Taxes (14)				
	Direct Costs	Spent Fuel	Debt Ser-vice ANPP Transm. Sys. (4)	Payments to SRP (12)	Debt Service PV Swyd. (13)				Subtotal Variable Cost Component			
Jul	\$575	\$144	\$181	\$18	\$17	\$8			\$942	\$15,159	159,000	
Aug	\$575	\$144	\$181	18	\$17	8			942	15,159	159,000	
Sep	\$575	\$144	\$181	18	\$17	8			942	15,159	154,000	
Subtotal	\$1,725	\$432	\$543	\$54	\$50	\$24			\$2,827	\$45,477	472,000	
Oct	\$575	\$144	\$181	\$18	\$17	\$8			\$942	\$15,159	107,000	
Nov	\$575	\$144	\$181	18	\$17	8			942	15,159	126,000	
Dec	\$575	\$144	\$181	18	\$17	8			942	15,159	159,000	
Subtotal	\$1,725	\$432	\$543	\$54	\$50	\$24			\$2,827	\$45,477	392,000	
Jan	\$575	\$144	\$181	\$18	\$17	\$8			\$942	\$15,159	159,000	
Feb	\$575	\$144	\$181	18	\$17	8			942	15,159	148,000	
Mar	\$575	\$144	\$181	18	\$17	8			942	15,159	147,000	
Subtotal	\$1,725	\$432	\$543	\$54	\$50	\$24			\$2,827	\$45,477	454,000	
Apr	\$575	\$144	\$181	\$18	\$17	\$8			\$942	\$15,159	102,000	
May	\$575	\$144	\$181	18	\$17	8			942	15,159	143,000	
Jun	\$575	\$144	\$181	18	\$17	8			942	15,159	154,000	
Subtotal	\$1,725	\$432	\$543	\$54	\$50	\$24			\$2,827	\$45,477	399,000	
Total FY97	\$6,900	\$1,728	\$2,170	\$216	\$198	\$96			\$11,308	\$181,908	1,717,000	

Footnotes:

- (1) Based on latest approved ANPP Annual Budget for FY 99 and estimate for FY 2000. Authority Operating Expenses include all of the costs shown herein, with the exception of the following: Debt Service, Debt Service ANPP transmission System, and Debt Service Palo Verde Switchyard.
- (2) Establishes the basis for the billing of the minimum cost component of Monthly Power Costs pursuant to Section 5.2, Adoption of Annual Budget, of the Power Sales Contracts with the Project Participants.
- (3) Establishes the rate for billing of the variable cost component of Monthly Power Costs pursuant to Section 5.2, Adoption of Annual Budget, of the Power Sales Contracts with the Project Participants. Such rate of billing is determined by dividing the fiscal year total of the "Subtotal Variable Cost Component" column by the fiscal year total of the "Estimated Energy to be Scheduled" column. The monthly Variable cost Component is determined by multiplying such rate of billing by the actual energy delivered to the Authority at the high voltage bus of the Palo Verde High Voltage Switchyard.
- (4) Interest to be paid from revenues is accrued during the six months prior to each semi-annual payment on July 1 and January 1. Principal is accrued during the twelve months prior to each annual payment on July 1. Also based on transferring 100% of the investment income to the Revenue Fund from the Debt Service Reserve Accounts in the Debt Service Fund, the Reserve Account in the Reserve and Contingency Fund and the Operating Fund.
- (5) Includes 50% of debt service allocated to Palo Verde High Voltage Switchyard. This represents the portion of such debt service attributable to the generation side of the Palo Verde High Voltage Switchyard.
- (6) Based on estimates provided by APS, payroll loads included in A&G only.
- (7) Based on estimates provided by APS. Includes nuclear insurance.
- (8) "Additional Decommissioning Requirement" represents a sinking fund allowance, which was based, in part, on APS' estimate for decommissioning each unit.
- (9) Based on the Authority ad valorem taxes at rates estimated by APS and Salt River Project.
- (10) Based on amounts estimated by Authority.
- (11) Based on estimates provided by APS and ANPP. There are no fixed costs of nuclear fuel to be incurred under Appendix F to the ANPP Participation Agreement, dated August 23, 1973, as amended, which are not to be funded out of bond proceeds. (See Section 4.32.1.4 of the Power Sales contracts with the Project Participants.) The debt service on these bonds is included under the Minimum Cost Component.
- (12) Based on Amendment No. 1 to the Authority's Transmission Agreement with SRP, dated as of August 25, 1982. Includes Taxes, O&M, Dispatch and Wheeling.
- (13) 50% of debt service allocated to Palo Verde High Voltage Switchyard. This represents the portion of such debt service attributable to the transmission side of the Palo Verde High Voltage Switchyard.
- (14) Based on estimates provided by SRP.
- (15) Sum of Minimum Cost Component and Variable Cost Component.
- (16) At the high voltage bus of the Palo Verde High Voltage Switchyard. Computed as the Authority's share of estimated total generation at the Project site based on latest approved data from APS.

ANNUAL BUDGET

Power Supply Year Number 15

July 1, 1999 Through June 30, 2000

Authority Interest in Palo Verde Nuclear Generating Station (1)
(\$000)

Month	Revenues (*)			Revenue Fund Disbursements							Total Revenue Fund Disbursements
	Minimum Cost Component	Variable Cost Component	Interest Earnings	Operating Fund	Acquisition of Fuel Reserve	Debt Service Account(**)	Debt Service Reserve Account	Renewal & Replacement Account	Decommissioning Account	General Reserve Fund (**)	
Jul	\$14,217	\$942	\$541	\$2,233	\$575	\$2,874	\$0	\$268	\$667	\$9,083	\$15,700
Aug	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Sep	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Subtotal	\$42,650	\$2,827	\$1,623	\$6,699	\$1,725	\$8,622	\$0	\$804	\$2,001	\$27,249	\$47,100
Oct	\$14,217	\$942	\$541	\$2,233	\$575	\$2,874	\$0	\$268	\$667	\$9,083	\$15,700
Nov	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Dec	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Subtotal	\$42,650	\$2,827	\$1,623	\$6,699	\$1,725	\$8,622	\$0	\$804	\$2,001	\$27,249	\$47,100
Jan	\$14,217	\$942	\$541	\$2,233	\$575	\$2,874	\$0	\$268	\$667	\$9,083	\$15,700
Feb	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Mar	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Subtotal	\$42,650	\$2,827	\$1,623	\$6,699	\$1,725	\$8,622	\$0	\$804	\$2,001	\$27,249	\$47,100
Apr	\$14,217	\$942	\$541	\$2,233	\$575	\$2,874	\$0	\$268	\$667	\$9,083	\$15,700
May	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Jun	14,217	942	\$541	2,233	575	\$2,874	0	268	667	\$9,083	15,700
Subtotal	\$42,650	\$2,827	\$1,623	\$6,699	\$1,725	\$8,622	\$0	\$804	\$2,001	\$27,249	\$47,100
Total FY97	\$170,600	\$11,308	\$6,492	\$26,796	\$6,900	\$34,488	\$0	\$3,216	\$8,004	\$108,996	\$188,400

(*) To be deposited in the Revenue Fund.

(**) Per Resolution No. 1998-28, includes \$4.3 million to keep total net debt service at the prior level.