

RESOLUTION NO. 1998-24

RESOLUTION (I) ADOPTING A POLICY ALLOCATING PERMITTED PRIVATE USE UNDER LAWS RELATED TO FEDERAL TAX EXEMPTION WITH RESPECT TO THE MEAD-PHOENIX PROJECT AND (II) AUTHORIZING THE 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 Mead-Phoenix 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 "Mead-Phoenix 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 19th day of November 1998.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



SECRETARY
Southern California Public
Power Authority

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

MEAD-PHOENIX PROJECT POLICY REGARDING
ALLOCATION OF PERMITTED PRIVATE USE

Adopted by the Board of Directors
on November 19, 1998

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 Purchasers described therein (the "Transmission Service Contracts").

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

<u>Project Participant</u>	<u>Westwing-Mead Project Component Purchaser Share</u>	<u>Mead Substation Project Component Purchaser Share</u>	<u>Mead-Marketplace Project Component Purchaser Share</u>
City of Anaheim	19.7479%	50.0000%	26.5060%
City of Azusa	1.2605	0.0000	0.7229
City of Banning	1.2605	0.0000	0.7229
City of Burbank	14.7059	15.9091	16.8675
City of Colton	1.2605	0.0000	0.7229
City of Glendale	11.7647	22.7273	19.2771
Dept. of Water & Power of City of Los Angeles	31.0924	0.0000	17.8313
City of Pasadena	13.8656	11.3636	14.4578
City of Riverside	<u>5.0420</u>	<u>0.0000</u>	<u>2.8916</u>
Total	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>

Attached hereto as Attachment A^{1/} is an illustration of the methodology used in determining the amount of permitted private use for each Purchaser as of the date of adoption of this Policy. As indicated in Attachment A, the amount of private use that is used by a Purchaser in a particular private use arrangement shall be determined based upon the cost per MWh assigned to the applicable component of the Project, as indicated in Attachment A, multiplied by the number of MWhs subject to such private use arrangement. Except as otherwise provided in Section 2(C) below, the resulting dollar amount, together with the aggregate dollar amount of all other private use arrangements by such Purchaser with respect to the Project, may not exceed the dollar amount allocated to such Purchaser as indicated in the last column in Attachment A (entitled "Combined 10% Private Use").

Notwithstanding anything to the contrary in this Policy, however, prior to July 1, 2000, no Purchaser shall enter into any private use arrangement with a term in excess of two years without first obtaining the concurrence of the Authority and its Bond Counsel that such arrangement will not cause the Purchaser to exceed its allocated amount of permitted private use.

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

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

(D) In order to enable the Authority to determine the amount of private use with respect to the Project, within 30 days of a Purchaser entering into an arrangement that constitutes private use, such 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 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 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 and/or electrical capability sold

^{1/}The cost per MWh for each of the three components of the Project, as indicated in Attachment A, is expected to change slightly once the Mead-Phoenix Management Committee determines the final construction costs of the three components. Once such costs are known, the Authority may revise, and submit for approval by the Board of Directors, Attachment A.

and/or to be sold pursuant to the arrangement; and (iv) the amount of transfer capability and/or electrical capability exchanged or pooled and/or to be exchanged or pooled pursuant to the arrangement. Following the submission of the description, if the Purchaser learns that any of the information included in its written description is no longer correct, the Purchaser shall promptly provide to the Authority written notice correcting the incorrect information.