

RESOLUTION NO. 1990-14

RESOLUTION DIRECTING DEPOSIT TO PALO VERDE PROJECT AGREEMENT I FUND AND DEPOSIT TO PALO VERDE PROJECT AGREEMENT II FUND; RESCINDING IN PART RESOLUTION NO. 1988-3; APPROVING AMENDED ANNUAL BUDGET; AND AUTHORIZING THE OFFICERS OF THE AUTHORITY TO DO ALL OTHER THINGS DEEMED NECESSARY OR PROPER

WHEREAS, the Southern California Public Power Authority (the "Authority") has executed and delivered its Decommissioning Trust Fund Agreement I, dated as of July 13, 1990, by and between the Authority and Security Pacific National Bank, providing for a trust fund to provide all financial assurance required for decommissioning activities by the United States Nuclear Regulatory Commission with respect to the Authority's interest in the Palo Verde Project (the "Agreement I Fund"); and

WHEREAS, the Authority has executed and delivered its Decommissioning Trust Fund Agreement II, dated as of July 13, 1990, by and between the Authority and Security Pacific National Bank, providing for a trust fund to provide additional financial assurance required for decommissioning activities by the Arizona Nuclear Power Project Participation Agreement with respect to the Authority's interest in the Palo Verde Project (the "Agreement II Fund"); and

WHEREAS, pursuant to the Indenture of Trust, dated as of July 1, 1981, from Southern California Public Power Authority (the "Authority") to First Interstate Bank of California, as Trustee (as amended, the "Indenture"), the Authority has established and maintained a Decommissioning Account as a reserve for costs of decommissioning with respect to the Authority's interest in the Palo Verde Project (the "Indenture Account"); and the current Annual Budget for the Palo Verde Project and Resolution No. 1988-3 of the Authority provide for the deposit of additional amounts into the Indenture Account; and

WHEREAS, the Board of Directors of the Authority has determined that funds now available in the Initial Facilities Account of the Construction Fund under the Indenture should be deposited in the Agreement I Fund and the Agreement II Fund, in the amounts hereinafter described, and that (because of such deposits) additional amounts need not be deposited in the Indenture Account;

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

1. There shall be deposited in the Agreement I Fund, on or before November 1, 1990, from amounts now on deposit in the Initial Facilities Account of the Construction Fund under the Indenture, the amount required to be on deposit in the Agreement I Fund as of the date of such deposit (as determined by the Executive Director of the Authority, utilizing the cost estimates and assumptions presented to this Board of Directors including the assumptions that costs will escalate at a compound annual rate of 6.00% and that amounts on deposit will have a compound annual yield of 6.83%).

2. There shall be deposited in the Agreement II Fund, on or before November 1, 1990, from amounts now on deposit in the Initial Facilities Account of the Construction Fund under the Indenture, the amount required to be on deposit in the Agreement II Fund as of the date of such deposit (as determined by the Executive Director of the Authority, utilizing the cost estimates and assumptions presented to this Board of Directors including the assumptions that costs will escalate at a compound annual rate of 6.00% and that amounts on deposit will have a compound annual yield of 6.83%).

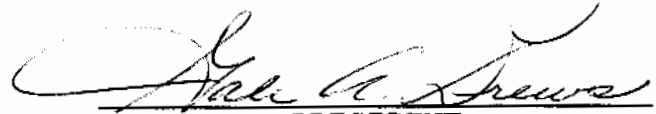
3. Resolution No. 1988-3 of the Authority, which provided for the transfer of certain investment income into the Indenture Account, is hereby rescinded to the extent it would require the transfer of investment income into the Indenture Account after the effective date of this Resolution.

4. The amended annual budget for the Palo Verde Project for the Power Supply Year beginning July 1, 1990, submitted to this Board of Directors is hereby approved. The Executive Director is hereby authorized and directed to place the amended annual budget in final form, with such changes as shall be necessary or advisable to comply with the Indenture and the related Power Sales Contracts; and the amended annual budget, in such final form, shall hereafter constitute the Authority's Annual Budget for the Palo Verde Project for the Power Supply Year beginning July 1, 1990.

5. Each of the President, Vice President, Secretary, any Assistant Secretary and the Executive Director of the Authority, and any other officer or authorized representative 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 proper for carrying out the transactions contemplated by this Resolution.

6. This Resolution shall become effective immediately.

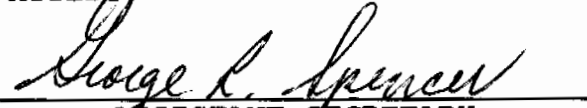
THE FOREGOING RESOLUTION is approved and adopted by the Authority, this third day of October, 1990.



PRESIDENT

Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY

Southern California Public
Power Authority

PALO VERDE PROJECT
AMENDED ANNUAL BUDGET
FOR THE
FISCAL YEAR JULY 1, 1990 THROUGH JUNE 30, 1991

Note: Minimum Cost Component - Additional Decommissioning Requirement has been changed pursuant to Resolution 1990-14.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE NUCLEAR GENERATING STATION
COMPARISON OF APPROVED VS. AMENDED ANNUAL 1990-91 BUDGET
(\$1000'S)**

	<u>Approved</u>	<u>Amended</u>	<u>Variance</u>	
	<u>1990-91</u>	<u>1990-91</u>	<u>\$</u>	<u>%</u>
MINIMUM COST COMPONENT				
Debt Service	\$ 71,962	\$ 71,962	0	0
Operation and Maintenance	20,544	20,544	0	0
APS Administration and General	3,356	3,356	0	0
Insurance	1,044	1,044	0	0
Renewals and Replacements	7,849	7,849	0	0
Additional Decommissioning Reqmt.	2,488	829 *	-1,659	-66.7
Taxes	7,260	7,260	0	0
Authority Admin. and General Expenses	1,386	1,386	0	0
Subtotal Minimum Cost Component	\$115,889	\$114,230	-1,659	-1.4
VARIABLE COST COMPONENT				
Nuclear Fuel - Direct Costs	\$ 8,502	\$ 8,502	0	0
Nuclear Fuel - Spent Fuel	1,620	1,620	0	0
Debt Service - PV Switchyard (net)	1,160	1,160	0	0
Payments to SRP	299	299	0	0
Debt Service - PV Switchyard (net)	106	106	0	0
Palo Verde Switchyard - O&M and Taxes	44	44	0	0
Subtotal Variable Cost Component	\$ 11,731	\$ 11,731	0	0
Total Cost of Power to Authority	\$127,620	\$125,961	-1,659	-1.3
Estimated Energy to be Scheduled (Mwh)	1,554,921	1,554,921	0	0
Total Average Unit Cost (mills/kWh)	82.1	81.0	1.1	-1.3
Incremental Cost (mills/kWh)	7.5	7.5	0	0
Interest Earnings	\$14,385	\$14,385	0	0

* Changed pursuant to Resolution 1990-14

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 Expenses (10)	Subtotal Minimum Cost Component	
Jul	\$5,997	\$1,712	\$279	\$87	\$654	\$207	\$605	\$115	\$9,656	
Aug	5,997	1,712	280	87	654	207	605	115	9,657	
Sep	5,997	1,712	280	87	654	208	605	116	9,659	
Subtotal	\$17,991	\$5,136	\$839	\$261	\$1,962	\$622	\$1,815	\$346	\$28,972	
Oct	\$5,997	\$1,712	\$279	\$87	\$654	\$207	\$605	\$115	\$9,656	
Nov	5,997	1,712	280	87	654	0	605	116	9,451	
Dec	5,997	1,712	280	87	654	0	605	116	9,451	
Subtotal	\$17,991	\$5,136	\$839	\$261	\$1,962	\$207	\$1,815	\$347	\$28,558	
Jan	\$5,997	\$1,712	\$279	\$87	\$654	\$0	\$605	\$115	\$9,449	
Feb	5,997	1,712	280	87	654	0	605	115	9,450	
Mar	5,997	1,712	280	87	654	0	605	116	9,451	
Subtotal	\$17,991	\$5,136	\$839	\$261	\$1,962	\$0	\$1,815	\$346	\$28,350	
Apr	\$5,997	\$1,712	\$279	\$87	\$654	\$0	\$605	\$115	\$9,449	
May	5,997	1,712	280	87	654	0	605	116	9,451	
Jun	5,997	1,712	280	87	655	0	605	116	9,452	
Subtotal	\$17,991	\$5,136	\$839	\$261	\$1,963	\$0	\$1,815	\$347	\$28,352	
Total FY90	\$71,962	\$20,544	\$3,356	\$1,044	\$7,849	\$829	\$7,260	\$1,386	\$114,230	

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

Variable Cost Component (3)												
Nuclear Fuel (11)												
Month	Direct Costs	Spent Fuel	Debt Service AMPP Transm. Sys. (4)	Payments to SRP (12)	Transmission			Subtotal Variable Cost Component (15)	Total Cost of Power to Authority (15)	Estimated Energy to be Scheduled (MMh)(16)		
					Debt Service AMPP Transm. Sys. (4)	Palo Verde Switchy. O&M and Taxes (14)	Component (16)					
Jul	\$811	\$151	\$97	\$23	\$9	\$4	\$1,094	\$10,750	144,795			
Aug	\$782	\$151	97	\$26	9	4	1,068	10,724	144,795			
Sep	\$756	\$146	97	\$25	9	4	1,036	10,695	140,067			
Subtotal	\$2,349	\$448	\$290	\$74	\$26	\$11	\$3,198	\$32,169	429,657			
Oct	\$811	\$151	\$97	\$26	\$9	\$4	\$1,097	\$10,753	144,795			
Nov	\$756	\$146	97	\$26	9	4	1,037	10,488	140,067			
Dec	\$782	\$151	97	\$25	9	4	1,067	10,517	144,795			
Subtotal	\$2,349	\$448	\$290	\$77	\$26	\$11	\$3,201	\$31,759	429,657			
Jan	\$811	\$151	\$97	\$23	\$9	\$4	\$1,094	\$10,543	144,795			
Feb	\$705	\$136	97	\$23	9	4	973	10,423	130,611			
Mar	\$782	\$151	97	\$25	9	4	1,067	10,517	144,795			
Subtotal	\$2,298	\$438	\$290	\$70	\$26	\$11	\$3,134	\$31,483	420,201			
Apr	\$510	\$95	\$97	\$26	\$9	\$4	\$740	\$10,188	91,014			
May	\$504	\$97	97	\$26	9	4	737	10,187	93,378			
Jun	\$491	\$95	97	\$26	9	4	721	10,174	91,014			
Subtotal	\$1,505	\$287	\$290	\$78	\$26	\$11	\$2,198	\$30,549	275,406			
Total FY90	\$8,502	\$1,620	\$1,160	\$299	\$106	\$44	\$11,731	\$125,961	1,554,921			

Footnotes:

- (1) Based on latest approved ANPP Annual Budget for FY 90 and estimate for FY 91. 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. For the period of November 1990 through June 1991, these costs are funded from other sources.
- (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.

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	Total			
Jul	\$9,656	\$1,094	\$1,198	\$2,975	\$811	\$7,301	\$0	\$654	\$207	\$0	\$11,948			
Aug	9,657	1,068	1,199	2,980	782	7,301	0	654	207	0	11,923			
Sep	9,659	1,036	1,199	2,975	756	7,301	0	654	208	0	11,894			
Subtotal	\$28,972	\$3,198	\$3,596	\$8,929	\$2,349	\$21,903	\$0	\$1,962	\$622	\$0	\$35,765			
Oct	\$9,656	\$1,097	\$1,198	\$2,979	\$811	\$7,301	\$0	\$654	\$207	\$0	\$11,951			
Nov	9,451	1,037	1,199	2,976	756	7,301	0	654	0	0	11,687			
Dec	9,451	1,067	1,199	2,980	782	7,301	0	654	0	0	11,716			
Subtotal	\$28,558	\$3,201	\$3,596	\$8,934	\$2,349	\$21,903	\$0	\$1,962	\$207	\$0	\$35,355			
Jan	\$9,449	\$1,094	\$1,198	\$2,975	\$811	\$7,301	\$0	\$654	\$0	\$0	\$11,741			
Feb	9,450	973	1,199	2,961	705	7,301	0	654	0	0	11,622			
Mar	9,451	1,067	1,199	2,980	782	7,301	0	654	0	0	11,716			
Subtotal	\$28,350	\$3,134	\$3,596	\$8,916	\$2,298	\$21,903	\$0	\$1,962	\$0	\$0	\$35,079			
Apr	\$9,449	\$740	\$1,199	\$2,922	\$510	\$7,301	\$0	\$654	\$0	\$0	\$11,387			
May	9,451	737	1,199	2,927	504	7,301	0	654	0	0	11,386			
Jun	9,452	721	1,199	2,924	491	7,302	0	655	0	0	11,373			
Subtotal	\$28,352	\$2,198	\$3,597	\$8,774	\$1,505	\$21,904	\$0	\$1,963	\$0	\$0	\$34,146			
Total FY90	\$114,230	\$11,731	\$14,385	\$35,553	\$8,502	\$87,613	\$0	\$7,849	\$829	\$0	\$140,346			

(*) To be deposited in the Revenue Fund.