

MINUTES OF THE MAY 15, 2003
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on May 15, 2003, at the Hilton Hotel, 100 West Glenoaks Blvd, Glendale, California.

The meeting was called to order at 10:44 a.m. by President Ronald E. Davis.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their utility: Mark Mazak, Anaheim (A); Joseph F. Hsu, Azusa, (M); Paul Toor, Banning (M); Ronald E. Davis, Burbank (M); Vince Brar, Cerritos (A); Jeanette Olko, Colton (A); Ignacio R. Troncoso, Glendale (M); Frank M. Barbera, IID (A); Ronald O. Vazquez, Los Angeles (M); Phyllis E. Currie, Pasadena (M), Thomas P. Evans, Riverside (M).

Staff present were: Executive Director Bill D. Carnahan; SCPPA staff members Phyllis H. Brown, Steven L. Homer, Craig A. Koehler, Geri L. Mitchell, and Manuel A. Robledo; Consulting Financial Manager, Greg Leddy; and Luan Nguyen, LADWP Nuclear Group.

Attorneys and consultants present included: Stephen Cole, Fulbright & Jaworski; and Alan R. Watts.

1. Notice/Agenda Opportunity for the Public to Address the Board

President Davis afforded the public an opportunity to address the Board.

2. Honorary Resolution

President Davis presented a resolution honoring Greg Leddy and thanking him for his years of service to SCPPA.

3. Approval of Minutes

Mr. Vazquez moved to approve the minutes of the Regular Meeting held April 17, 2003. The motion was seconded by Mr. Troncoso and unanimously approved.

4. Executive Director's Report

Mr. Carnahan referenced his written report, and discussed the highlights.

Mr. Carnahan presented Resolution 2003-13, authorizing an agreement with Energy Controls & Concepts to provide energy auditing services for the City of Colton and any other members who wish to participate. Ms. Olko moved that Resolution 2003-13 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Carnahan presented Resolution 2003-14, authorizing an agreement with Navigant Consulting for services to be provided to the City of Azusa Light and Waters. Mr. Hsu moved that Resolution 2003-14 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Carnahan distributed a draft press release regarding the success of the members' public benefits programs, and asked that any comments be submitted quickly.

Mr. Carnahan reported that the Ad Hoc Customer Service Committee had held its first meeting, and would continue meeting every other month.

5. Finance and Accounting Manager's Report

Mr. Koehler reported on the May 5, 2003, meeting of the Finance Committee, and presented the Investment Reports for the period ended March 31, 2003, for receipt and filing.

Mr. Koehler reported on the status of the Southern Transmission System (STS) swap transaction, which was priced on April 24, 2003, with estimated present value savings of \$6.9 million, or 11.6% of the refunded bonds. The transaction is scheduled to close the last week in May 2003.

Mr. Koehler noted that with the inclusion of the STS deal, total gross savings from refundings and escrow restructurings since December 2001 is \$75 million, with present value savings of \$47.7 million.

Mr. Koehler presented Resolution 2003-15, approving the 2003/04 Administrative and General Expenses Budget, and explained the changes from the draft version previously reviewed. Mr. Hsu moved that Resolution 2003-15 be approved. The motion was seconded by Mr. Mazak and unanimously approved.

Mr. Koehler presented Resolution 2003-16, approving a revised Employee Benefits Policy, and explained the modifications. Ms. Currie moved that Resolution 2003-16 be approved. The motion was seconded by Mr. Vazquez and unanimously approved.

Mr. Koehler presented Resolution 2003-17, approving collection of funds to pay for Legislative Advocacy. Mr. Troncoso moved that Resolution 2003-17 be approved. The motion was seconded by Mr. Hsu and unanimously approved.

Mr. Koehler presented Resolution 2003-18, approving collection of funds to pay for the Government Affairs office in Sacramento. Ms. Currie moved that Resolution 2003-18 be approved. The motion was seconded by Mr. Toor and unanimously approved.

Mr. Koehler presented Resolution 2003-19, approving collection of funds for the Regulatory budget category (Restructuring). Ms. Currie moved that Resolution 2003-19 be approved. The motion was seconded by Mr. Vazquez and unanimously approved.

Mr. Koehler reported on the first meeting of the Ad Hoc Customer Service Committee and presented the minutes.

6. Energy Systems Manager's Report

Mr. Robledo referenced his written report, and reported on meetings of the Resource Planning and Public Benefits Committees, including status of the proposed renewable projects, gas supply issues, research and development programs, and development of a renewable portfolio standard.

7. Government Affairs Manager's Report

Ms. Brown reported on legislative activities in Sacramento and Washington, D.C., and discussed plans for the upcoming Congressional Staff Tour, to begin May 29, 2003.

8. Project Administrator's Report

Mr. Homer referenced the written reports, and presented five project budgets for fiscal year 2003-04, along with explanations of any changes from previous drafts.

Mr. Homer presented Resolution 2003-20, approving the Mead-Adelanto Transmission Project Budget. Mr. Toor moved that Resolution 2003-20 be approved. The motion was seconded by Mr. Evans, and approved by Project Roll Call Vote, with Vernon and Cerritos absent, and Imperial present but not voting.

Mr. Homer presented Resolution 2003-21, approving the Mead-Phoenix Transmission Project Budget. Ms. Currie moved that Resolution 2003-21 be approved. The motion was seconded by Mr. Troncoso and approved by Project Roll Call Vote, with Cerritos and Vernon absent, and Imperial present but not voting.

Mr. Homer presented Resolution 2003-22, approving the Palo Verde Power Project Budget. Mr. Hsu moved that Resolution 2003-22 be approved. The motion was seconded by Mr. Toor and approved by Project Roll Call Vote, with Vernon absent, and Anaheim and Cerritos abstaining.

Following discussion, Mr. Nguyen agreed to provide benchmarking information comparing Palo Verde to similar-aged nuclear plants.

Mr. Homer presented Resolution 2003-23, approving the San Juan Unit 3 Power Project Budget. Mr. Hsu moved that Resolution 2003-23 be approved. The motion was seconded by Mr. Troncoso and approved by Project Roll Call Vote, with Vernon absent, Burbank, Cerritos and Pasadena present but not voting, and Anaheim, Los Angeles, and Riverside abstaining.

Mr. Homer presented Resolution 2003-24, approving the Southern Transmission System Project Budget, and noted that a new version incorporating last minute information had been handed out. Mr. Vazquez moved the Resolution 2003-24 be approved. The motion was seconded by Mr. Mazak and approved by Project Roll Call Vote, with Vernon absent, Banning, Cerritos, Colton, and Imperial present but not voting, and Azusa abstaining.

Mr. Homer presented Resolution 2003-25, approving execution of the Rudd 500kV Interconnection Agreement. This agreement allows interconnection of the Rudd Line, owned by Arizona Public Service Co. and Salt River Project, to the Palo Verde Switchyard. Mr. Barbera moved that Resolution 2003-25 be approved. The motion was seconded by Mr. Hsu and approved by Palo Verde Project Roll Call Vote, with Vernon absent, Cerritos present but not voting, and Anaheim abstaining.

Mr. Watts presented Resolution 2003-26, authorizing execution of the Magnolia Lease Agreement with the City of Burbank as amended. Mr. Mazak moved that Resolution 2003-26 be approved. The motion was seconded by Mr. Brar, and approved by Magnolia Project Roll Call Vote, with Vernon absent, Banning and Imperial present but not voting, and Azusa, Los Angeles, and Riverside abstaining.

9. Closed Session

At this point the Board went into closed session to discuss potential litigation related to the STS Project.

Upon returning to open session, President Davis announced that the Board had authorized the Executive Director to take action to return the claims as not timely, and to retain expert legal counsel. An engagement agreement for such counsel will be brought to the Board in July.

10. Adjournment

There being no further business, the meeting was adjourned at 12:20 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert K. Rozanski", with a stylized flourish at the end.

Robert K. Rozanski
Assistant Secretary