

MINUTES OF THE MAY 16, 2002
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on May 16, 2002, at the DoubleTree Hotel, 191 N. Los Robles Avenue, Pasadena, California.

The meeting was called to order at 10:50 a.m. by Vice President Ronald E. Davis.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their utility: Marcie L. Edwards, Anaheim (M); Joseph F. Hsu, Azusa (M); Paul Toor, Banning (M); Ronald E. Davis, Burbank (M); Vince Brar, Cerritos (A); Jeannette Olko, Colton (A); Ignacio R. Troncoso, Glendale (M); Kristine K. Fontaine, IID (M); Ronald O. Vazquez, Los Angeles (M); Phyllis E. Currie, Pasadena (M); Donna Stevener, Riverside (A); Karl A. Schwarm, San Marcos (A).

Staff present were: Executive Director Bill D. Carnahan; SCPPA staff members Steven L. Homer, Manuel A. Robledo, Phyllis H. Brown, and Geri L. Mitchell; Consulting Financial Manager, Greg Leddy; Consulting Project Administrator, Charles E. Patrick; Paciencia Dungo and Therese Savery, SCPPA Accounting; Luan Nguyen, LADWP Nuclear Group.

Attorneys and consultants present included: Stephen T. Cole, Fulbright & Jaworski; G. Michael Curls of Curls, Brown & Duran; and Alan R. Watts.

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

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

2. Approval of Minutes

Mr. Hsu moved to approve the minutes of the Regular Meeting held April 18, 2002. The motion was seconded by Mr. Troncoso and unanimously approved.

3. Budgets for Fiscal Year 2002/03

Mr. Homer presented the SCPPA Administrative and General Expense Budget and five project budgets for the fiscal year July 1, 2002, through June 30, 2003.

- **Administrative & General:** Ms. Currie moved that Resolution 2002-15, approving the SCPPA Administrative and General Expense Budget for 2002/03 be approved. The motion was seconded by Mr. Hsu and approved by roll call vote, with Vernon absent.

- **Legislative Advocacy:** Ms. Edwards moved that Resolution 2002-16, authorizing collection of monies approved in the Administrative and General Expense Budget for Legislative Advocacy be approved. The motion was seconded by Mr. Toor, and approved by a roll call vote, with San Marcos abstaining and Vernon absent.

Mr. Hsu moved that Resolution 2002-17, authorizing collection of funds for the Sacramento office expenses be approved as amended. The motion was seconded by Ms. Edwards and approved by roll call vote, with Los Angeles and San Marcos abstaining, and Vernon absent.

- **Restructuring (Regulatory):** Mr. Toor moved that Resolution 2002-18, authorizing collection of funds for Restructuring (Regulatory) expenses, be approved as amended. The motion was seconded by Ms. Currie and approved by roll call vote, with San Marcos abstaining and Vernon absent.
- **Mead-Adelanto Transmission Project:** Ms. Stevener moved that Resolution 2002-19, approving the budget for the Mead-Adelanto Project for fiscal year 2002/03 be approved. The motion was seconded by Mr. Hsu and approved by project roll call vote, with Imperial present but not voting, Cerritos and San Marcos abstaining, and Vernon absent.
- **Mead-Phoenix Transmission Project:** Ms. Currie moved that Resolution 2002-20, approving the budget for the Mead-Phoenix Project for fiscal year 2002/03 be approved. The motion was seconded by Ms. Stevener and approved by project roll call vote, with Imperial present but not voting, Cerritos and San Marcos abstaining, and Vernon absent.
- **Palo Verde Power Project:** Ms. Stevener moved that Resolution 2002-21, approving the budget for the Palo Verde Project for fiscal year 2002/03 be approved. The motion was seconded by Mr. Hsu and approved by project roll call vote, with Anaheim and San Marcos present but not voting, Colton abstaining, and Vernon absent.
- **San Juan Unit 3 Power Project:** Ms. Fontaine moved that Resolution 2002-22, approving the budget for the San Juan Unit 3 Project for fiscal year 2002/03 be approved. The motion was seconded by Mr. Hsu and approved by project roll call vote, with Anaheim and Pasadena present but not voting, Burbank, Cerritos, Los Angeles, Riverside, and San Marcos abstaining, and Vernon absent.
- **Southern Transmission System Project:** Mr. Vazquez moved that Resolution 2002-23, approving the budget for STS for fiscal year 2002/03 be approved. The motion was seconded by Ms. Currie and approved by project roll call vote, with Azusa, Banning, Colton, and Imperial present but not voting, Cerritos and San Marcos abstaining, and Vernon absent.

4. Executive Director's Report

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

Mr. Watts presented Resolution 2002-24, which declares SCPPA exempt from the state public bidding requirements as they pertain to the SCPPA Procurement Code. Ms. Stevener moved the Resolution 2002-24 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Carnahan announced that the Henwood Energy Services representatives who were scheduled to speak under agenda Item 10, had been unable to leave Sacramento Airport and would be rescheduled as part of the strategic planning session during the October meeting.

5. Finance Manager's Report

Mr. Leddy reported on the completion of a \$64 million Southern Transmission System Project transaction. Present value savings were 5.88% (\$3.4 million).

Mr. Leddy presented Resolution 2002-25, authorizing certain clarifying amendments to the confirmation relating to the STS swap agreement with UBS AG. Ms. Currie moved that Resolution 2002-25 be approved. The motion was seconded by Mr. Vazquez and approved by project roll call vote, with Azusa, Banning, Colton, Cerritos, Imperial and San Marcos present but not voting, and Vernon absent.

Mr. Leddy presented Resolution 2002-26, authorizing work to begin on another STS refunding. Ms. Edwards moved that Resolution 2002-26 be approved. The motion was seconded by Ms. Stevener and approved by project roll call vote, with Azusa, Banning, Colton, Cerritos, Imperial and San Marcos present but not voting, and Vernon absent.

Mr. Leddy announced that the Finance Committee was pulling Resolution 2002-27, having decided not to proceed with a variable rate refunding of San Juan Unit 3 bonds.

6. Energy Systems Manager's Report

Mr. Robledo reported on the meetings and activities of the Resource Planning Committee. He discussed the ongoing review of Renewable Power Project Proposals, and reported that the Resource Planning Committee would be presenting a recommended short list to the Board in closed session.

Mr. Robledo referenced his written report and discussed the highlights, including the California Independent System Operator (ISO) Metered Subsystem Proposal, market design, and the Federal Energy Regulatory Commission (FERC) Notice of Proposed Rulemaking (NOPR) on Interconnection.

Mr. Watts reported on the FERC NOPR, which includes interconnection procedures and a form of interconnection agreement. He urged SCPPA to file comments on issues of importance to us, including the concept of allowing liquidated damages.

It was suggested that comments be developed by Mr. Watts and Mr. Robledo, with the assistance of Bonnie Blair (in Washington, D.C.) at a cost of approximately \$10,000 to \$12,000. Ms. Currie moved that such comments be prepared. The motion was seconded by Mr. Hsu and unanimously approved.

Mr. Robledo presented Resolution 2002-28, authorizing an agreement with ASW Engineering Management Consultants to provide energy efficiency education seminars for member utilities. Ms. Edwards moved that Resolution 2002-28 be approved. The motion was seconded by Mr. Troncoso and unanimously approved.

Mr. Robledo presented Resolution 2002-29, authorizing an agreement with Hometown Connections to provide keymeter services to certain members. Mr. Hsu moved that Resolution 2002-29 be approved. The motion was seconded by Ms. Currie and unanimously approved.

Mr. Robledo noted that a draft of the updated Public Benefits Committee program summary had been distributed, and asked that comments be sent in by May 23, 2002, so the document could be finalized and published.

Mr. Robledo announced that the Resource Planning Committee was going to hold an advanced risk management seminar on June 27, 2002, to be paid for by those attending. A resolution will be brought to the next Board Meeting to authorize the collection of funds.

7. Government Affairs Manager's Report

Ms. Brown reported on the status of legislative activities in Sacramento and Washington, D.C., with emphasis on SB 2000 (in the State Senate), and discussed plans for the Congressional Staff Tour, to be held May 30 through June 2, 2002.

Mr. Carnahan discussed the work of the Legislative Committee, and will distribute the final revised version of the "Legislative and Regulatory Key Interests" document by e-mail.

8. Project Administrator's Report

Mr. Homer referenced his written report and updated the Board on developments at Palo Verde Nuclear Generating Station and Hoover Dam.

9. Closed Session – Renewable Resources

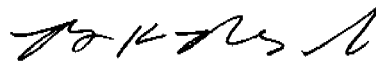
At this point, the Board went into closed session to discuss confidential elements of proposals received in response to SCPPA Request for Qualifications and Proposals for Renewable Energy Projects.

Upon reconvening in open session, Vice President Davis announced that no action had been taken.

10. Adjournment

There being no further business, the meeting was adjourned at 12:48 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rozanski', written in a cursive style.

Robert K. Rozanski
Assistant Secretary