

MINUTES OF THE MAY 18, 2000
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on May 18, 2000, in the San Rafael Room of the DoubleTree Hotel, 191 North Los Robles Avenue, Pasadena, California.

The meeting was called to order at 10:40 a.m. by President Joseph F. Hsu.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their utility: Edward K. Aghjayan, Anaheim (M); Joseph F. Hsu, Azusa (M); Paul Toor, Banning (M); Ronald E. Davis, Burbank (M); Thomas K. Clarke, Colton (M); Bernard V. Palk, Glendale (M); Kristine Fontaine, Imperial (M); Robert K. Rozanski, Los Angeles (A); Donald Pappé, Pasadena (A); David Wright, Riverside (A); and Kenneth J. DeDario, Vernon (M).

Staff present were: Executive Director Bill D. Carnahan; SCPPA staff members Geri L. Mitchell and Steven L. Homer; Consulting Financial Manager, Greg Leddy; Consulting Project Administrator Charles E. Patrick; John Schumann and Luan Nguyen, DWP Nuclear Group; Pacione Dungo, Manager of SCPPA Accounting; Therese Savery, SCPPA Bonds and Investments.

Attorneys and consultants present included: Stephen T. Cole of Fulbright & Jaworski; Alan R. Watts; Daniel Hartman of Public Financial Management; and Ken Mellor and Michael Bell of R.W. Beck.

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

President Hsu afforded the public an opportunity to address the Board. President Hsu asked for part of the closed session to be moved from the end of the agenda to the beginning, so that he could participate before he had to leave. The Board agreed.

2. Closed Session

The Board went into closed session to discuss employee salary and performance issues. Upon reconvening in open session, Vice President Aghjayan took the chair and announced that President Hsu had left the meeting and that the Board had approved payment to a consultant.

3. Approval of Minutes

Mr. DeDario moved to approve the minutes of the regular meeting held April 20, 2000, and the special meeting held May 1, 2000. The motion was seconded by Mr. Palk and unanimously approved.

4. Finance Committee

Mr. Leddy reported on the meetings of the Finance Committee held on April 20 and May 8, 2000, and referenced the written reports.

Mr. Leddy reported on the closing of the STS tender offer/refunding. Variable rate debt totalling \$125 million was issued to take out \$143 million in fixed rate bonds. The present value savings was \$26 million, or 21% of the refunding bonds. Mr. Hartman reported that Standard & Poor's had uprated the STS bonds to AA as a direct result of this transaction.

Mr. Cole presented Resolution 2000-12, adopting a Private Use Policy for the Palo Verde Project, and Resolution 2000-13, adopting a Private use Policy for the STS Project.

Mr. Clarke moved that 2000-12 be approved. The motion was seconded by Mr. Wright and approved by Palo Verde project roll call vote, with Anaheim present but not voting, and Azusa absent.

Mr. Toor moved that 2000-13 be approved. The motion was seconded by Mr. Palk and approved by STS project roll call vote, with Colton and Imperial present but not voting, Banning and Vernon abstaining, and Azusa absent.

5. Budgets for Fiscal Year 2000/2001

Mr. Homer presented the project budgets and explained the major variances.

Mead-Adelanto: Mr. Palk moved that Resolution 2000-17, approving the Mead-Adelanto Project Budget for fiscal year 2000/01, be adopted. The motion was seconded by Mr. Clarke and approved by project roll call vote, with Azusa absent, Imperial present but not voting, and Vernon abstaining.

Mead-Phoenix: Mr. Toor moved that Resolution 2000-18, approving the Mead-Phoenix Project Budget for fiscal year 2000/01, be approved. The motion was seconded by Mr. Wright and approved by project roll call vote, with Azusa absent, Imperial present but not voting, and Vernon abstaining.

Palo Verde: Mr. Clarke moved that Resolution 2000-19, approving the Palo Verde Project Budget for fiscal year 2000/01, be approved. The motion was seconded by Mr. Davis and approved by project roll call vote, with Azusa absent, and Anaheim present but not voting.

San Juan Unit 3: Ms. Fontaine moved that Resolution 2000-20, approving the San Juan Unit 3 Project Budget for fiscal year 2000/01, be approved. The motion was seconded by Mr. Palk, and approved by project roll call vote, with Azusa absent, Anaheim, Los Angeles, Pasadena and Riverside present but not voting, and Burbank and Vernon abstaining.

STS: Mr. Aghjayan suggested that the STS Project Budget for fiscal year 2000/01 be reduced by approximately \$1 million to reflect savings from the tender offer/refinancing which closed the day before. Mr. Aghjayan moved that Resolution 2000-21, approving the STS Project Budget for fiscal year 2000/01, as amended, be approved. The motion was seconded by Mr. Rozanski and approved by project roll call vote, with Azusa absent, Banning, Colton, and Imperial present but not voting, and Vernon abstaining.

Administrative and General: Discussion and vote on Resolution 2000-14 (A&G Budget) and Resolution 2000-16 (Salary Ranges) was deferred until after the closed session at the end of the agenda.

Legislative Advocacy: Mr. Wright moved that Resolution 2000-15, approving collection of funds for Legislative Advocacy, be approved. The motion was seconded by Mr. Davis and unanimously approved.

6. Consulting Agreement

Vice President Aghjayan presented and moved approval of Resolution 2000-22, approving a consulting agreement with Greg Leddy to perform services on behalf of Anaheim. The motion was seconded by Mr. Toor and unanimously approved.

7. Executive Director's Report

Mr. Carnahan referenced his written report and discussed the highlights, including interaction with the Electricity Oversight Board, reliability and Independent System Operator (ISO) interface, transmission access fees, and other Federal Energy Regulatory Commission and ISO issues.

Mr. Carnahan indicated that he would be submitting his own name in nomination to continue serving on the Board of the California ISO.

Mr. Carnahan reported on the successful 2000 Congressional Staff Tour, and discussed the upcoming meeting regarding Public Benefits Charges.

8. Legislative Advocacy

Mr. Carnahan referenced the written reports from Morgan Mequire and Government Affairs Consulting, and discussed the highlights.

9. Project Reports

Mr. Carnahan referenced the written project reports.

Mr. Watts reported on the Public Service Company of New Mexico's proposed reorganization and its possible effect on the San Juan Unit 3 Project. He recommended that SCPPA follow the issue closely by participating with M-S-R in their intervention in the New Mexico proceedings.

Mr. Palk moved that SCPPA enter an agreement with M-S-R to share costs of intervention up to \$10,000. The motion was seconded by Mr. Clarke and approved by project roll call vote, with Azusa absent, Anaheim, Burbank, Pasadena, Riverside, and Los Angeles present but not voting, and Vernon abstaining.

At this point in the meeting, the Board recessed for lunch.

10. Joint Purchasing Proposal

Following lunch, the Board reconvened for a presentation made by TransformPower.com on the possibilities of joint purchasing via the Internet.

11. Closed Session

The Board went into closed session to discuss employee salary and performance issues.

Upon reconvening in open session, Mr. DeDario moved approval of Resolution 2000-16 (Salary Ranges). The motion also authorized salary increases of 3%, plus the use of the remaining 2% of the total salary budget as a bonus pool, to be distributed at the Executive Director's discretion and based on performance reviews. The motion was seconded by Ms. Fontaine and unanimously approved.

Mr. Davis moved approval of Resolution 2000-14, which approves the SCPPA Administrative and General Budget for fiscal year 2000/01. The motion was seconded by Mr. Clarke and unanimously approved.

12. Distributed Generation Workshop

Representatives of R.W. Beck presented additional preliminary results of their Distributed Generation Study.

13. Adjournment

There being no further business, the meeting was adjourned at 2:12 p.m.

Respectfully submitted,



Robert K. Rozanski
Assistant Secretary