

MINUTES OF THE JULY 20, 2000
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on July 20, 2000, in the Corinthian Room of the Biltmore Hotel, 506 South Grand Avenue, Los Angeles, California.

The meeting was called to order at 10:45 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 Rozanski, Los Angeles (A); Jay Panzica, Pasadena (A); David Wright, Riverside (A); and Jorge Somoano, 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; Luan Nguyen, DWP Nuclear Group; Pacience 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; and Daniel Hartman of Public Financial Management.

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

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

The Board voted unanimously to make a finding of fact that matters involving possible litigation have occurred which were not able to be included in the agenda. The Board agreed to discuss those matters in closed session at the end of the agenda.

2. Approval of Minutes

Mr. Homer indicated that minor changes had been made to the minutes of the regular meeting held May 18, 2000. Mr. Clarke moved to approve the minutes with the changes. The motion was seconded by Mr. Toor and unanimously approved.

3. Consulting Agreement

Discussion of a cost-sharing consulting agreement for services related to the case before the Federal Energy Regulatory Commission regarding development of a Transmission Access Charge by the California Independent System Operator was deferred to closed session at the end of the agenda.

4. Finance Committee

Mr. Carnahan reported that the Finance Committee had met just prior to the Board meeting, and asked Mr. Cole to discuss some of the topics covered, including the discontinuation of work on a San Juan tender offer program, the authorization to proceed on a substitution of a surety in place of the debt service reserve fund for San Juan, and the recommendation to the Board of a resolution authorizing work relating to the substitution of a debt service reserve account policy for moneys on deposit in the Debt Service Reserve Account of the senior lien Southern Transmission System Indenture of Trust.

Mr. Cole presented Resolution 2000-24, authorizing work necessary to amend the STS senior indenture and substitute a surety bond for moneys in the STS senior lien Debt Service Reserve Account.

Mr. Davis moved that Resolution 2000-24 be approved. The motion was seconded by Mr. Wright and approved by STS Project Roll Call Vote, with Azusa, Banning, Colton and Imperial present but not voting, and Vernon abstaining.

Mr. Homer reported that SCPPA had received a check for \$2.4 million from the State of California as a share of the settlement of a class action lawsuit against Bank of America regarding improprieties in their trust department. The money will be credited to the SCPPA projects that used Bank of America trustee services during the period in question. STS will receive \$2.3 million, with the rest going to San Juan, Mead-Phoenix, and Mead-Adelanto. The money will be booked as "other income" for fiscal year 1999/2000, and will be included in the annual budget reconciliations.

5. Executive Director's Report

Mr. Carnahan referenced his written report and discussed the highlights, including distributed generation, public benefits programs, unbundling of the Independent System Operator's grid management charge, transmission congestion management, and other FERC and ISO issues.

Following discussion of the great number of ISO stakeholder subcommittee meetings, Mr. Carnahan agreed to develop options for joint coverage of the meetings.

6. Legislative Advocacy

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

7. Project Reports

Mr. Homer noted that the latest ten-year forecasts and the quarterly budget comparisons for all SCPPA projects were included in the notebooks.

Mr. Watts updated the Board on developments in the joint intervention (SCPPA/MSR) in the Public Service Company of New Mexico reorganization.

8. Closed Session

The Board went into closed session to discuss matters of possible litigation. Upon returning to open session, President Hsu announced that Resolution 2000-23 had not been submitted for a vote, and no other action had been taken.

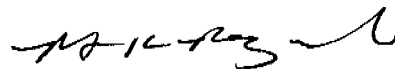
9. Joint Purchasing Proposal

Following lunch, a presentation was made by MRO Solution.com on the possibilities of joint purchasing via the Internet.

10. Adjournment

There being no further business, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,



Robert K. Rozanski
Assistant Secretary