

MINUTES OF THE OCTOBER 21, 1993  
SPECIAL MEETING OF THE  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on October 21, 1993 in Regency Room B of the Sheraton Riverside, 3400 Market Street, Riverside, California.

The meeting was called to order at 10:02 a.m. by President Ronald V. Stassi.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their member city: Mr. Michael Bell, City of Anaheim (A), Mr. Joseph F. Hsu, City of Azusa (M), Mr. Terry Collins, City of Banning (M), Mr. Ronald V. Stassi, City of Burbank (M), Mr. Gale Drews, City of Colton (M), Mr. Tommy Wu, City of Glendale (A), Mr. Kenneth S. Noller, Imperial Irrigation District (M), Mr. Eldon A. Cotton, City of Los Angeles (M), Mr. David C. Plumb, City of Pasadena (M), Mr. Bill D. Carnahan, City of Riverside (M), and Mr. Kenneth J. DeDario, City of Vernon (A).

Also present were: SCPPA Executive Director, Ms. Linda M. Lazzerino, SCPPA Assistant Secretary, Mr. George R. Spencer, SCPPA staff members Mr. Charles E. Patrick, Mr. Steven L. Homer, Ms. Manuela Ho, and Ms. Geri Gerhard; Mr. B C Monk, LADWP Director of Joint Venture Accounting, and Ms. Estrella R. Vilorio, Manager of SCPPA Accounting.

Others attending were: Ms. Margaret L. Chan and Mr. William A. Baker, Jr., from O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esq., from Rourke, Woodruff & Spradlin, Mr. Oscar J. Carlson and Mr. James E. Scott, from CS First Boston Corporation, Mr. Donald R. Larson, Jr. and Mr. Win Peterson, from Prager, McCarthy & Sealy, Mr. Eric G. Seder, from Smith Barney Shearson, Mr. Lester Graves Lennon, Vice President, Samuel A. Ramirez & Co., Mr. Edward Burdett, from Goldman Sachs, Mr. William Turner, from Marsh and McLennan, Mr. Bob Montano, City of Riverside, Mr. George Morrow, City of Pasadena, and Mr. David Taylor City of Azusa.

1. Opportunity for the Public to Address the Board

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

2. Approval of the Minutes  
of the Following Meeting

September 16, 1993 Regular Meeting -

A motion was made by Mr. Ken DeDario, seconded by Mr. Terry Collins and unanimously approved, that the Minutes of the September 16, 1993 Regular Meeting be approved.

3. Executive and Employee Benefits Policies

Mr. Michael Bell requested that discussion of this item be deferred to the next Board Meeting so that Mr. Aghjayan could bring certain concerns before the Board personally. Discussion followed regarding the need for further delay at this point in the process, and any possible negative effects on employees from not approving the benefits policies. The only negative effect identified was the delaying of life insurance coverage for the Pasadena Office Manager.

Mr. Gale Drews moved that the life insurance policy as described in the Employee Benefits Policy be authorized. The motion was seconded by Mr. Eldon Cotton and unanimously approved.

Mr. Joseph Hsu reviewed the Board's questions and requests from the September meeting, and Mr. William Turner answered questions regarding the disability policies.

Approval of the Benefits Policies as a whole was deferred to the November Board Meeting to accommodate Mr. Aghjayan.

4. Revised FY 1993-94 Southern Transmission System Budget

Mr. Steven Homer presented the revised STS budget, which reflects the \$2 million debt service savings resulting from the July refunding. Mr. Bill Carnahan moved that Resolution No. 1993-27, which approves the Revised Annual Budget for Southern Transmission Project for the year beginning July 1, 1993, be approved. The motion was seconded by Mr. David Plumb, and approved by Roll Call Vote, with Colton, Imperial and Vernon present but not voting.

5. Annual Budget Report for Palo Verde Project

Mr. Charles Patrick presented the annual budget comparison report for the Palo Verde Project, which showed 2.79% under budget for the 1992-93 fiscal year. He discussed the main reasons for the variances and explained there would be a \$3.6 million credit on the participants' next power bills.

6. Finance Committee Reports

President Stassi referenced the written report of the Finance Committee meeting of October 4, and summarized the issues discussed.

Ms. Margaret Chan discussed the size and schedule for the proposed Multiple Project Revenue Bond refunding. Current plans call for a taxable issue of approximately \$20 million along with a tax-exempt issue of approximately \$177 million, which would meet the target of \$10 million and 5% present value savings. The current schedule leads to a mailing of the Official Statement the week before Thanksgiving, and closing before Christmas.

President Stassi called attention to the proposed schedule of review of consultants attached to the written report, and asked that it be placed on the agenda for the November Board Meeting.

7. Joint Planning Subcommittee Report

Mr. Bob Montano presented the subcommittee's report and answered questions about the proposed activities for the new year.

One proposed task was updating the Loads and Resources Forecast, using a consultant. Mr. Montano stated that the subcommittee plans to develop standard forms for submittal of data, give the consultant a specific scope of work, and control costs and work product closely.

Mr. George Morrow emphasized the value of the exchange of information at the subcommittee meetings, and Mr. Eldon Cotton discussed the need for visible value, such as projects developed or exchanges accomplished, to justify the staff hours devoted to the subcommittee.

After further discussion, it was agreed that the subcommittee would bring to the Board an estimate of cost and scope of work for the update of the Loads and Resources Forecast for approval before expending any of the money still available for joint planning activities.

Mr. Bill Carnahan asked the subcommittee to discuss whether there were areas other than those mentioned in the report (such as the regulatory arena) which the subcommittee would like to address. Any such areas should be brought to the Board for consideration and direction.

8. SCPPA Office Location

Mr. Joe Hsu discussed a new building Azusa is constructing, and offered to lease SCPPA 5,000 square feet of office space, at approximately \$1.20 per square foot per month, with free parking and free use of a conference room. Mr. David Taylor described the building and its innovative features. Mr. Hsu asked the Board to indicate its level of interest at the November Board meeting.

Ms. Lazzerino suggested the Azusa proposal should be considered along with other possibilities including Burbank, Pasadena, and Los Angeles, and in conjunction with the ongoing staffing level discussions.

Mr. Cotton agreed to supply staff to work for Ms. Lazzerino to provide a generic report covering numbers of trips and distances for Directors and staff, locations of meetings, different staffing levels, lease versus ownership, etc., before the November meeting.

9. Executive Director's Report

Ms. Lazzerino referenced her written report and Ms. Sliz' Legislative Report, and updated the legislative report. She noted that Ms. Sliz will conduct a 2-hour briefing prior to the November meeting, and asked the Board to consider their positions regarding retail wheeling prior to the briefing.

10. Management Reports

Monthly Staff Report

Mr. George Spencer referenced his written report, which details staff's activities for the month of September.

Palo Verde

Mr. Cotton referenced the written report and updated the Board on the reduced operation level at the plant due to the steam generator tubes problem.

Mr. Watts briefed the Board on APS's removal of most of their legal work from the law firm of Snell and Wilmer, and discussed Mr. Solarzano's memo regarding the Cure and Assumption Agreement in the El Paso Electric Bankruptcy Case. Mr. Watts concurs with the recommendation in Mr. Solarzano's memo.

Hoover

Mr. Patrick summarized his written report, and noted developments regarding the Settlement Issues and Critical Habitat. He emphasized the importance of the Critical Habitat issue, and pointed out that there was a danger of losing as much as 75% of capacity.

11. Other Business

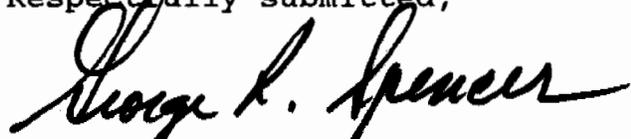
There was no other business.

At this point the Board went into closed session to consider personnel matters pursuant to Government Code Section 54957.6.

12. Adjournment

There being no further business upon reconvening from closed session, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,



GEORGE R. SPENCER  
Assistant Secretary

c: Board of Directors