

MINUTES OF THE JANUARY 16, 1992  
REGULAR MEETING OF THE  
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on January 16, 1992, in the San Diego Room of the Pasadena Hilton Hotel, 150 South Los Robles Avenue, Pasadena, California 91101.

The meeting was called to order at 10:12 a.m. by President Gale A. Drews.

The following Board members (M) and alternates (A) were present and acting in their capacity as representative for their member city: Mr. Edward K. Aghjayan, City of Anaheim (M), 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 A. Drews, City of Colton (M), Mr. Michael P. Hopkins, City of Glendale (M), 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. Nellie Ho, Ms. Ann Peterson, Ms. Estrella A. Viloria, Manager of SCPPA Accounting, and Mr. B C Monk, LADWP Director of Joint Venture Accounting. Others attending were: Mr. John J. O'Brien and Mr. William A. Baker, Jr., representing O'Brien Partners, Alan R. Watts, Esquire, from Rourke & Woodruff, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Michael T. Fisher, Esquire, from O'Melveny & Myers, Mr. Sam Al-Imam from Dean Witter Reynolds Inc., Mr. Peter K. Sternad, Vice President Municipal Utility Department, Bank of America, Mr. Mark Vincent Allen from Southern California Edison, Mr. Lester Graves Lennon from M. R. Beal & Company, and Ms. Deborah Sliz, Senior Vice President & Director of Federal Relations, APCO Associates, Inc.

1. Approval of the Minutes  
of the Following Meeting

December 16, 1991, Special Meeting - A Motion was made by Mr. William Carnahan, seconded by Mr. Ronald Stassi, and unanimously carried that the Minutes of the December 19, 1991 Special Meeting be approved.

December 19, 1991, Regular Meeting - A Motion was made by Mr. Kenneth DeDario, seconded by Mr. Eldon Cotton, and unanimously carried that the Minutes of the December 19, 1991 Regular Meeting be approved.

2. Matters Relating to the  
Palo Verde Project

Refunding Revenue Bonds for the Palo Verde Project

Mr. John O'Brien distributed two 1-page handouts which detail First Boston's bid to refund \$130 million (final maturity) in Palo Verde bonds. He explained that the issue consists of three separate refundings, Crossover Series A, Crossover Series B, and an Advance Refunding Series C.

Mr. O'Brien noted that these were the lowest interest rates since 1978. He pointed out that the combined True Interest Cost was less than 6%. This yields a gross savings of over \$13 million, which translates into a present value savings of over \$7 million, or 6.23%.

Mr. Edward Long distributed Resolution 1992-3, which amends Resolution 1991-20 to, among other things, raise the amounts to be refunded and authorize the Board to sign the agreement in its new form.

Mr. William Carnahan moved, seconded by Mr. Michael Hopkins, that Resolution 1992-3 be approved. The motion was approved by Roll Call Vote, with Anaheim abstaining, and all others voting yes.

Project Report

Mr. Eldon Cotton referred to two handouts included in the Board package. One is the monthly Palo Verde Status Report, and the other is a set of newspaper articles and credit comments on Palo Verde. He noted that Unit 2 went back into operation after a refueling which was completed in 84 days. Although this did not meet the goal of 70 days, but was much shorter than normal industry practice.

The newsclips discussed the declaration of bankruptcy of one of the Palo Verde partners, El Paso Electric. Standard and Poor's report states that El Paso's bankruptcy will not affect the ratings of the other owners, and that El Paso will probably be able to continue to meet its Palo Verde obligations.

### Extension of the Triennial Report

Ms. Linda Lazzerino stated that during the discussion of the Triennial Report at the December Board Meeting, Mr. Carnahan had suggested broadening the focus of the report beyond the indenture requirements, to include areas which might need special attention in the coming three years. She referred to a letter in the Board package from Mr. Don LeMaster, which outlines R. W. Beck's proposed approach to identifying future issues at Palo Verde. The estimated cost of the additional work is \$5,000-\$10,000. Since the Report which the Board accepted in December cost \$100,000, the added expense would still keep the total cost below the \$115,000 originally budgeted for the Triennial Report.

Mr. Carnahan moved, seconded by Mr. Cotton and unanimously approved, that the Executive Director be authorized to negotiate and execute a contract with R. W. Beck to provide the expanded report at minimum expense, not to exceed \$10,000.

### 3. Matters Relating to the Mead-Phoenix/Mead Adelanto Projects

#### Project Report

Mr. George Spencer reported that SCPPA executed the Mead-Phoenix/Mead-Adelanto Bridge Agreement December 17, 1991, and that conformed copies of the Bridge and all the appendices will be sent to the participants soon.

He noted that the next Mead-Phoenix Management Committee Meeting will be on February 11, 1992, in Ontario.

Mr. Spencer stated that Salt River Project was requesting those companies who have not yet appointed an Engineering and Operating Committee representative to do so and to notify SRP. An E&O Committee meeting will probably be scheduled for the first week of February.

He reported that the Westwing Interconnection Agreement and the McCullough Interconnection Agreement still need to be finalized before the long-term agreements can be finalized. Meetings with the Navajo co-tenants have been held, and draft agreements will be distributed for comments next week.

Mr. Spencer noted that Los Angeles staff will be coming to the February Board Meeting to walk through the Procurement Code and the proposed procedures for bringing purchases to the Board.

4. Matters Relating to the Hoover Uprating Project

Project Report

Mr. Charles E. Patrick reported that the Hoover Contractors met on January 8, 1991 to discuss the payment of credit carryforwards to Schedule B Contractors and to inform the Schedule A Contractors of the issues. The issue of interest on billing credits and credit carryforwards was also discussed. Western presented a schedule of payments and indicated that checks would be mailed the week of January 20.

The Rates Methodology Review Committee continues working on the actual formula, with a full committee meeting scheduled for January 17, 1992. At that time the report will be finalized, to be sent to the Contractors for approval, then to Western in February.

Price Waterhouse Financial Audit Report

Ms. Lazzerino referred to the Price Waterhouse Financial Audit Report contained in the Board folders, and explained that it serves as an addendum to the reports received at year-end. Hoover uses a different fiscal year, and this report covers the last three months of their year. It is a clean report with no exceptions.

5. Matters Relating to the Southern Transmission System Project

Project Report

Ms. Lazzerino reported that the proposed escrow restructuring is currently not attractive due to market changes. The Finance Committee will monitor future opportunities and come back to the Board with a recommendation and policy discussion when appropriate, probably within 6 months.

6. Executive Director's Report

Legislative Report

Ms. Lazzerino referenced a revised list of SCPPA's Congressional delegates, and a letter from Ms. Deborah Sliz suggesting contacts with specific legislators during the APPA Winter Meetings, both contained in the Board folders.

Ms. Lazzerino introduced Ms. Sliz, and asked her to tell the Board about her background and current activities.

Ms. Sliz described her 6 years working as Morris Udahl's counsel on the House Interior Committee, involved in water and power issues, followed by 4 years with APPA, and 2 years in the private sector with APCO, doing mostly federal legislative work for public power systems.

She identified three current issues which SCPPA should consider, including Transmission Access, Integrated Resource Planning, and Tax Legislation on Bond Issues, and discussed scheduling meetings with staffs of various legislators.

Discussion followed on methods of giving policy direction to Ms. Sliz. Mr. Drews stated that eventually direction would be given by the Strategic Planning Committee or perhaps a Legislative Committee. Until this process is developed, Ms. Sliz will work with Ms. Lazzerino, who will keep the members informed by telephone or fax. It was emphasized that members should not contact Ms. Sliz directly, but have everything go through Ms. Lazzerino. A future Board Workshop on legislative issues was suggested.

The desirability of taking a position regarding proposed Safe Harbor provisions in transmission access regulations was discussed. There was a consensus that, if Congress is going to authorize the FERC to issue mandatory transmission access orders, SCPPA supports having a Safe Harbor alternative, consistent in concept with the WATSCO proposal.

#### Billing for Advocacy and Joint Planning

Ms. Lazzerino explained Resolutions 1992-1 and 1992-2 (revised), which establish the mechanism for the collection of funds expended for Joint Planning and Advocacy. Mr. Joseph Hsu moved, seconded by Mr. Carnahan, that Resolutions 1992-1 and 1992-2 be approved. The Resolutions were unanimously approved by Roll Call Vote.

#### 7. Management Report

Mr. George R. Spencer referred to the report in the mailing notebooks, which lists staff's major activities for the month. He noted that SCPPA staff has been visiting some of the members to discuss format changes in the SCPPA A&G Budget and methods of allocating general expenses. He encouraged any members who wish to give input to contact him.

#### 8. Election of Officers for the Authority

President Drews referred to his letter of December 30, 1991, informing the Board that he would not be a candidate for re-election. He thanked the Board for the privilege and honor of

serving as President, and wished luck to the new President.

Mr. Spencer then opened the nominations for President, whereupon Mr. Stassi was nominated by Mr. Plumb, seconded by Mr. Carnahan. Mr. Hopkins moved that the nominations be closed, and Mr. Stassi was unanimously elected President.

Mr. Stassi then opened the nominations for Vice President, whereupon Mr. Carnahan was nominated by Mr. Hsu, seconded by Mr. Drews. Mr. Plumb moved that the nominations be closed, and Mr. Carnahan was unanimously elected Vice President.

Mr. Drews moved that the current slate of other officers (Secretary, Assistant Secretary, and Treasurer/Auditor) be kept. The motion was seconded by Mr. Plumb and unanimously approved.

President Stassi thanked Mr. Drews for six years of excellent leadership, and asked him to continue serving on the Finance Committee.

9. Other Business

President Stassi stated that Mr. Al Capon, a retired Burbank General Manager, has been nominated for the Spence Vanderlinden Public Official Award from APPA. He distributed a handout concerning Mr. Capon, and asked for letters of support from the members.

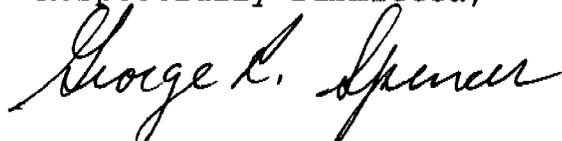
10. Opportunity for the Public to Address the Board

President Stassi afforded the public an opportunity to address the Board. There were no comments from the public.

11. Adjournment

There being no further business, the meeting was adjourned at 11:58 a.m.

Respectfully submitted,



GEORGE R. SPENCER  
Assistant Secretary

c: Board of Directors