

Original Signed

MINUTES OF THE APRIL 16, 1992
SPECIAL MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A special meeting of the Board of Directors was held on April 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 9:10 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. 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. Henry C. Lee, City of Pasadena (A), 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. Ann Peterson, and Ms. Nellie Ho, Mr. B C Monk, LADWP Director of Joint Venture Accounting, Ms. Estrella A. Vilorio, Manager of SCPPA Accounting, Mr. David J. Melvold, LADWP Transmission Planning; Mr. Guy Hagen, Mr. Al Pitzer, and Mr. Glen Ogawa, from LADWP Mead-Adelanto Project Construction Manager's Office; Mr. Alan N. Vallow, LADWP Environmental and Government Affairs, and Mr. Tommy Wu, City of Glendale. Others attending were: Ms. Margaret Chan from O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esquire, from Rourke & Woodruff, Mr. Sam Al-Imam from Dean Witter Reynolds Inc., Mr. Peter K. Sternad, Vice President Municipal Utility Department, Bank of America, Mr. Thomas Staz from Smith Barney, Harris Upham & Company, Inc., Mr. James E. Scott from the First Boston Corporation, and Mr. R. Fenn Putnam and Mr. William T. Berry, Jr., from Lehman Brothers.

1. 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.

2. Approval of the Minutes
of the Following Meeting

March 19, 1992, Regular Meeting - A Motion was made by Mr. Kenneth DeDario, seconded by Mr. Joseph Hsu, and unanimously carried that the Minutes of the March 19, 1992 Regular Meeting be approved.

3. Matters Relating to the
Palo Verde Project

Project Report

Mr. Eldon Cotton updated the Board on the refueling of Unit 1, and reported that the El Paso bankruptcy continues to be monitored closely.

Mr. Alan Watts reported developments in a continuing appeal regarding property taxes.

Ms. Linda Lazzerino reported that the addendum to the Triennial Report has been delivered to Los Angeles staff. Staff will have a report for the May meeting, explaining the identified issues and planned responses.

4. Matters Relating to the
Mead-Phoenix/Mead-Adelanto Projects

Project Report

Mr. George Spencer reported that he had attended three days of meetings in Las Vegas regarding the Westwing and McCullough interconnection agreements, which must be completed before the Mead-Phoenix/Mead-Adelanto long-term agreements can be entered into. The major issues are now close to resolution.

Mr. Long has been asked to prepare a white paper for the Board Members setting out the pros and cons of entering into the long-term agreements prior to FERC action. This issue is expected to be raised at the April 30 Management Committee meeting. Staff's position to date has been to recommend that the long-term agreements not be finalized until the FERC process has been completed.

SCPPA Procurement Procedures

Ms. Lazzerino referenced draft copies of the SCPPA Procurement Code, the Rules for Procurement of Services and Materials for the Mead-Adelanto Project, and a memo from Mr. Watts introducing the documents. She noted that several policy issues need to be resolved, and that the objective was to approve the Code and the Rules at the May meeting. Ms. Lazzerino introduced Mr. Al Pitzer from Los Angeles, who discussed the details and the differences between the Code and

the Rules.

Mr. Pitzer explained that the Code was a general document which could be used for other projects, while the Rules were project-specific for Mead-Adelanto.

After considerable discussion, Mr. Pitzer asked that any comments be sent to Mr. George Spencer by April 30, to allow time to address those comments, send out another draft, and have the documents ready for approval by the May 21 meeting.

5. Matters Relating to the Hoover Uprating Project

Project Report

Mr. Patrick referenced the written report in the Board folders, and updated the Board on the status of the uprating and the rate methodology. Western is generally happy with the proposed methodology, and will be making a new rate case in August, based on the new methodology.

Mr. Patrick also discussed an upcoming meeting to consider the possible refunding of Federal Projects and the formalization of certain committees.

6. Matters Relating to the Southern Transmission System Project

Project Report

Ms. Lazzerino reported that market conditions are improving and a 5% present value savings for the STS refunding may become possible soon. The Finance Committee is following the situation and the Board will be informed when favorable conditions return.

7. Finance Committee Report

President Stassi reported that the Finance Committee met on April 6, and finalized a draft mission statement and a list of major responsibilities. The committee also discussed the proposed guidelines regarding SCPPA's interaction with the banking community, and will have a recommendation for the Board at the May meeting.

After some discussion of the appropriateness of having a separate Budget Committee versus adding budget responsibilities to the Finance Committee, Mr. DeDario moved, seconded by Mr. Lee, that the Finance Committee's Mission

Statement and list of major responsibilities be approved as presented.

8. Executive Director's Report

Legislative Report

Ms. Lazzerino referenced the monthly report from Deborah Sliz, and asked Mr. Alan Vallow to discuss developments relative to the WATSCO voluntary transmission association proposal.

Mr. Vallow reported that the "Safe Harbor Amendment" has been renamed the "Functional Equivalency Amendment" to avoid negative connotations. He discussed the efforts of CMUA and WATSCO, as well as those of competing lobbyists, and bills in the state legislature.

Mr. Aghjayan requested Mr. Vallow to prepare a summary of the various activities at the federal and state levels, and the schedules and possible outcomes of the different scenarios. Mr. Vallow agreed to develop a flow chart including the issues involved, what organizations have a position, and what position SCPPA has on those issues.

Several Board Members expressed concern about continuing their membership in TAPS, which is opposing WATSCO and the Functional Equivalency Amendment, and has asked for additional funds for the effort.

Ms. Lazzerino discussed the possible effects on SCPPA of Assembly Bill 3709, which would apply statewide minority hiring requirements to Joint Powers Agencies. Mr. Long and Mr. Monk were asked to research the Bill and report on its effects, prior to deciding whether to take any action.

Ms. Lazzerino led discussion regarding CMUA's request for \$3,500 to support the WATSCO/Functional Equivalency Amendment effort. Mr. Aghjayan moved, seconded by Mr. Drews, that SCPPA agree to the voluntary assessment of \$3,500, with the understanding that these funds would be used for specific legal purposes associated with WATSCO, and that any expenditures be reviewed and approved by the CMUA Steering Committee in advance. The motion was unanimously approved.

Ms. Lazzerino announced that the Loads and Resources Study from R. W. Beck has been completed. Copies of the study will be sent to the Board Members, and their representatives on the Joint Planning Subcommittee.

Ms. Lazzerino thanked Mr. Hopkins and Mr. Drews for attending the LADWP Accounting Section presentation on February 13. Mr. Hopkins expressed appreciation to Mr. Monk and felt those who did not attend missed a good opportunity. Mr. Drews and Mr. Hopkins said they now have a greater appreciation of the

amount of accounting work being done, particularly the new work required by each additional refinancing.

9. Other Business

The Board discussed the possibility of starting the Board Meetings earlier, but decided to continue starting at 10:00 a.m. An attempt will be made to prioritize the order of the Agenda and compress the discussions, so that those who need to leave at 12:00 may do so with minimum effect.

10. At this point Mr. Stassi announced that the Board would go into closed session to consider personnel matters, pursuant to Government Code Section 54957.6. Upon reconvening, Mr. DeDario moved, seconded by Mr. Hsu and unanimously approved, that the employment contract with the Pasadena Office's Secretary/Office Manager be approved as presented to the Board.

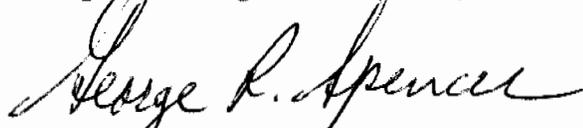
11. Budget Workshop

Due to the hour, the Budget Workshop was cancelled. The Board received handouts regarding the new allocation method and the increased overhead rates for LA Billable labor. In addition to these two issues, attention was called to the \$50,000 budgeted for a performance audit of LADWP. A decision on whether to proceed with the audit is needed. Board Members will review the budget documents and contact Ms. Lazzerino as soon as possible if they have comments or concerns, recognizing that the budget must be approved at the May Board Meeting.

Adjournment

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

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors