

MINUTES OF THE MAY 21, 1992
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on May 21, 1992, in the Monterey Room of the Pasadena Hilton Hotel, 150 South Los Robles Avenue, Pasadena, California 91101.

The meeting was called to order at 10:10 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. Michael Bell, City of Anaheim, (A), Mr. Edward K. Aghjayan, City of Anaheim (M), who replaced Mr. Bell at 10:55 a.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. Tommy Wu, City of Glendale (A), Mr. Eldon A. Cotton, City of Los Angeles (M), Mr. David C. Plumb, City of Pasadena (M), and Mr. Brian G. Thomas (A), City of Riverside.

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, and Ms. Nellie Ho, Mr. Ron F. Balingit, LADWP Nuclear Fuels Group, Mr. Manolo C. Robles, LADWP Manager of Accounting Administrative Services, 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, and Mr. Alan N. Vallow, LADWP Environmental and Government Affairs.

Others attending were: Mr. John J. O'Brien and Mr. William A. Baker, Jr., from O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan Watts, Esquire, from Rourke & Woodruff, Mr. Peter J. Ross, from Dean Witter Reynolds Inc., Michael T. Fisher, Esquire, from O'Melveny & Myers, Mr. Peter K. Sternad, Vice President Municipal Utility Department, Bank of America, Mr. Thomas Staz from Smith Barney, Harris Upham & Company, Inc., Mr. R. Fenn Putnam and Mr. William T. Berry, Jr., from Lehman Brothers, and Mr. Oscar J. Carlson, from SCCOT Financial Group.

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

April 16, 1992, Special Meeting - A motion was made by Mr. Eldon Cotton, seconded by Mr. Gale Drews, and unanimously carried that the Minutes of the April 16, 1992 Special Meeting be approved.

3. Consideration of Various SCPPA Budgets for Fiscal Year 1992-93

o Administrative and General Budget and Allocation Formula for Administrative and General Expenses

Mr. Joseph Hsu introduced the A&G Budget and explained the Budget Committee's role in reviewing the new format and the numbers. He pointed out that new budget items were identified in the document, and that items for discussion included the LADWP Performance Audit, the increase in LADWP overhead charges, and the Strategic Planning Committee's proposal to increase staff at the Pasadena Office. It was agreed to consider the staff increase at a later time and amend the budget if appropriate. All Board Members would be invited to a Strategic Planning Committee meeting, where the proposals could be discussed further, and then brought to a regular Board Meeting. **(ACTION ITEM 1)**

Ms. Linda Lazzerino explained major items in the Pasadena Office budget. After discussion of salary levels, the proposed budget amounts were agreed to, with the understanding that any increase in salary for any Pasadena employee be brought to the Board.

The Travel and Conference budget was reduced to the level of the 1991-92 budget.

After discussion of the need for an LADWP Performance Audit, this \$50,000 line item was eliminated, and Miscellaneous Consulting Services was increased to \$75,000, with some of that money to be available for a study of how SCPPA should be organized and the work performed.

Mr. David Plumb moved that Resolution 1992-11 adopting the Administrative and General Budget and Allocation Formula for Administrative and General Expenses be approved as amended. Mr. Hsu seconded the motion, and it was unanimously approved by Roll Call Vote, with Imperial and Vernon being absent.

- o Approval of Annual Budget for Palo Verde Project
Power Supply Year Beginning July 1, 1992

Mr. Charles Patrick presented the Palo Verde Budget and discussed variances from the previous year. Mr. Eldon Cotton moved that Resolution 1992-14 adopting the Annual Budget for Palo Verde Project be approved. Mr. Plumb seconded the motion, and it was unanimously approved by Roll Call Vote, with Anaheim abstaining and Imperial and Vernon being absent.

- o Approval of Annual Budget for Southern Transmission Project Service Year Beginning July 1, 1992

Mr. Steven Homer presented the STS Budget and discussed major variances. Mr. Edward Aghjayan moved that Resolution 1992-15 adopting the Annual Budget for Southern Transmission Project be approved. Mr. Brian Thomas seconded the motion, and it was unanimously approved by Roll Call Vote, with Azusa, Banning, and Colton abstaining, and Imperial and Vernon being absent.

- o Discussion of Proposed Allocation Formulas for
Non-Project Related Expenses

Mr. Hsu referred to the Explanation of Estimated A&G Cost to Members, included in the Board notebooks. He explained the proposed allocation methods for Pasadena Allocated Costs, Legislative Advocacy, and Joint Planning. Pasadena Allocated Costs are to be distributed based on the updated current method, a combination of a Member's ownership percentage in a project and the project's share of L.A. Billable Costs. Legislative Advocacy will be distributed based on equal shares (1/11), and Joint Planning will be distributed based on 1991 capacity. These allocation methods were recommended by the Budget Committee and received favorably by the Board.

Staff will prepare resolutions for the next Board Meeting to approve the methods for Legislative Advocacy and Joint Planning. **(ACTION ITEM 2)** The method for Pasadena Allocated Costs is not changing, and will not require a new resolution.

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

Project Report

Ms. Lazzerino referenced Mr. Spencer's written report, and discussed the visit to the rating agencies.

She then presented the final drafts for the SCPPA Procurement Code, and the SCPPA Rules for the Procurement of Services and Materials for the Mead-Adelanto Project. Mr. Alan Watts discussed last minute changes to the Rules.

Mr. Gale Drews moved that Resolution 1992-16, adopting the Procurement Code, be approved. The motion was seconded by Mr. Cotton and unanimously approved, with Imperial and Vernon absent.

Mr. Drews moved that Resolution 1992-17, adopting the Rules for the Procurement of Services and Materials for the Mead-Adelanto Project, be approved. The motion was seconded by Mr. Cotton and unanimously approved by Project Vote, with Imperial and Vernon absent.

5. Matters Relating to the Palo Verde Project

Project Report

Mr. Cotton discussed the status of the Units and the Project's first nuclear alert. He referred to a written report from APS to the Nuclear Regulatory Commission dated May 6, 1992, which details the alert, and a report dated May 15, 1992, concerning NRC's Augmented Inspection Team's findings.

Transfer of Funds from Palo Verde Decommissioning Account to Palo Verde Decommissioning Trust Fund II

Mr. B C Monk explained the need to transfer \$7.4 million from the Palo Verde Decommissioning Account to the Palo Verde Decommissioning Trust Fund II in order to meet requirements of the new Guidelines of the Termination Funding Committee. Interest from this money will no longer be available to offset power costs.

Mr. Hsu moved that Resolution 1992-18, which authorizes the transfer of funds to the Palo Verde Decommissioning Trust Fund II, be approved. The motion was seconded by Mr. Drews and unanimously approved, with Anaheim abstaining, and Imperial and Vernon being absent.

Third Quarter Budget Comparison for Fiscal Year
July 1, 1991 through June 30, 1992

Mr. Patrick presented the Third Quarter Budget Comparison and explained the variances.

6. Matters Relating to the
Southern Transmission System Project

Proposed Refunding of Bonds

Mr. John O'Brien reported that the market has reached a plateau, and that it is very close to a point where a 5% present value savings is possible using a traditional refinancing. He discussed the possibility of using a new type of product called inverse floaters, which would yield additional savings. Mr. O'Brien felt the documents authorizing the transaction when the time was right could be ready for Board approval within a week. He asked for the Board's direction on the type of product to use, the level of authorization required to finalize, and the availability of a Special Board Meeting to approve the resolutions.

Mr. Michael Bell felt there was no need to rush the process, and was not convinced that the RIBS/SAVRS product was the best. He supported the Finance Committee's earlier recommendation to put out a Request for Proposals, and see what other products might be available.

After extensive discussion of the merits of an RFP versus rewarding the firm which takes the initiative and brings an idea to SCPPA, Mr. Cotton moved that the Board take the recommendation of the Financial Advisor, the Executive Director, and the Finance Committee and go forward using Lehman Brothers' RIBS/SAVRS product. The motion was seconded by Mr. Plumb and approved by Roll Call vote, with Anaheim voting no, Azusa, Banning, and Colton abstaining, and Imperial and Vernon absent. Mr. Aghjayan noted that Anaheim's no vote was not intended to oppose the refinancing, but to express Anaheim's strong support of an expedited RFP process.

Mr. Hsu moved, seconded by Mr. Drews and unanimously approved, that final go-ahead approval would be delegated as in the past to a Pricing Committee, consisting of Anaheim, Riverside, Los Angeles, and the Executive Director.

A Special Meeting was scheduled to approve the authorizing documents at 10:00 a.m. on May 28, 1992, in Riverside.

Third Quarter Budget Comparison for Fiscal Year
July 1, 1991 through June 30, 1992

Mr. Steven Homer presented the Budget Comparison.

7. Finance Committee Report

President Stassi referenced Mr. Patrick's written report of the Finance Committee's May 4 meeting. He presented a report which gives SCPA's current and historical practices, and the Committee's recommendation for Guidelines for Interaction with the Financial Community.

Discussion of the proposed Guidelines was deferred to the next Regular Meeting.

8. Consideration and Approval of PERS Retirement Plan

Mr. Hsu moved that Resolution No. 1992-19 authorizing the adoption of a contract with the PERS Retirement Plan be approved. The motion was seconded by Mr. Plumb and unanimously approved by Roll Call Vote, with Imperial and Vernon absent.

9. Strategic Planning Committee

Mr. Aghjayan asked that discussion of the Strategic Planning Committee's recommendation be deferred to a Committee meeting, to which the full Board will be invited. The meeting was tentatively scheduled for the afternoon of June 29, 1992, and will be noticed as a Special Meeting of the Board.

10. Executive Director's Report

Legislative Report

Ms. Lazzerino referenced the monthly report from Deborah Sliz, and the Transmission Access Update, which was provided by Mr. Alan Vallow in response to Mr. Aghjayan's request.

Mr. Vallow gave an overview of current developments relative to WATSCO and transmission legislation.

11. Management Report

Mr. George Spencer referenced his report in the Board notebooks, which lists staff's major activities for the month.

12. Matters Relating to the Hoover Uprating Project

Project Report

Mr. Patrick referenced his written report, and summarized the status of the Uprating Project.

Mr. Watts reported that he has been working on a Letter Agreement for the Hoover Contractors to formalize a Boulder Canyon Project Engineering and Oversight Committee. Such a committee would consist of both Contractors' representatives and representatives of the Western Area Power Administration. A draft should be ready in a week.

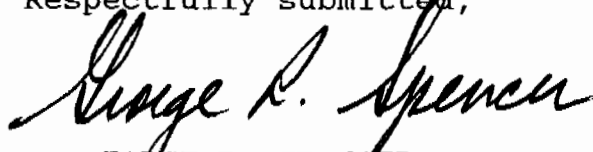
13. Other Business

Ms. Lazzerino stated that no Board Meeting was being planned for June, and the July meeting would be held on the usual day.

Adjournment

There being no further business, the meeting was adjourned at 1:17 p.m.

Respectfully submitted,


GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors

MINUTES OF THE MAY 28, 1992
SPECIAL MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A special meeting of the Board of Directors was held on May 28, 1992, in the second-floor training room of the Riverside Public Utilities Department, 3601 University Avenue, Riverside, California 92522.

The meeting was called to order at 10:25 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: Michael Bell, City of Anaheim (A), Gerald D. Wolf, City of Azusa (A), Terry Collins, City of Banning (M), Ronald V. Stassi, City of Burbank (S), Gale A. Drews, City of Colton (M), Tommy Wu, City of Glendale (A), Dennis B. Whitney, City of Los Angeles (A), Henry C. Lee, City of Pasadena (A), and William D. Carnahan, City of Riverside (M).

Also present were: SCPPA Executive Director, Linda M. Lazzerino, Assistant Secretary, George R. Spencer, and SCPPA staff member Steven L. Homer.

Others attending were: Alan R. Watts, Esquire, from Rourke & Woodruff, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Margaret Chan, from O'Brien Partners, Eric Seder, from Smith Barney, William T. Berry, Jr., from Lehman Brothers, Lee Anne Uhler, from the City of Colton, and Brian Thomas, Dieter Wirtzfeld, and Donna Stevener, from the City of Riverside.

1. Matters related to the Southern Transmission System

- o Consideration of and action regarding the issuance and sale of subordinate refunding revenue bonds for the Southern Transmission System Project, including the approval of related documentation, delegation of authority, and related matters.

Ms. Linda Lazzerino explained that the purpose of the Special Meeting was to approve the documents authorizing the STS refinancing.

Ms. Margaret Chan updated the Board on the condition of the market, which at that point would not provide the required 5% present value savings.

Mr. Edward Long explained that Resolution 1992-20 authorizes a new subordinate indenture (similar to the one used for the Authority's variable rate/swap refunding) and a supplemental indenture (which supplements the senior indenture and provides a way for funds to flow to the new subordinate indenture). The resolution also authorizes preparation of an Official Statement and a Purchase Contract, and sets parameters. It authorizes the President and Vice President, in consultation with the Finance Committee, to set terms and execute all documents. Mr. Long pointed out some of the other provisions, and emphasized that the transaction must provide a present value savings of not less than 5% of the principal amount (production) of the refunding bonds.

He explained that Resolution 1992-21 was the Blue Sky Resolution, authorizing action necessary to meet the requirements of the various states' securities laws.

In response to a question from Mr. Michael Bell, Ms. Lazzerino explained that the provision for the optional use of a Prepaid Current Coupon Convertible Bond Program had been included for flexibility. The plan might provide additional savings under certain market conditions, but has not yet been thoroughly evaluated.

Mr. Bell reiterated Anaheim's belief that a Request for Proposal process should have been used to find the most beneficial method of refinancing.

Mr. Dennis Whitney moved that Resolutions No. 1992-20 and No. 1992-21, authorizing the refunding of Southern Transmission System Project Revenue Bonds, be approved. The motion was seconded by Mr. Tommy Wu, and approved by Roll Call Vote, with Anaheim voting no, Azusa, Banning, and Colton abstaining, and Imperial and Vernon being absent.

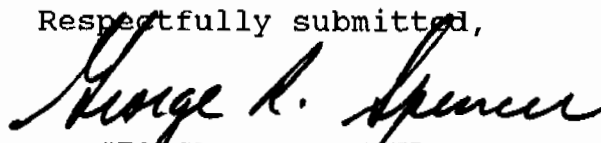
2. Opportunity for the Public to Address the Board

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

Adjournment

There being no further business, the meeting was adjourned at 10:49 a.m.

Respectfully submitted,


GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors