

MINUTES OF THE AUGUST 20, 1992
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on August 20, 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 10:16 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. 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), and Mr. Bill D. Carnahan, City of Riverside (M), and Mr. Kenneth J. DeDario, City of Vernon (A).

Also present were: Mr. Brian G. Thomas, City of Riverside, SCPA Executive Director, Ms. Linda M. Lazzerino, SCPA Assistant Secretary, Mr. George R. Spencer, SCPA staff members, Mr. Steven L. Homer, Ms. Nellie Ho, and Ms. Ann Peterson, Ms. Phyllis E. Currie, LADWP Chief Financial Officer, Mr. William Williams, LADWP Assistant Chief Financial Officer, Mr. BC Monk, LADWP Director of Joint Venture Accounting, Ms. Estrella A. Vilorio, Manager of SCPA Accounting, Mr. David Melvold, LADWP Manager of Transmission Planning, Mr. Guy Hagen, Mr. Glen Ogawa, and Mr. Robert Kuhn, from LADWP Project Management, and Mr. Son Hoang, LADWP Power Contracts.

Others attending were: 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. Eric Seder, Mr. Timothy Rattigan and Mr. Tom Staz, from Smith Barney, Harris Upham & Company, Inc., Mr. David J. Stoldt from Paine Webber, Mr. James E. Scott and Mr. Oscar J. Carlson, from The First Boston Corporation, Ms. Catherine L. Pfeiffenberger, from Lehman Brothers, Mr. Steven Dworkin, from Bear Stearns and Company, Ms. Lisa M. Handley, from M. R. Beal & Company, and Mr. Mark Vincent Allen, from Southern California Edison.

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 Meetings

July 10, 1992 Special Meeting - A motion was made by Mr. William Carnahan, seconded by Mr. Terry Collins and unanimously carried that the Minutes of the July 10, 1992 Special Meeting be approved.

July 16, 1992 Regular Meeting - A motion was made by Mr. William Carnahan, seconded by Mr. Terry Collins and unanimously carried that the Minutes of the July 16, 1992 Regular Meeting be approved as corrected.

3. Multiple Project Revenue Bonds

Approval of Use of Bond Proceeds for Mead-Adelanto
and Mead-Phoenix and Revision of Board Policy

Ms. Lazzerino explained that Resolution 1992-25 revises the 1989 Board Policy to identify Mead-Phoenix as an "Authorized Project", in addition to Mead-Adelanto, and authorizes transfer of Multiple Project funds to the project accounts.

After discussion it was agreed to add language to clarify that the transfer of future amounts would require separate Board approval.

Mr. Carnahan moved that Resolution 1992-25 be approved as amended, and that the Board be informed of the exact amount transferred at the next meeting. The motion was seconded by Mr. Plumb and approved by Roll Call Vote, with Vernon abstaining and Colton absent.

Mr. Spencer agreed to prepare a report comparing current total drawdown for Mead-Adelanto and Mead-Phoenix to that presented at the December 1991 workshop. He also agreed to prepare a draft of a proposed monthly report tracking actual Mead-Phoenix/Mead-Adelanto drawdown to SCPA's projected drawdown schedule.

Authorization of Letter Agreement for
Financial Advisor's Services

Ms. Lazzerino referenced her memo in the Board notebooks and explained the Letter Agreement setting O'Brien Partners' fee for services related to the Multiple Project Revenue Bonds.

Mr. Hopkins moved that the Letter Agreement with O'Brien Partners be approved. The motion was seconded by Mr. Plumb and unanimously approved.

4. Mead-Adelanto Project Transmission Tower Contracts

Approval of Award of Contracts for the Design,
Testing, Fabrication, and Supply of Transmission
Towers for the Mead-Adelanto Project

Ms. Lazzerino explained that the transmission tower contracts needed Board approval because the Mead-Adelanto Procurement Rules do not take effect until the long-term agreements are signed. Future contracts of this size will fall under the Rules and will be approved at the Coordinating Committee.

SCPPA/LA Letter Agreement for Mead-Adelanto
Project Tower Contracts Reimbursement

Ms. Lazzerino also explained the Letter Agreement in which Los Angeles agrees to bear the expense of the transmission tower contracts in the event that the long-term agreements do not become effective.

Mr. Cotton moved that Resolution 1992-26 approving the transmission tower contracts and the SCPPA/LA Letter Agreement be approved. The motion was seconded by Mr. Hsu and approved by Roll Call Vote, with Colton absent.

5. Agency Agreements for the Mead-Adelanto and the
Mead-Phoenix Projects Between SCPPA and
the Los Angeles Department of Water and Power

Ms. Lazzerino presented the Agency Agreements for the Mead-Adelanto and Mead-Phoenix Projects, which authorize Los Angeles to do the accounting and administrative work for SCPPA. The agreements are similar to existing agreements for the other SCPPA projects.

Mr. Plumb moved that Resolution No. 1992-27, approving the Agency Agreement for Mead-Adelanto, and Resolution 1992-28, approving the Agency Agreement for Mead-Phoenix, be approved. The motion was seconded by Mr. Bell and unanimously approved by Roll Call Vote, with Colton absent.

6. Approval of Amendments to Palo Verde
Project Decommissioning Trust Agreements

Mr. Monk explained that minor changes were being made to the Decommissioning Trust Fund Agreements in order to comply with the Palo Verde Participation Agreement.

Mr. DeDario moved that Resolution 1992-29, authorizing Amendment No. 1 to Palo Verde Decommissioning Trust Fund Agreement I, and Amendment No. 1 to Palo Verde Decommissioning Trust Fund Agreement II, be approved. The motion was seconded

by Mr. Carnahan and approved by Roll Call Vote, with Anaheim abstaining, and Colton absent.

7. Revision of the Southern Transmission Project
Annual Budget for Fiscal Year 1992-93

Mr. Steve Homer presented the revised STS Budget and pointed out that the recent refunding had resulted in a savings of \$1.6 million in debt service for the remaining 10 months of Fiscal Year 1992-93.

Mr. Cotton moved that Resolution 1992-30, approving the amended budget for the Southern Transmission System, be approved. The motion was seconded by Mr. Carnahan and approved by Roll Call Vote, with Azusa and Banning abstaining, and Colton absent.

8. Third Quarter Budget Comparison
for the Hoover Uprating Project

Mr. George Spencer presented the Third Quarter Budget Comparison for the Hoover Uprating Project, and explained the effect of the suspended credits and the cash payments on the Net Authority Cost.

9. Executive Director's Report

Legislative Report

Ms. Lazzerino referenced the written material in the Board packages, and updated the Board on proposed State legislation which might make SCPPA financings subject to State Affirmative Action requirements.

Pittsburgh National Bank Proposal

Mr. Edward Long reported that Pittsburgh National Bank has asked their own law firm to provide an opinion that the proposed reclassification of SCPPA's multi-project investment agreement would have no negative effect on SCPPA, and that the firm is having difficulty providing such an opinion.

10. Finance Committee/Financing

Mr. Stassi reported on the August 3 Finance Committee meeting, at which the committee decided to recommend issuing an RFP for future refinancings. He said the Finance Committee was asking the Board (1) to authorize the distribution of the RFP; (2) to authorize O'Brien Partners to assist in the analysis of the proposals and the organization of the interview process; and (3) to appoint an interview committee.

After discussion, Mr. Michael Bell moved that the Board approve the RFP and the schedule, authorize O'Brien Partners to prepare the analysis of the proposals, create the short list, and organize the interview process, and that the Finance Committee be assigned to perform the interviews and make a recommendation to the Board. The motion was seconded by Mr. Kenneth Noller and unanimously approved.

Transmission Project Revenue Bonds,
1992 Subordinate Refunding Series

Mr. William Baker referenced Smith Barney's Post Sale Summary, and pointed out that the refinancing produced \$25 million or more than 6.5% Present Value Savings.

Mr. Eric Seder reviewed the history of the refinancing and referenced the Summary of Results in the Post Sale Summary. Both Mr. Baker and Mr. Seder complimented the Working Group for the coordination and cooperation required to complete such a complicated transaction in such a compressed time frame.

Analysis of the Impact of Refunding Issues

Mr. B C Monk summarized his written report in the Board folders, and explained that the increase in debt due to refunding has not adversely impacted SCPPA financially, but has significantly reduced total debt service costs with minimum risk.

12. Joint Planning Subcommittee

Mr. Plumb referenced the report in the Board notebooks and updated the Board regarding the R.W. Beck load forecast data base. The Subcommittee is working on an executive summary which will be brought to the Board.

13. Management Reports

Mr. Spencer noted that the project reports were now included under this section as well as his staff report.

Palo Verde Project

Mr. Cotton referenced the written report in the Board folders and discussed the status of the project. He informed the Board that costs for low-level nuclear waste disposal were escalating dramatically, and pointed out that this may make the Decommissioning Fund inadequate. He also discussed the Administrative Committee's concern about Arizona Public Service's incentive program mixing APS activities with APS-managed activities.

Los Angeles, as SCPPA's agent, was asked to determine the cost impact on SCPPA members if El Paso defaults and members are obligated to pick up costs during the initial 6-month period. Los Angeles was also asked to determine the availability of excess transmission capacity between Palo Verde and southern California, in case SCPPA should receive a proportionate share of El Paso's energy after the initial 6 months.

Hoover Upgrading Project

Mr. Spencer referenced Mr. Patrick's written report.

Other Business

Mr. Carnahan requested more information on the Army's Fort Irwin expansion and its effect on the Mead-Adelanto line. Mr. Spencer agreed to have staff prepare a written report.

In response to a question by Mr. Carnahan, Ms. Lazzerino reported that she was working with Mr. Long and Ms. Chan to develop a schedule and a list of the activities necessary to bring the financing of the San Juan III Project to completion.

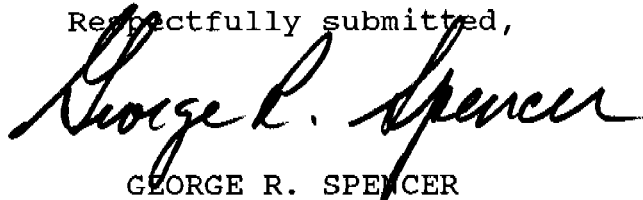
11. Closed Session

At this point Mr. Stassi announced that the Board would go into closed session to consider matters pending or threatened litigation or personnel matters, pursuant to Government Code Sections 54956.9 or 54957.6.

Adjournment

Upon reconvening from closed session, there being no further business, the meeting was adjourned at 12:55 p.m.

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

c: Board of Directors