

MINUTES OF THE DECEMBER 5, 1990,
REGULAR MEETING OF THE
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on December 5, 1990, in the Santa Barbara Room of the Pasadena Hilton Hotel, 150 South Los Robles Avenue, Pasadena, California 91101.

The meeting was called to order at 10:07 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: Dale A. Pohlman, city of Anaheim (M), Joseph F. Hsu, city of Azusa (M), Terry Collins, city of Banning (M), Frederic C. Fletcher, city of Burbank (A), Gale A. Drews, city of Colton (M), Tommy Wu, city of Glendale (A), Dennis B. Whitney, city of Los Angeles (A), David C. Plumb, city of Pasadena (M), who joined the meeting at 11:05 replacing Henry C. Lee, city of Pasadena (A), Bill D. Carnahan, city of Riverside (M), Kenneth J. DeDario, city of Vernon (A).

Also present were: SCPPA Executive Director, Linda M. Lazzerino, SCPPA Assistant Secretary, George R. Spencer, and SCPPA staff members, Alan N. Vallow, Nellie Ho, Ann Peterson, and from SCPPA Joint Venture Accounting, Estrella A. Vilorio and Paciencia Z. Dungo.

Others attending were: Gerald Wolf, city of Azusa, Olaf M. Falkenhagen and Deron Johnson from Price Waterhouse, Margaret L. Chan and William A. Baker, Jr. representing O'Brien Partners, Edward W. Long, Esquire, from Mudge Rose Guthrie Alexander & Ferdon, Alan R. Watts, Esquire, from Rourke & Woodruff, Ben Waitman from Los Angeles City Administrative Office, and Thomas H. McGuinness from Los Angeles Department of Water & Power.

1. Approval of the Minutes
of the October 3, 1990,
Regular Meeting

A motion was made by Joseph F. Hsu, seconded by Dale A. Pohlman, and unanimously carried that the minutes of the October 3, 1990, Regular Meeting, be approved.

2. Matters Relating to the
Palo Verde Project

Project Report

Mr. Dennis B. Whitney reported that at the present time all three Palo Verde units are operating at 100% power. Units 2 and 3 were the most productive units in the country for September and ranked favorably for productivity in the listed top ten nuclear facilities in the free world. The

listed top ten nuclear facilities in the free world. The three combined Palo Verde units were credited with being the only nuclear facility in the nation producing at full 100% power during the month of November.

Mr. Whitney briefly discussed the \$125,000 civil penalty levied by the NRC and paid by Arizona Public Service for violations involving PVNGS emergency lighting.

According to Mr. Whitney, the Systematic Assessment Licensee Performance (SALP) Report has been finished and the rating should be available in early 1991.

Budget Comparison and Reconciliation for Fiscal Year 1989-90

Mr. Alan N. Vallow described in some detail the Palo Verde Budget Comparison and Reconciliation for Fiscal Year 1989-90 and explained the derivation of the \$2.28 million undercollection. Mr. Vallow reported revisions would be made to clarify this report. Billing to balance the undercollection was done in October. Mr. Vallow referred the Board to the Annual Report of 1989-90 of the Palo Verde Operating Budget, copies of which were included in the mailing notebook under Tab C.

3. Matters Relating to the Southern Transmission Project

Budget Comparison and Reconciliation for Fiscal Year 1989-90

Mr. Alan N. Vallow briefly reviewed the Budget Comparison and Reconciliation for Fiscal Year 1989-90 and stated that collected moneys were in exact relationship to budgeted amounts. Mr. Vallow also reported that Participants were issued a refund in their October power bill.

4. Matters Relating to the Mead-Phoenix Project

Project Report

Mr. George R. Spencer reviewed the Management Committee Meeting on November 27th in Phoenix, Arizona. Mr. Spencer reported that the "Bridge Agreement" is currently planned to be ready for execution by February 1, 1991, with the long-term agreements to be executed by August 1, 1991. Mr. Spencer advised Board members that the Committee agreed to delay construction of Marketplace to a later date and instructed the L&N Committee to revise the long-term agreements to reflect its later construction.

Regarding the Mead-Adelanto Project, Mr. Spencer advised the Board that Los Angeles expressed some concern about the status of the right-of-way grants from BLM and that action needs to be taken to preserve the right-of-way.

Mr. Spencer concluded by advising Board members that the next Management Committee Meeting is scheduled for Friday, December 7, at the Marriott Hotel in Ontario.

5. Matters Relating to the Hoover Uprating Project

Project Report

Mr. Alan N. Vallow reported to the Board that 12 units of a total of 17 units are fully operating at the Hoover Uprating Project and another unit will be fully operational in February of next year.

Mr. Vallow also noted that at the last Engineering and Operating Committee meeting, the installation of the elevator shaft for the proposed visitor's facility was discussed. Several of the Hoover Participants had questioned the Bureau's latest estimate of \$85 million for completion of the facility.

At the Hoover Technical Committee Meeting, it was announced that the Bureau of Reclamation will be sending out letter agreements to all Hoover Participants regarding capacity availability resulting from the purchase of certain transmission facilities and the installation of new circuit breakers. All Hoover Participants have agreed to share the loss of capacity during these activities on a prorata basis.

Hoover Uprating Budget Comparison for Third Quarter 1989-90

Mr. Alan N. Vallow reported on the Hoover Budget Comparison for Third Quarter 1989-90, which he described as being driven by Debt Service. Mr. Vallow also commented that actual energy delivered was more than that which was budgeted.

6. Finance Committee Matters

Report

President Gale A. Drews reported on the Finance Committee Meeting on October 22nd. Discussed at the meeting was the draft to be sent out by SCPPA regarding the request for proposals in the selection of an auditing firm to prepare SCPPA's 1990-91 audit.

The Authority is requesting that auditing firms submitting bids do so on or before December 7th and it is hoped a decision as to the selected firm will be made and awarded by February 6, 1991.

Establishment of a
Revolving General Fund

Mr. George R. Spencer reviewed for the Board the present method of funding the Revolving General Fund.

The Finance Committee recommended to the Board that a direct initial assessment be paid by each utility in order to increase the Revolving General Fund from \$25,000 to \$75,000.

Resolution No. 1990-15

A motion was made by Mr. Tommy Wu, seconded by Mr. Bill D. Carnahan, establishing a Revolving General Fund, providing for initial contributions thereto by members of the Authority and taking certain related action. A roll call vote was held and all present voted to approve the resolution.

A copy of Resolution No. 1990-15 was included under Tab F in the mailing notebooks.

New Furnishings and Equipment
for the Authority's Pasadena Office

President Gale A. Drews advised the Board that at the Finance Committee Meeting furnishings and equipment for the Pasadena office were also discussed. President Drews concluded by saying that partial funds for this expenditure have already been budgeted and additional expenditures will be covered by moneys budgeted but not spent for recruitment of a new Executive Director.

7. Executive Director's Report

Report of Activities

Linda M. Lazzerino reviewed her activities in the last several weeks. They included a visit to the Intermountain Power Project Switchyard, and attendance at the CMUA Seminar on natural gas on October 11th and the APPA Legal Seminar, October 15th to the 17th. Order forms for papers which were discussed at the Legal Seminar were included in the Board folders. Ms. Lazzerino also reviewed her trip to the APPA Joint Action Workshop, November 26th through the 29th. The workshop's aim was to collect and disseminate information regarding joint action agencies throughout the country. Materials provided at the workshop were included in today's meeting folders.

"Big Green"

Ms. Lazzerino briefly discussed the "Big Green" initiative included on the California ballot in November and mentioned an article from the Washington Post, dated November 16, 1990, that provided one perspective on the outcome of the election. Copies of this article were included in today's meeting folders.

Electro-Magnetic Fields Information

A memorandum sent to Board members by Ms. Lazzerino, dated November 8, 1990, regarding Electro-Magnetic Fields, was mentioned by Ms. Lazzerino. Mr. Bernard V. Palk from the Los Angeles Department of Water and Power had offered to conduct a SCPPA Board briefing regarding this topic. The response to the memo indicated that the majority of the Board wished to individually pursue Mr. Palk's offer of information. Therefore, no SCPPA briefing will be scheduled.

Price Waterhouse Audit Report

Mr. Olaf M. Falkenhagen discussed the Authority's Report With Financial Statements and Financial Information, June 30, 1990 and 1989, which had been prepared by his firm, Price Waterhouse. Copies of the report had been furnished to Board members prior to today's meeting.

8. Management Report

SCPPA Monthly Report

Mr. George R. Spencer briefly discussed the Authority's Monthly Reports for October and November. Copies of these reports were included in the mailing notebooks.

Power System Data
for Member Utilities

Mr. George R. Spencer reported on the "Summary of Power System Data for SCPPA Member Utilities, 1986-1990", copies of which were included in the mailing notebooks.

President Gale A. Drews requested that Power System Data be prepared on an annual basis.

9. Counsel Report

Maricopa County Litigation

Mr. Alan R. Watts of Rourke & Woodruff reported on the status of the Maricopa County litigation and reminded the Board that the property taxes imposed on the Authority by Maricopa County were paid in full, but under protest. The various cases claim that the property tax rate was not

established in conformance with the law.

Mr. Watts advised the Board that the property tax complaint filed for 1989 will be served before the end of 1991.

Arizona Tax Reform Act of 1990

Mr. Watts reviewed the status of the Arizona Nuclear Property Tax Legislation (a part of the Arizona Tax Reform Act of 1990), which directs counties in Arizona to impose additional property taxes on utilities and mines in "wealthy" school districts. The status of the new tax is in question pending resolution of a referendum challenging the legislation. In the interim, Snell & Wilmer, attorneys representing Palo Verde Participants in this matter, urge that assessments be paid on time, but not prematurely.

APS v. Pipe Fabricating and Supply

Mr. Watts advised that there is also pending a class action antitrust suit by numerous utilities, including APS on behalf of Palo Verde Participants, against certain specialty steel piping suppliers.

The Board will be advised of developments in this case.

10. Other Business

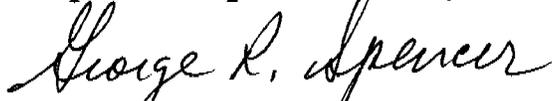
Mr. David C. Plumb, who has a conflict of meetings on the first Wednesday of each month, requested that the Board consider a different regular meeting day. The Executive Director will request a "calendar of meetings" from each of the Authority's Directors in order to determine whether an alternate meeting date is available. The results will be reported to the Board for their consideration.

11. Opportunity for the Public to Address the Board

President Gale A. Drews afforded the public an opportunity to address the Board. There were no comments from the public.

There being no further business, the meeting was adjourned at 12:40 p.m.

Respectfully submitted,



GEORGE R. SPENCER
Assistant Secretary

cc: Board of Directors