

MOSSES ADAMS



**SOUTHERN CALIFORNIA
PUBLIC POWER AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT AND
COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Participants of
Southern California Public Power Authority

We have audited the accompanying combined and individual project's statements of net assets (deficit) of Southern California Public Power Authority (the Authority) as of June 30, 2009 and 2008 and the related combined and individual project's statements of revenues, expenses and changes in net assets (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined and individual project's financial statements referred to above present fairly, in all material respects, the financial position of Southern California Public Power Authority and each of the Authority's projects: Palo Verde Project, Hoover Upgrading Project, San Juan Project, Magnolia Power Project, Ormat Geothermal Energy Project, Southern Transmission System Project, Mead-Phoenix Project, Mead-Adelanto Project, Natural Gas Pinedale Project, Natural Gas Barnett Project, Prepaid Natural Gas Project No. 1, Canyon Power Project, Pebble Springs Wind Project, MWD Small Hydro Project, Tieton Hydropower Project, Multiple Project Fund, and Projects' Stabilization Fund as of June 30, 2009 and 2008 and the results of the Project's operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis preceding the combined financial statements is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The additional supplemental information, as listed in the table of contents, following the combined financial statements and notes to combined financial statements is also not a required part of the basic financial statements but is supplementary information provided for purposes of additional analysis. We did not audit or perform any other procedures on this information and express no opinion on it.



Portland, Oregon
October 15, 2009

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of Southern California Public Power Authority (the "Authority" or "SCPPA"), provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2009 and 2008. Please read this discussion and analysis in conjunction with the Authority's Combined Financial Statements, which begin on page 10. Description and other details pertaining to the Authority are included in the Notes to Combined Financial Statements.

The Authority is a joint powers authority whose primary purpose has been to provide joint financing and oversight for large joint projects for its member agencies that consist of eleven municipal electric utilities and one irrigation district in California. On a combined basis, these entities provide electricity to more than 2 million retail electric customers. A Board of Directors (the "Board") governs the Authority, which consists of one representative from each member agency.

USING THIS FINANCIAL REPORT

This annual financial report consists of a series of financial statements and reflects the self-supporting activities of the Authority that are funded primarily through the sale of energy, natural gas, and transmission services to member agencies under project specific "take or pay" contracts that require each member agency to pay its proportionate share of operating and maintenance expenses and debt service with respect to such projects. The contracts cannot be terminated or amended in any manner that will impair or adversely affect the rights of the bondholders as long as any bonds issued by the specific project remain outstanding. The Authority also established "take and pay" contracts for the participants of the prepaid natural gas project where the payments received from the sale of gas will be sufficient to pay debt service. In addition, the Authority has entered into various power purchase agreements. These agreements are substantially take-and-pay contracts but there may be other costs not associated with the delivery of energy that the participants may be obligated to pay.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Combined Summary of Financial Condition and Changes in Net Assets (Deficit)
(In Thousands)**

	JUNE 30,		
	2009	2008	2007
Assets			
Net utility plant	\$ 1,070,203	\$ 1,009,331	\$ 1,006,994
Investments	828,151	558,619	556,518
Cash and cash equivalents	143,671	230,000	149,740
Prepaid and other	602,916	592,450	103,290
	<u>2,644,941</u>	<u>2,390,400</u>	<u>1,816,542</u>
Total assets	<u>\$ 2,644,941</u>	<u>\$ 2,390,400</u>	<u>\$ 1,816,542</u>
Liabilities			
Noncurrent liabilities	\$ 2,513,439	\$ 2,310,261	\$ 1,842,488
Current liabilities	273,947	220,748	191,137
	<u>2,787,386</u>	<u>2,531,009</u>	<u>2,033,625</u>
Total liabilities	<u>\$ 2,787,386</u>	<u>\$ 2,531,009</u>	<u>\$ 2,033,625</u>
Net Assets (Deficit)			
Invested in capital assets, net of related debt	(1,254,815)	(1,236,053)	(742,312)
Restricted net assets	1,022,837	996,901	429,686
Unrestricted net assets	89,533	98,543	95,543
	<u>(142,445)</u>	<u>(140,609)</u>	<u>(217,083)</u>
Total net deficit	<u>(142,445)</u>	<u>(140,609)</u>	<u>(217,083)</u>
	<u>\$ 2,644,941</u>	<u>\$ 2,390,400</u>	<u>\$ 1,816,542</u>
Total liabilities and net assets (deficit)	<u>\$ 2,644,941</u>	<u>\$ 2,390,400</u>	<u>\$ 1,816,542</u>
Revenues, Expenses and Changes in Net Assets (Deficit) for the year ended June 30			
Operating revenues	\$ 464,286	\$ 476,865	\$ 390,005
Operating expenses	(347,709)	(327,249)	(291,202)
	<u>116,577</u>	<u>149,616</u>	<u>98,803</u>
Operating income	<u>116,577</u>	<u>149,616</u>	<u>98,803</u>
Investment income	27,741	32,956	33,622
Debt expense	(145,965)	(108,062)	(113,028)
	<u>(1,647)</u>	<u>74,510</u>	<u>19,397</u>
Change in net assets	<u>(1,647)</u>	<u>74,510</u>	<u>19,397</u>
Net Deficit, beginning of year	(140,609)	(217,083)	(246,532)
Net Contributions/(Withdrawals) By Participants	<u>(189)</u>	<u>1,964</u>	<u>10,052</u>
Net Deficit, end of year	<u>\$ (142,445)</u>	<u>\$ (140,609)</u>	<u>\$ (217,083)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Combined Financial Statements (Continued)

Net Deficit -

During fiscal year 2009 the Authority's net deficit increased by \$2 million mainly due to the increase in assets of \$254 million and the increase in liabilities of \$256 million.

The increase in the Authority's assets is due to the following:

- Utility Plant - increased by \$61 million.
This increase is primarily due to the \$80 million ongoing construction costs in the Canyon Power Project (CPP), \$28 million upgrade of two converter stations in the Southern Transmission System (STS); and \$23 million ongoing capital improvements in the Palo Verde (PV or PVNGS), Mead Phoenix (MP), San Juan (SJ), Magnolia (MPP) and Natural Gas Barnett Projects; offset by \$72 million of scheduled depreciation and amortization in all projects.
- Investments – increased by \$270 million.
This increase is largely due to the following additional inflows of cash: \$92 million of bond proceeds from the issuance of the STS 2008 Series B Subordinate Bonds, \$27 million of bond proceeds from the issuance of the 2008A Revenue Notes in the Canyon Power Project, \$2 million of remaining bond proceeds and \$3 million remaining from the suspension of the 2007 Swap in the Mead Adelanto Project; \$49 million of accumulated overbillings and advances from the Palo Verde, STS, Mead Phoenix, Prepaid Gas, and Natural Gas Reserves – Pinedale and Barnett Projects; \$90 million transfer of investment from cash and cash equivalents to long-term in the Palo Verde, Hoover, San Juan, Magnolia, Pinedale and Barnett Natural Gas Reserves, Multiple and Project Stabilization Fund (PSF); \$12 million reinvestment of interest earnings in the Decommissioning Trust Fund, Multiple Project, and PSF. The increases were offset by the \$5 million FSA Guaranteed Investment Contract (GIC) that reduces the notes payable due to the participants.
- Cash and cash equivalents – decreased by \$86 million.
This decrease is due to the \$90 million transfer of investments from cash and cash equivalents to long-term in the Palo Verde, Hoover, San Juan, Magnolia, Natural Gas Pinedale and Barnett, Multiple and PSF Projects; \$3 million payment of capital improvements in Mead Phoenix; \$7 million advance payment of O&M in the San Juan Project; and \$7 million payment of major maintenance in the Magnolia Power Project. The decreases were offset by \$11 million bond proceeds from the issuance of the 2008A Revenue Notes in the Canyon Power Project; \$6 million additional investment from the newly acquired Renewable Projects – Pebble Springs Wind Project, Tieton Hydropower Project, and MWD Small Hydro Project; and \$3 million accumulated overbillings from Prepaid Natural Gas Project No.1, and Ormat Geothermal Energy Project.
- Prepaid and Other Assets – increased by \$10 million.
This increase is primarily due to the deferral of the \$31 million payment for the termination of the Magnolia 2007 Interest Rate Swap which is related to the refunding of the Magnolia A Refunding Revenue Bonds, 2007-1. The payment is being amortized over the life of the new Magnolia Refunding Bonds Series 2009-1 and 2009-2. The increase was offset by \$19 million of scheduled amortization costs in the Prepaid Natural Gas Project No. 1; and a \$2 million decrease in the advances for capacity and energy balance in the Hoover Upgrading Project.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Combined Financial Statements (Continued)

The increase in the Authority's liabilities of \$256 million is mainly due to the following:

- \$104 million issuance of 2008 Series A Revenue Notes in the Canyon Power Project; \$125 million issuance of 2008 Series B Subordinate Bonds in STS; \$24 million from the issuance of Refunding Bonds Series 2009-1 and 2009-2 in the Magnolia Power Project; \$40 million increase in accounts payable and accruals for all projects; \$12 million increase in advances from the participants in the Natural Gas Pinedale Project; and \$3 million of accrued interest. The increases were offset by \$56 million of principal maturities and related amortizations for all projects.

During fiscal year 2008, the Gas Project Revenue Bonds, Project No. 1, 2007 Series A & B were issued to acquire a prepaid 30-year supply of natural gas in the Natural Gas Prepaid Project No. 1; the Natural Gas Project Revenue Bonds Series 2008A were issued to payoff \$76 million of bridge loans in the Natural Gas Projects; and the environmental upgrades for the San Juan Project were completed. As a result of these events and other ongoing transactions, such as the scheduled depreciation, the application of advances from over/under billings in all projects, and the additional drilling of wells in the Natural Gas Barnett Project, the Authority's assets increased by \$573 million and its liabilities increased by \$497 million resulting in a net deficit decrease of \$76 million.

Operating Income -

The net decrease in operating income by \$33 million is due to the following:

- A \$13 million decrease in operating revenues and a \$20 million increase in operating expenses were primarily due to a decrease of \$24 million in the San Juan Project, because of the completion of the environmental upgrades and a decrease in depreciation expense resulting from a change in the estimated useful life of the plant; an \$18 million decrease in Palo Verde Project for the completion of the steam generator replacement program and last year's replenishment of fuel inventory; a decrease of \$4 million because of realized gain on the suspension of the 2007 Swap which was used to offset expenditures in the Mead Adelanto Project; and a \$4 million decrease due to the lower price of gas in the Magnolia Power Project and the Natural Gas Barnett and Pinedale Projects. The decreases were mainly offset by a \$12 million increase in operating income related to the commencement of the Prepaid Natural Gas No. 1 natural gas deliveries; and a \$5 million increase in the STS Project due to the postponement of costs associated with the STS Upgrade.

During fiscal year 2008, net operating income increased by \$51 million primarily due to an increase in billings to participants for the steam generation replacement and fuel inventory replenishment in Palo Verde; environmental upgrades and major maintenance in San Juan; and an increase in MPP's fuel and operation and maintenance expenses.

Investment Income -

Investment income decreased by \$5 million largely due to callable, high yield investment securities that were called and replaced with lower yielding securities in the Decommissioning Trust Fund, MPP, and PSF.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Combined Financial Statements (Continued)

During fiscal year 2008, there were no significant changes in investment income.

Debt Expense -

Debt expense increased by \$38 million mainly due to \$26 million of interest related to the Prepaid Natural Gas Project No. 1 Series 2007 A&B Bonds that are expensed in the current fiscal year due to the commencement of natural gas deliveries; \$6 million of additional interest expenses related to the remarketing of the STS variable interest rate bonds; \$1 million of fees paid for the remarketing of the Magnolia Power Project A Refunding Revenue Bonds 2007-1; and \$1 million of loss on refunding expense on the refunded PV 1996 Series B Bonds that had a remaining life of less than one year.

During fiscal year 2008, debt expense decreased by \$5 million primarily due to a net gain from swap related transactions and a decrease in arbitrage and other debt related obligations in the STS Project.

Supplementary Information:

The Linden Wind Energy Project - The Authority has entered into a contract for sale and purchase of the Linden Wind Energy Project. The project is a \$139 million, 50MW wind project comprised of 25 wind turbines, located in Klickitat County, Washington. The Authority has sold entitlements to 100% of the facility output to two of its members; 90% or 45MW to LADWP and the remaining 10% or 5MW to the City of Glendale. A layoff agreement has been put in place with a 3-year buy-out option for the City of Glendale. Approval processes at LADWP and Glendale have been completed and the preliminary financing process has commenced for the issuance of Linden Wind Energy Revenue Notes, 2009 Series A ("2009 Notes"), which will provide interim financing for the payment of a portion of the costs of acquisition. Construction is expected to be completed by mid 2010 at which time, bonds will be issued to retire the 2009 Notes and provide long-term financing for the costs of the project. The participants were billed in August 2009 for the initial milestone payment of \$13,995,000 that is due upon acceptance by the developer of the notice to proceed. The participants will be reimbursed for the payment from the proceeds of the 2009 Notes.

The Windy Point/Windy Flats Energy Project - The Authority has entered into a Power Purchase Agreement for the sale and purchase of the Windy Point/Windy Flats Project (the "Facility") resources located in Klickitat County, Washington. The Facility when fully developed will entail a wind-powered electricity generating facility, including a primary facility with a planned initial installed capacity of approximately 202 MW (Phase 1) and a facility expansion with a planned installed capacity of approximately 60 additional MW (Phase 2). Depending on construction progress both phases could be completed at the same time. The Authority has sold 92% of the energy to be generated by the Facility to LADWP and the remaining 8% to the City of Glendale. A layoff agreement has been put in place with a 3-year buy-out option for the City of Glendale. The Power Purchase Agreement provides for the Authority to make a prepayment for a portion of the energy generated. The Authority expects to finance such prepayment by issuing bonds. Approval processes at LADWP and Glendale have been completed and the preliminary financing process has commenced.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Outlook - The Authority's credit strength is based on a number of factors including:

- The collective credit strengths of each project participant
- The absence of concentration risk as evidenced by the lack of substantial reliance by one participant on the resources financed
- The low cost power the Projects provide the participants and
- Strong legal provisions.

The Authority has take-or-pay power sales, natural gas sales and transmission service contracts that unconditionally require the Participants to pay for the cost of operating and maintaining the Projects, including debt service, whether or not the Projects are operating or operable. Although the contracts have not been court-tested, a municipal utility's authority to enter into such contracts is rooted in the State's constitutional provisions for municipal electric utilities. The Participants of the Prepaid Natural Gas Project No. 1, however, are obligated only to purchase and pay for gas delivered by SCPA at market-based prices in accordance with the prepaid gas sale agreements in take and pay contracts. The Authority has also entered into various power purchase agreements that are substantially take-and-pay contracts but there may be other costs not associated with the delivery of energy that the participants may be obligated to pay.

Through the collaborative efforts of its members, the Authority has developed a comprehensive and dynamic strategic plan that provides a common vision for its members and a platform for joint action. SCPA continues its involvement in legislative and regulatory affairs at both the state and federal levels to protect represented customers, by assuring resource adequacy, excellent reliability, and environmental stewardship. Backed by one of the strongest financial ratings in the utility industry, SCPA maintains its traditional role of providing financing for its members' natural gas, generation, and transmission projects. In addition to the conventional areas of power, investments are also being made to provide customers with more renewable generation and energy efficiency.

Energy efficiency and demand reduction programs are vital parts of public power's resource strategy and critical to balancing the portfolio's generation and load match. Since 1998, SCPA members have spent more than \$300 million on energy efficiency and demand reduction management programs.

In addition to energy efficiency, AB 1890 requires all California electric utilities to commit a portion of their revenue to other Public Benefit Programs, including renewable energy, research, development and demonstration (RD&D), and low-income customer assistance. SCPA members have a significant commitment to low-income customer assistance and RD&D public benefit programs. Since 1998, over \$921 million has been spent to date to support local communities.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Renewable Projects - SCPPA members are committed to the use of renewable energy resources in the future.

High Winds Energy Center - Energy from the High Winds Energy Center in Solano County, California, is now a part of the participating members' resource portfolios. SCPPA members, including the cities of Anaheim, Azusa, Colton, Glendale, and Pasadena contracted with PPM Energy (a division of Pacificorp Holdings) for 30 megawatts (MW) of the 150 MW wind facility. PPM also provides a firming service, which guarantees SCPPA members firm delivery of energy, at predetermined rates, regardless of the wind conditions at the site. Although the purchase contracts under the project were between the individual members and PPM, SCPPA played a key role in bringing this project to a reality through the issuance of the Renewable RFP and coordinating contract negotiations.

Ameresco Chiquita Energy LLC - SCPPA has entered into a Power Purchase Agreement with Ameresco Chiquita Energy LLC for 100% of the electric generation from a landfill gas to energy facility to be located at the landfill site in Valencia, California (Ameresco Landfill Gas to Energy Project). The SCPPA participants in this project include the cities of Burbank and Pasadena. This project will initially be for 8 megawatts with an option to increase the output by an additional 8 megawatts in the future when additional gas becomes available.

The Authority has entered into development agreements with its members for the purpose of investigating and performing due diligence on the following renewable resource options to be acquired on behalf of its members:

Milford Wind Corridor Phase I Project - The Milford Wind Corridor Phase I Project is a 200 MW wind power project planned to be located in Beaver and Millard Counties, Utah. The wind power will be delivered to SCPPA through the Intermountain Power Project's switching station located in Delta, Utah. The term of the project is 20 years and the commercial operation date is expected to be in late 2009. An early buyout option is included in the agreement after the 10th contract year. Similar to other SCPPA projects, the Milford Wind Corridor Phase I project will be paid for entirely by the participants (LADWP, Burbank, and Pasadena). This project is under construction and the participant agreements have been finalized.

Raser Geothermal Generation Project - A Utah geothermal project with a proposed nameplate capacity of approximately 111 MW located in Beaver and Iron Counties, Utah, which is currently being developed by Raser Technologies, Incorporated and will be initially administered, owned, and operated by affiliates of Raser Technologies, Incorporated. The Power Purchase Agreements are anticipated to provide various prepayment and purchase options. The Project is currently being developed in two separate phases, with phase one having three sub-phases. The estimated commercial operation date is December 2011.

Milford Wind Corridor Phase II Project - A Utah wind energy project developed on 9,500 acres of land, with a proposed nameplate capacity of 103 MW, located in Beaver and Millard Counties, Utah, to be developed by First Wind Holding, Incorporated. This Project is initially contemplated to be owned and administered by Milford Wind Corridor Phase II, LLC, an affiliate of First Wind Holding, Incorporated. The Power Purchase Agreement relating to the facility is anticipated to provide for potential purchase options. The estimated commercial operation date is April 2010.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Renewable Projects (Continued)

Miller Ranch Wind Project - A Washington state wind power generating facility project with a proposed nameplate capacity of approximately 150 MW is being developed by EnXco Development Corporation and affiliates of EnXco Development Corporation on 15,140 acres of land. The estimated commercial operation date is October 2010.

Leaning Juniper II Wind Project - An Oregon wind energy project with a proposed nameplate capacity of approximately 201.3 MW currently under development by Iberdrola Renewable, Incorporated, located in Gilliam County, Oregon. The project is currently owned and administered by Leaning Juniper Wind Power II, LLC, an affiliate of Iberdrola Renewable, Incorporated. This project will be developed in two (2) phases, with Phase 1 of the project referred to as "Leaning Juniper 2a" and Phase 2 of the project being referred to as "Leaning Juniper 2b". Leaning Juniper 2a is a 90.3 MW wind energy generation facility comprised of approximately 8,000 acres. Leaning Juniper 2b is a 111 MW wind energy generation facility comprised of approximately 18,000 acres. The estimated commercial operation date is December 2010.

Solar Mission Project - An Arizona Solar Tower project under development with a proposed nameplate capacity of approximately 200 MW located in western Arizona in La Paz County. The facility is being developed by SolarMission Technologies, Incorporated and EnviroMission (USA) Incorporated. The estimated commercial operation date is March 2013.

Summary

The management of the Authority is responsible for preparing the information in this management discussion and analysis, combined financial statements and notes to combined financial statements. The financial statements were prepared according to accounting principles generally accepted in the United States of America, and they fairly portray the Authority's financial position and operating results. The notes to the financial statements are an integral part of the basic financial statements and provide additional financial information.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENTS OF NET ASSETS (DEFICIT)
(AMOUNTS IN THOUSANDS)**

	JUNE 30,	
	2009	2008
ASSETS		
Noncurrent assets		
Net utility plant	\$ 1,070,203	\$ 1,009,331
Investments - restricted	756,916	493,557
Investments - unrestricted	71,235	65,062
Advance to IPA - restricted	11,550	11,550
Advances for capacity and energy, net - restricted	10,850	12,381
Unamortized debt expenses	49,651	19,940
Prepaid and other assets	465,666	482,291
Total noncurrent assets	<u>2,436,071</u>	<u>2,094,112</u>
Current assets		
Cash and cash equivalents - restricted	114,684	185,709
Cash and cash equivalents - unrestricted	28,987	44,291
Interest receivable	6,593	6,541
Accounts receivable	19,463	20,168
Materials and supplies	19,744	20,416
Prepaid and other assets	19,399	19,163
Total current assets	<u>208,870</u>	<u>296,288</u>
Total assets	<u>\$ 2,644,941</u>	<u>\$ 2,390,400</u>
LIABILITIES		
Noncurrent liabilities		
Long-term debt	\$ 2,434,044	\$ 2,227,915
Notes payable and deferred credits	50,240	52,050
Advances from participants	29,155	30,296
Total noncurrent liabilities	<u>2,513,439</u>	<u>2,310,261</u>
Current liabilities		
Debt due within one year	86,805	84,835
Notes payable and deferred credits due within one year	9,069	6,176
Advances from participants due within one year	47,670	41,675
Accrued interest	36,291	33,587
Accounts payable and accruals	87,618	47,284
Accrued property tax	6,494	7,191
Total current liabilities	<u>273,947</u>	<u>220,748</u>
Total liabilities	<u>2,787,386</u>	<u>2,531,009</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt and advances from participants	(1,254,815)	(1,236,053)
Restricted net assets (deficit)	1,022,837	996,901
Unrestricted net assets (deficit)	89,533	98,543
Total net assets (deficit)	<u>(142,445)</u>	<u>(140,609)</u>
Total liabilities and net assets (deficit)	<u>\$ 2,644,941</u>	<u>\$ 2,390,400</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
(AMOUNTS IN THOUSANDS)

	YEAR ENDED JUNE 30,	
	2009	2008
Operating revenues		
Sales of electric energy	\$ 293,817	\$ 332,646
Sales of transmission services	111,712	109,384
Sales of natural gas	58,757	34,835
Total operating revenues	<u>464,286</u>	<u>476,865</u>
Operating expenses		
Operations and maintenance	262,313	238,069
Depreciation, depletion and amortization	67,190	69,341
Amortization of nuclear fuel	9,634	8,059
Decommissioning	8,572	11,780
Total operating expenses	<u>347,709</u>	<u>327,249</u>
Operating income (loss)	<u>116,577</u>	<u>149,616</u>
Non operating revenues (expenses)		
Investment income	27,741	32,956
Debt expense	<u>(145,965)</u>	<u>(108,062)</u>
Net non operating revenues (expenses)	<u>(118,224)</u>	<u>(75,106)</u>
Change in net assets (deficit)	(1,647)	74,510
Net assets (deficit) - beginning of year	(140,609)	(217,083)
Net contributions (withdrawals) by participants	<u>(189)</u>	<u>1,964</u>
Net assets (deficit) - end of year	<u>\$ (142,445)</u>	<u>\$ (140,609)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENTS OF CASH FLOWS (AMOUNTS IN THOUSANDS)

	YEAR ENDED JUNE 30,	
	2009	2008
Cash flows from operating activities		
Receipts from participants	\$ 404,398	\$ 393,905
Receipts from sale of oil and gas	16,500	19,399
Payments to operating managers	(193,392)	(189,572)
Other disbursements and receipts	12,943	7,657
Net cash flows from operating activities	<u>240,449</u>	<u>231,389</u>
Cash flows from noncapital financing activities		
Advances (withdrawals) by participants, net	<u>(13,632)</u>	<u>4,756</u>
Cash flows from capital financing activities		
Additions to plant, net	(128,429)	(94,212)
Prepaid natural gas	-	(480,648)
Debt interest payments	(121,586)	(111,042)
Proceeds from sale of bonds	852,809	707,134
Payment for defeasance of revenue bonds	(587,271)	(125,950)
Transfer of funds from (to) escrow	(662)	10,039
Principal payments on debt	(72,585)	(79,615)
Payment for bond issue costs	(37,285)	(8,092)
Net cash used for capital and related financing activities	<u>(95,009)</u>	<u>(182,386)</u>
Cash flows from investing activities		
Interest received on investments	20,948	22,783
Purchases of investments	(487,975)	(373,958)
Proceeds from sale/maturity of investments	248,890	377,676
Net cash provided by (used for) investing activities	<u>(218,137)</u>	<u>26,501</u>
Net increase (decrease) in cash and cash equivalents	(86,329)	80,260
Cash and cash equivalents, beginning of year	<u>230,000</u>	<u>149,740</u>
Cash and cash equivalents, end of year	<u>\$ 143,671</u>	<u>\$ 230,000</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 116,577	\$ 149,616
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	67,190	69,341
Decommissioning	8,572	11,780
Advances for capacity and energy	2,736	2,629
Amortization of nuclear fuel	9,634	8,059
Changes in assets and liabilities		
Accounts receivable	1,170	(13,316)
Accounts payable and accruals	26,886	9,654
Other	7,684	(6,374)
Net cash provided by operating activities	<u>\$ 240,449</u>	<u>\$ 231,389</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)		
Cash and cash equivalents - restricted	\$ 114,684	\$ 185,709
Cash and cash equivalents - unrestricted	28,987	44,291
	<u>\$ 143,671</u>	<u>\$ 230,000</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	GENERATION				
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power	Canyon Power
ASSETS					
Noncurrent assets					
Net utility plant	\$ 111,953	\$ -	\$ 75,345	\$ 269,945	\$ 80,393
Investments - restricted	198,112	2,699	33,030	57,809	27,003
Investments - unrestricted	70,036	1,199	-	-	-
Advance to IPA - restricted	-	-	-	-	-
Advances for capacity and energy, net - restricted	-	10,850	-	-	-
Unamortized debt expenses	577	139	980	33,448	179
Prepaid and other assets	-	-	-	-	-
Total noncurrent assets	<u>380,678</u>	<u>14,887</u>	<u>109,355</u>	<u>361,202</u>	<u>107,575</u>
Current assets					
Cash and cash equivalents - restricted	9,315	308	2,457	14,509	10,960
Cash and cash equivalents - unrestricted	4,101	117	2,670	3,280	-
Interest receivable	1,288	-	45	194	176
Accounts receivable	1,807	-	4,268	2,346	-
Due from other project - restricted	-	-	-	-	-
Materials and supplies	7,804	-	3,941	7,999	-
Prepaid and other assets	143	1,322	346	1,024	-
Total current assets	<u>24,458</u>	<u>1,747</u>	<u>13,727</u>	<u>29,352</u>	<u>11,136</u>
Total assets	<u>\$ 405,136</u>	<u>\$ 16,634</u>	<u>\$ 123,082</u>	<u>\$ 390,554</u>	<u>\$ 118,711</u>
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ 82,426	\$ 13,850	\$ 139,830	\$ 369,235	\$ 104,627
Notes payable and deferred credits	41,929	-	-	1,273	-
Advances from participants	-	-	-	-	-
Total noncurrent liabilities	<u>124,355</u>	<u>13,850</u>	<u>139,830</u>	<u>370,508</u>	<u>104,627</u>
Current liabilities					
Debt due within one year	10,360	1,480	11,115	8,695	-
Notes payable and deferred credits due within one year	5,232	-	-	1,341	-
Advances from participants due within one year	-	-	-	15,525	-
Accrued interest	23	192	3,849	4,644	1,479
Accounts payable and accruals	30,956	66	3,663	2,061	12,605
Accrued property tax	1,500	-	240	-	-
Due to other projects	-	-	-	-	-
Total current liabilities	<u>48,071</u>	<u>1,738</u>	<u>18,867</u>	<u>32,266</u>	<u>14,084</u>
Total liabilities	<u>172,426</u>	<u>15,588</u>	<u>158,697</u>	<u>402,774</u>	<u>118,711</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt and advances from participants	19,745	-	(90,817)	(67,816)	-
Restricted net assets (deficit)	141,405	(204)	31,681	44,281	-
Unrestricted net assets (deficit)	71,560	1,250	23,521	11,315	-
Total net assets (deficit)	<u>232,710</u>	<u>1,046</u>	<u>(35,615)</u>	<u>(12,220)</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 405,136</u>	<u>\$ 16,634</u>	<u>\$ 123,082</u>	<u>\$ 390,554</u>	<u>\$ 118,711</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	GENERATION			
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power
ASSETS				
Noncurrent assets				
Net utility plant	\$ 122,974	\$ -	\$ 77,463	\$ 280,668
Investments - restricted	163,930	1,068	21,322	48,176
Investments - unrestricted	64,502	560	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	12,381	-	-
Unamortized debt expenses	494	176	1,181	3,264
Prepaid and other assets	-	-	64	-
Total noncurrent assets	<u>351,900</u>	<u>14,185</u>	<u>100,030</u>	<u>332,108</u>
Current assets				
Cash and cash equivalents - restricted	15,519	2,450	16,860	25,389
Cash and cash equivalents - unrestricted	7,806	172	7,017	8,771
Interest receivable	1,676	8	14	721
Accounts receivable	3,824	34	900	5,024
Due from other project - restricted	-	-	-	-
Materials and supplies	7,392	-	3,880	9,144
Prepaid and other assets	149	1,257	362	831
Total current assets	<u>36,366</u>	<u>3,921</u>	<u>29,033</u>	<u>49,880</u>
Total assets	<u>\$ 388,266</u>	<u>\$ 18,106</u>	<u>\$ 129,063</u>	<u>\$ 381,988</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ 78,175	\$ 14,890	\$ 150,942	\$ 344,981
Notes payable and deferred credits	46,768	-	-	1,451
Advances from participants	-	-	-	34
Total noncurrent liabilities	<u>124,943</u>	<u>14,890</u>	<u>150,942</u>	<u>346,466</u>
Current liabilities				
Debt due within one year	12,250	1,425	10,550	7,930
Notes payable and deferred credits due within one year	4,998	-	-	1,178
Advances from participants due within one year	-	-	-	22,090
Accrued interest	420	206	4,133	9,003
Accounts payable and accruals	11,654	65	7,504	4,752
Accrued property tax	1,602	-	233	-
Due to other projects	-	-	-	-
Total current liabilities	<u>30,924</u>	<u>1,696</u>	<u>22,420</u>	<u>44,953</u>
Total liabilities	<u>155,867</u>	<u>16,586</u>	<u>173,362</u>	<u>391,419</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt and advances from participants	33,043	-	(82,848)	(65,227)
Restricted net assets (deficit)	128,847	810	34,062	36,812
Unrestricted net assets (deficit)	70,509	710	4,487	18,984
Total net assets (deficit)	<u>232,399</u>	<u>1,520</u>	<u>(44,299)</u>	<u>(9,431)</u>
Total liabilities and net assets (deficit)	<u>\$ 388,266</u>	<u>\$ 18,106</u>	<u>\$ 129,063</u>	<u>\$ 381,988</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 274,297	\$ 38,300	\$ 113,508
Investments - restricted	158,425	8,283	31,534
Investments - unrestricted	-	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Unamortized debt expenses	5,976	692	1,498
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>450,248</u>	<u>47,275</u>	<u>146,540</u>
Current assets			
Cash and cash equivalents - restricted	29,062	3,031	12,357
Cash and cash equivalents - unrestricted	4,095	225	285
Interest receivable	410	241	832
Accounts receivable	5,010	568	-
Due from other project - restricted	-	6,247	17,180
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>38,577</u>	<u>10,312</u>	<u>30,654</u>
Total assets	<u>\$ 488,825</u>	<u>\$ 57,587</u>	<u>\$ 177,194</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 816,294	\$ 55,660	\$ 175,837
Notes payable and deferred credits	2,247	684	4,107
Advances from participants	-	-	-
Total noncurrent liabilities	<u>818,541</u>	<u>56,344</u>	<u>179,944</u>
Current liabilities			
Debt due within one year	30,585	2,870	9,480
Notes payable and deferred credits due within one year	749	86	1,661
Advances from participants due within one year	-	-	-
Accrued interest	12,765	1,020	3,024
Accounts payable and accruals	16,995	596	4,483
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>61,094</u>	<u>4,572</u>	<u>18,648</u>
Total liabilities	<u>879,635</u>	<u>60,916</u>	<u>198,592</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt and advances from participants	(476,696)	(20,308)	(76,079)
Restricted net assets (deficit)	96,771	16,773	58,591
Unrestricted net assets (deficit)	(10,885)	206	(3,910)
Total net assets (deficit)	<u>(390,810)</u>	<u>(3,329)</u>	<u>(21,398)</u>
Total liabilities and net assets (deficit)	<u>\$ 488,825</u>	<u>\$ 57,587</u>	<u>\$ 177,194</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 265,434	\$ 36,936	\$ 117,532
Investments - restricted	41,319	7,593	25,406
Investments - unrestricted	-	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Unamortized debt expenses	5,256	619	2,045
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>323,559</u>	<u>45,148</u>	<u>144,983</u>
Current assets			
Cash and cash equivalents - restricted	43,387	5,779	12,238
Cash and cash equivalents - unrestricted	4,396	815	527
Interest receivable	38	266	844
Accounts receivable	5,518	-	685
Due from other project - restricted	-	5,807	15,968
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>53,339</u>	<u>12,667</u>	<u>30,262</u>
Total assets	<u>\$ 376,898</u>	<u>\$ 57,815</u>	<u>\$ 175,245</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 714,407	\$ 56,611	\$ 180,277
Notes payable and deferred credits	-	886	2,945
Advances from participants	-	-	-
Total noncurrent liabilities	<u>714,407</u>	<u>57,497</u>	<u>183,222</u>
Current liabilities			
Debt due within one year	31,075	3,425	11,400
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	-	-	-
Accrued interest	7,169	1,015	2,894
Accounts payable and accruals	13,811	1,405	2,330
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>52,055</u>	<u>5,845</u>	<u>16,624</u>
Total liabilities	<u>766,462</u>	<u>63,342</u>	<u>199,846</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt and advances from participants	(474,791)	(23,367)	(75,045)
Restricted net assets (deficit)	89,125	17,618	49,237
Unrestricted net assets (deficit)	(3,898)	222	1,207
Total net assets (deficit)	<u>(389,564)</u>	<u>(5,527)</u>	<u>(24,601)</u>
Total liabilities and net assets (deficit)	<u>\$ 376,898</u>	<u>\$ 57,815</u>	<u>\$ 175,245</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 44,114	\$ 62,348	\$ -
Investments - restricted	42,992	46,212	11,901
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Unamortized debt expenses	1,036	1,058	4,068
Prepaid and other assets	-	-	465,666
Total noncurrent assets	88,142	109,618	481,635
Current assets			
Cash and cash equivalents - restricted	6,475	5,172	2,207
Cash and cash equivalents - unrestricted	4,422	536	401
Interest receivable	249	95	50
Accounts receivable	1,370	1,785	2,309
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	552	-	16,012
Total current assets	13,068	7,588	20,979
Total assets	\$ 101,210	\$ 117,206	\$ 502,614
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 38,082	\$ 89,603	\$ 503,498
Notes payable and deferred credits	-	-	-
Advances from participants	18,670	10,485	-
Total noncurrent liabilities	56,752	100,088	503,498
Current liabilities			
Debt due within one year	1,956	4,639	5,625
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	30,719	1,426	-
Accrued interest	995	2,343	4,263
Accounts payable and accruals	2,300	2,066	2,971
Accrued property tax	4,754	-	-
Due to other projects	-	-	-
Total current liabilities	40,724	10,474	12,859
Total liabilities	97,476	110,562	516,357
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt and advances from participants	(13,558)	(41,321)	(487,965)
Restricted net assets (deficit)	18,501	47,710	476,792
Unrestricted net assets (deficit)	(1,209)	255	(2,570)
Total net assets (deficit)	3,734	6,644	(13,743)
Total liabilities and net assets (deficit)	\$ 101,210	\$ 117,206	\$ 502,614

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 45,216	\$ 63,108	\$ -
Investments - restricted	15,126	45,013	10,887
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Unamortized debt expenses	1,273	1,299	4,333
Prepaid and other assets	-	-	482,227
Total noncurrent assets	61,615	109,420	497,447
Current assets			
Cash and cash equivalents - restricted	16,307	7,367	20
Cash and cash equivalents - unrestricted	12,129	709	265
Interest receivable	40	102	44
Accounts receivable	831	3,352	-
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	552	-	16,012
Total current assets	29,859	11,530	16,341
Total assets	\$ 91,474	\$ 120,950	\$ 513,788
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 40,038	\$ 94,242	\$ 509,525
Notes payable and deferred credits	-	-	-
Advances from participants	19,096	11,166	-
Total noncurrent liabilities	59,134	105,408	509,525
Current liabilities			
Debt due within one year	2,015	4,765	-
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	19,149	436	-
Accrued interest	831	1,959	4,263
Accounts payable and accruals	2,543	1,536	-
Accrued property tax	5,356	-	-
Due to other projects	-	-	-
Total current liabilities	29,894	8,696	4,263
Total liabilities	89,028	114,104	513,788
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt and advances from participants	(14,500)	(45,765)	(487,553)
Restricted net assets (deficit)	11,879	50,085	487,288
Unrestricted net assets (deficit)	5,067	2,526	265
Total net assets (deficit)	2,446	6,846	-
Total liabilities and net assets (deficit)	\$ 91,474	\$ 120,950	\$ 513,788

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS			
	Ormat	MWD	Pebble Springs	Tieton
	Geothermal Energy	Small Hydro		
ASSETS				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ -	\$ -
Investments - restricted	-	-	-	-
Investments - unrestricted	-	-	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Unamortized debt expenses	-	-	-	-
Prepaid and other assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current assets				
Cash and cash equivalents - restricted	-	-	-	-
Cash and cash equivalents - unrestricted	2,673	1,286	3,970	926
Interest receivable	1	-	-	-
Accounts receivable	-	-	-	-
Due from other project - restricted	-	-	-	-
Materials and supplies	-	-	-	-
Prepaid and other assets	-	-	-	-
Total current assets	<u>2,674</u>	<u>1,286</u>	<u>3,970</u>	<u>926</u>
Total assets	<u>\$ 2,674</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>	<u>\$ 926</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ -
Notes payable and deferred credits	-	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities				
Debt due within one year	-	-	-	-
Notes payable and deferred credits due within one year	-	-	-	-
Advances from participants due within one year	-	-	-	-
Accrued interest	-	-	-	-
Accounts payable and accruals	2,674	1,286	3,970	926
Accrued property tax	-	-	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>2,674</u>	<u>1,286</u>	<u>3,970</u>	<u>926</u>
Total liabilities	<u>2,674</u>	<u>1,286</u>	<u>3,970</u>	<u>926</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt and advances from participants	-	-	-	-
Restricted net assets (deficit)	-	-	-	-
Unrestricted net assets (deficit)	-	-	-	-
Total net assets (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 2,674</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>	<u>\$ 926</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS
	Ormat Geothermal Energy
	<u>Energy</u>
ASSETS	
Noncurrent assets	
Net utility plant	\$ -
Investments - restricted	-
Investments - unrestricted	-
Advance to IPA - restricted	-
Advances for capacity and energy, net - restricted	-
Unamortized debt expenses	-
Prepaid and other assets	-
Total noncurrent assets	<u>-</u>
Current assets	
Cash and cash equivalents - restricted	-
Cash and cash equivalents - unrestricted	1,684
Interest receivable	3
Accounts receivable	-
Due from other project - restricted	-
Materials and supplies	-
Prepaid and other assets	-
Total current assets	<u>1,687</u>
Total assets	<u>\$ 1,687</u>
LIABILITIES	
Noncurrent liabilities	
Long-term debt	\$ -
Notes payable and deferred credits	-
Advances from participants	-
Total noncurrent liabilities	<u>-</u>
Current liabilities	
Debt due within one year	-
Notes payable and deferred credits due within one year	-
Advances from participants due within one year	-
Accrued interest	-
Accounts payable and accruals	1,684
Accrued property tax	-
Due to other projects	-
Total current liabilities	<u>1,684</u>
Total liabilities	<u>1,684</u>
NET ASSETS (DEFICIT)	
Invested in capital assets, net of related debt and advances from participants	-
Restricted net assets (deficit)	-
Unrestricted net assets (deficit)	3
Total net assets (deficit)	<u>3</u>
Total liabilities and net assets (deficit)	<u>\$ 1,687</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		Total	Eliminations	Total Combined
	Multiple Project Fund	Projects' Stabilization Fund			
ASSETS					
Noncurrent assets					
Net utility plant	\$ -	\$ -	\$ 1,070,203	\$ -	\$ 1,070,203
Investments - restricted	68,986	69,930	756,916	-	756,916
Investments - unrestricted	-	-	71,235	-	71,235
Advance to IPA - restricted	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	10,850	-	10,850
Unamortized debt expenses	-	-	49,651	-	49,651
Prepaid and other assets	-	-	465,666	-	465,666
Total noncurrent assets	<u>68,986</u>	<u>69,930</u>	<u>2,436,071</u>	<u>-</u>	<u>2,436,071</u>
Current assets					
Cash and cash equivalents - restricted	119	18,712	114,684	-	114,684
Cash and cash equivalents - unrestricted	-	-	28,987	-	28,987
Interest receivable	2,499	513	6,593	-	6,593
Accounts receivable	-	-	19,463	-	19,463
Due from other project - restricted	-	-	23,427	(23,427)	-
Materials and supplies	-	-	19,744	-	19,744
Prepaid and other assets	-	-	19,399	-	19,399
Total current assets	<u>2,618</u>	<u>19,225</u>	<u>232,297</u>	<u>(23,427)</u>	<u>208,870</u>
Total assets	<u>\$ 71,604</u>	<u>\$ 89,155</u>	<u>\$ 2,668,368</u>	<u>\$ (23,427)</u>	<u>\$ 2,644,941</u>
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ 45,102	\$ -	\$ 2,434,044	\$ -	\$ 2,434,044
Notes payable and deferred credits	-	-	50,240	-	50,240
Advances from participants	-	-	29,155	-	29,155
Total noncurrent liabilities	<u>45,102</u>	<u>-</u>	<u>2,513,439</u>	<u>-</u>	<u>2,513,439</u>
Current liabilities					
Debt due within one year	-	-	86,805	-	86,805
Notes payable and deferred credits due within one year	-	-	9,069	-	9,069
Advances from participants due within one year	-	-	47,670	-	47,670
Accrued interest	1,694	-	36,291	-	36,291
Accounts payable and accruals	-	-	87,618	-	87,618
Accrued property tax	-	-	6,494	-	6,494
Due to other projects	23,427	-	23,427	(23,427)	-
Total current liabilities	<u>25,121</u>	<u>-</u>	<u>297,374</u>	<u>(23,427)</u>	<u>273,947</u>
Total liabilities	<u>70,223</u>	<u>-</u>	<u>2,810,813</u>	<u>(23,427)</u>	<u>2,787,386</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt and advances from participants	-	-	(1,254,815)	-	(1,254,815)
Restricted net assets (deficit)	1,381	89,155	1,022,837	-	1,022,837
Unrestricted net assets (deficit)	-	-	89,533	-	89,533
Total net assets (deficit)	<u>1,381</u>	<u>89,155</u>	<u>(142,445)</u>	<u>-</u>	<u>(142,445)</u>
Total liabilities and net assets (deficit)	<u>\$ 71,604</u>	<u>\$ 89,155</u>	<u>\$ 2,668,368</u>	<u>\$ (23,427)</u>	<u>\$ 2,644,941</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF NET ASSETS (DEFICIT)
JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		Total	Eliminations	Total Combined
	Multiple Project Fund	Projects' Stabilization Fund			
ASSETS					
Noncurrent assets					
Net utility plant	\$ -	\$ -	\$ 1,009,331	\$ -	\$ 1,009,331
Investments - restricted	63,252	50,465	493,557	-	493,557
Investments - unrestricted	-	-	65,062	-	65,062
Advance to IPA - restricted	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	12,381	-	12,381
Unamortized debt expenses	-	-	19,940	-	19,940
Prepaid and other assets	-	-	482,291	-	482,291
Total noncurrent assets	<u>63,252</u>	<u>50,465</u>	<u>2,094,112</u>	<u>-</u>	<u>2,094,112</u>
Current assets					
Cash and cash equivalents - restricted	4,448	35,945	185,709	-	185,709
Cash and cash equivalents - unrestricted	-	-	44,291	-	44,291
Interest receivable	2,325	460	6,541	-	6,541
Accounts receivable	-	-	20,168	-	20,168
Due from other project - restricted	-	-	21,775	(21,775)	-
Materials and supplies	-	-	20,416	-	20,416
Prepaid and other assets	-	-	19,163	-	19,163
Total current assets	<u>6,773</u>	<u>36,405</u>	<u>318,063</u>	<u>(21,775)</u>	<u>296,288</u>
Total assets	<u>\$ 70,025</u>	<u>\$ 86,870</u>	<u>\$ 2,412,175</u>	<u>\$ (21,775)</u>	<u>\$ 2,390,400</u>
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ 43,827	\$ -	\$ 2,227,915	\$ -	\$ 2,227,915
Notes payable and deferred credits	-	-	52,050	-	52,050
Advances from participants	-	-	30,296	-	30,296
Total noncurrent liabilities	<u>43,827</u>	<u>-</u>	<u>2,310,261</u>	<u>-</u>	<u>2,310,261</u>
Current liabilities					
Debt due within one year	-	-	84,835	-	84,835
Notes payable and deferred credits due within one year	-	-	6,176	-	6,176
Advances from participants due within one year	-	-	41,675	-	41,675
Accrued interest	1,694	-	33,587	-	33,587
Accounts payable and accruals	-	-	47,284	-	47,284
Accrued property tax	-	-	7,191	-	7,191
Due to other projects	21,775	-	21,775	(21,775)	-
Total current liabilities	<u>23,469</u>	<u>-</u>	<u>242,523</u>	<u>(21,775)</u>	<u>220,748</u>
Total liabilities	<u>67,296</u>	<u>-</u>	<u>2,552,784</u>	<u>(21,775)</u>	<u>2,531,009</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt and advances from participants	-	-	(1,236,053)	-	(1,236,053)
Restricted net assets (deficit)	4,268	86,870	996,901	-	996,901
Unrestricted net assets (deficit)	(1,539)	-	98,543	-	98,543
Total net assets (deficit)	<u>2,729</u>	<u>86,870</u>	<u>(140,609)</u>	<u>-</u>	<u>(140,609)</u>
Total liabilities and net assets (deficit)	<u>\$ 70,025</u>	<u>\$ 86,870</u>	<u>\$ 2,412,175</u>	<u>\$ (21,775)</u>	<u>\$ 2,390,400</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	GENERATION				
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power	Canyon Power
Operating revenues					
Sales of electric energy	\$ 78,060	\$ 2,353	\$ 82,568	\$ 114,273	\$ -
Sales of transmission services	-	-	-	-	-
Sales of natural gas	-	-	-	-	-
Total operating revenues	<u>78,060</u>	<u>2,353</u>	<u>82,568</u>	<u>114,273</u>	<u>-</u>
Operating expenses					
Operations and maintenance	42,178	2,918	60,451	87,925	-
Depreciation, depletion and amortization	19,083	-	5,486	11,438	-
Amortization of nuclear fuel	9,634	-	-	-	-
Decommissioning	7,029	-	1,543	-	-
Total operating expenses	<u>77,924</u>	<u>2,918</u>	<u>67,480</u>	<u>99,363</u>	<u>-</u>
Operating income (loss)	<u>136</u>	<u>(565)</u>	<u>15,088</u>	<u>14,910</u>	<u>-</u>
Non operating revenues (expenses)					
Investment income	8,141	80	1,782	1,677	-
Debt expense	<u>(7,966)</u>	<u>11</u>	<u>(8,186)</u>	<u>(19,376)</u>	<u>-</u>
Net non operating revenues (expenses)	<u>175</u>	<u>91</u>	<u>(6,404)</u>	<u>(17,699)</u>	<u>-</u>
Change in net assets (deficit)	311	(474)	8,684	(2,789)	-
Net assets (deficit) - beginning of year	<u>232,399</u>	<u>1,520</u>	<u>(44,299)</u>	<u>(9,431)</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 232,710</u>	<u>\$ 1,046</u>	<u>\$ (35,615)</u>	<u>\$ (12,220)</u>	<u>\$ -</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	GENERATION			
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power
Operating revenues				
Sales of electric energy	\$ 94,732	\$ 2,352	\$ 102,735	\$ 128,433
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>94,732</u>	<u>2,352</u>	<u>102,735</u>	<u>128,433</u>
Operating expenses				
Operations and maintenance	41,303	2,887	49,518	105,218
Depreciation, depletion and amortization	18,793	-	10,782	11,264
Amortization of nuclear fuel	8,059	-	-	-
Decommissioning	8,667	-	3,113	-
Total operating expenses	<u>76,822</u>	<u>2,887</u>	<u>63,413</u>	<u>116,482</u>
Operating income (loss)	<u>17,910</u>	<u>(535)</u>	<u>39,322</u>	<u>11,951</u>
Non operating revenues (expenses)				
Investment income	10,264	186	2,433	3,287
Debt expense	<u>(6,567)</u>	<u>(99)</u>	<u>(8,692)</u>	<u>(16,918)</u>
Net non operating revenues (expenses)	<u>3,697</u>	<u>87</u>	<u>(6,259)</u>	<u>(13,631)</u>
Change in net assets (deficit)	21,607	(448)	33,063	(1,680)
Net assets (deficit) - beginning of year	<u>210,792</u>	<u>1,968</u>	<u>(77,362)</u>	<u>(7,751)</u>
Net assets (deficit) - end of year	<u>\$ 232,399</u>	<u>\$ 1,520</u>	<u>\$ (44,299)</u>	<u>\$ (9,431)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	86,228	7,709	17,775
Sales of natural gas	-	-	-
Total operating revenues	<u>86,228</u>	<u>7,709</u>	<u>17,775</u>
Operating expenses			
Operations and maintenance	15,272	1,026	1,680
Depreciation, depletion and amortization	18,708	1,406	4,503
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>33,980</u>	<u>2,432</u>	<u>6,183</u>
Operating income (loss)	<u>52,248</u>	<u>5,277</u>	<u>11,592</u>
Non operating revenues (expenses)			
Investment income	3,513	584	1,888
Debt expense	<u>(57,007)</u>	<u>(3,663)</u>	<u>(10,277)</u>
Net non operating revenues (expenses)	<u>(53,494)</u>	<u>(3,079)</u>	<u>(8,389)</u>
Change in net assets (deficit)	(1,246)	2,198	3,203
Net assets (deficit) - beginning of year	<u>(389,564)</u>	<u>(5,527)</u>	<u>(24,601)</u>
Net assets (deficit) - end of year	<u>\$ (390,810)</u>	<u>\$ (3,329)</u>	<u>\$ (21,398)</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	79,746	7,881	21,757
Sales of natural gas	-	-	-
Total operating revenues	<u>79,746</u>	<u>7,881</u>	<u>21,757</u>
Operating expenses			
Operations and maintenance	14,065	1,012	1,574
Depreciation, depletion and amortization	18,708	1,403	4,500
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>32,773</u>	<u>2,415</u>	<u>6,074</u>
Operating income (loss)	<u>46,973</u>	<u>5,466</u>	<u>15,683</u>
Non operating revenues (expenses)			
Investment income	3,850	985	1,981
Debt expense	<u>(48,023)</u>	<u>(3,913)</u>	<u>(12,053)</u>
Net non operating revenues (expenses)	<u>(44,173)</u>	<u>(2,928)</u>	<u>(10,072)</u>
Change in net assets (deficit)	2,800	2,538	5,611
Net assets (deficit) - beginning of year	<u>(392,364)</u>	<u>(8,065)</u>	<u>(30,212)</u>
Net assets (deficit) - end of year	<u>\$ (389,564)</u>	<u>\$ (5,527)</u>	<u>\$ (24,601)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	7,363	23,504	27,890
Total operating revenues	<u>7,363</u>	<u>23,504</u>	<u>27,890</u>
Operating expenses			
Operations and maintenance	2,892	15,009	16,358
Depreciation, depletion and amortization	1,477	5,089	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>4,369</u>	<u>20,098</u>	<u>16,358</u>
Operating income (loss)	<u>2,994</u>	<u>3,406</u>	<u>11,532</u>
Non operating revenues (expenses)			
Investment income	514	1,325	758
Debt expense	<u>(2,220)</u>	<u>(4,933)</u>	<u>(26,033)</u>
Net non operating revenues (expenses)	<u>(1,706)</u>	<u>(3,608)</u>	<u>(25,275)</u>
Change in net assets (deficit)	1,288	(202)	(13,743)
Net assets (deficit) - beginning of year	<u>2,446</u>	<u>6,846</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 3,734</u>	<u>\$ 6,644</u>	<u>\$ (13,743)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	8,933	25,902	-
Total operating revenues	<u>8,933</u>	<u>25,902</u>	<u>-</u>
Operating expenses			
Operations and maintenance	3,334	14,727	-
Depreciation, depletion and amortization	1,611	2,280	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>4,945</u>	<u>17,007</u>	<u>-</u>
Operating income (loss)	<u>3,988</u>	<u>8,895</u>	<u>-</u>
Non operating revenues (expenses)			
Investment income	262	459	-
Debt expense	<u>(1,895)</u>	<u>(3,700)</u>	<u>-</u>
Net non operating revenues (expenses)	<u>(1,633)</u>	<u>(3,241)</u>	<u>-</u>
Change in net assets (deficit)	2,355	5,654	-
Net assets (deficit) - beginning of year	<u>91</u>	<u>1,192</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 2,446</u>	<u>\$ 6,846</u>	<u>\$ -</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal	MWD Small Hydro	Pebble Springs	Tieton
Operating revenues				
Sales of electric energy	\$ 6,599	\$ 1,689	\$ 7,234	\$ 1,041
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>6,599</u>	<u>1,689</u>	<u>7,234</u>	<u>1,041</u>
Operating expenses				
Operations and maintenance	6,636	1,689	7,238	1,041
Depreciation, depletion and amortization	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Decommissioning	-	-	-	-
Total operating expenses	<u>6,636</u>	<u>1,689</u>	<u>7,238</u>	<u>1,041</u>
Operating income (loss)	<u>(37)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Non operating revenues (expenses)				
Investment income	34	-	4	-
Debt expense	-	-	-	-
Net non operating revenues (expenses)	<u>34</u>	<u>-</u>	<u>4</u>	<u>-</u>
Change in net assets (deficit)	(3)	-	-	-
Net assets (deficit) - beginning of year	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS
	<u>Ormat Geothermal</u>
Operating revenues	
Sales of electric energy	\$ 4,394
Sales of transmission services	-
Sales of natural gas	-
Total operating revenues	<u>4,394</u>
Operating expenses	
Operations and maintenance	4,431
Depreciation, depletion and amortization	-
Amortization of nuclear fuel	-
Decommissioning	-
Total operating expenses	<u>4,431</u>
Operating income (loss)	<u>(37)</u>
Non operating revenues (expenses)	
Investment income	38
Debt expense	-
Net non operating revenues (expenses)	<u>38</u>
Change in net assets (deficit)	1
Net assets (deficit) - beginning of year	<u>2</u>
Net assets (deficit) - end of year	<u>\$ 3</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		
	Multiple Project Fund	Projects' Stabilization Fund	Total Combined
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ 293,817
Sales of transmission services	-	-	111,712
Sales of natural gas	-	-	58,757
Total operating revenues	<u>-</u>	<u>-</u>	<u>464,286</u>
Operating expenses			
Operations and maintenance	-	-	262,313
Depreciation, depletion and amortization	-	-	67,190
Amortization of nuclear fuel	-	-	9,634
Decommissioning	-	-	8,572
Total operating expenses	<u>-</u>	<u>-</u>	<u>347,709</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>116,577</u>
Non operating revenues (expenses)			
Investment income	4,967	2,474	27,741
Debt expense	<u>(6,315)</u>	<u>-</u>	<u>(145,965)</u>
Net non operating revenues (expenses)	<u>(1,348)</u>	<u>2,474</u>	<u>(118,224)</u>
Change in net assets (deficit)	(1,348)	2,474	(1,647)
Net assets (deficit) - beginning of year	2,729	86,870	(140,609)
Net withdrawals by participants	<u>-</u>	<u>(189)</u>	<u>(189)</u>
Net assets (deficit) - end of year	<u>\$ 1,381</u>	<u>\$ 89,155</u>	<u>\$ (142,445)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		
	Multiple Project Fund	Projects' Stabilization Fund	Total Combined
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ 332,646
Sales of transmission services	-	-	109,384
Sales of natural gas	-	-	34,835
Total operating revenues	<u>-</u>	<u>-</u>	<u>476,865</u>
Operating expenses			
Operations and maintenance	-	-	238,069
Depreciation, depletion and amortization	-	-	69,341
Amortization of nuclear fuel	-	-	8,059
Decommissioning	-	-	11,780
Total operating expenses	<u>-</u>	<u>-</u>	<u>327,249</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>149,616</u>
Non operating revenues (expenses)			
Investment income	4,947	4,264	32,956
Debt expense	<u>(6,202)</u>	<u>-</u>	<u>(108,062)</u>
Net non operating revenues (expenses)	<u>(1,255)</u>	<u>4,264</u>	<u>(75,106)</u>
Change in net assets (deficit)	(1,255)	4,264	74,510
Net assets (deficit) - beginning of year	3,984	80,642	(217,083)
Net contributions by participants	<u>-</u>	<u>1,964</u>	<u>1,964</u>
Net assets (deficit) - end of year	<u>\$ 2,729</u>	<u>\$ 86,870</u>	<u>\$ (140,609)</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	GENERATION				
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power	Canyon Power
Cash flows from operating activities					
Receipts from participants	\$ 88,269	\$ 2,404	\$ 75,981	\$ 64,856	\$ -
Receipts from sale of oil and gas	-	-	-	-	-
Payments to operating managers	(43,290)	(228)	(60,027)	(45,761)	-
Other disbursements and receipts	12,908	34	-	-	-
Net cash flows from operating activities	<u>57,887</u>	<u>2,210</u>	<u>15,954</u>	<u>19,095</u>	<u>-</u>
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	-	-	-	-
Cash flows from capital financing activities					
Additions to plant, net	(25,503)	-	(5,932)	(265)	(67,444)
Debt interest and swap payments	(2,548)	(796)	(8,266)	(21,690)	-
Proceeds from sale of bonds	99,830	-	-	258,070	105,505
Payment for defeasance of revenue bonds	(101,820)	-	-	(223,933)	-
Transfer of funds from (to) escrow	(742)	-	-	-	-
Principal payments on debt	-	(1,425)	(10,550)	(7,930)	-
Payment for bond issue costs	(798)	-	-	(32,319)	(429)
Net cash used for capital and related financing activities	<u>(31,581)</u>	<u>(2,221)</u>	<u>(24,748)</u>	<u>(28,067)</u>	<u>37,632</u>
Cash flows from investing activities					
Interest received on investments	1,283	88	1,545	2,257	201
Purchases of investments	(64,403)	(5,603)	(20,579)	(73,060)	(38,073)
Proceeds from sale/maturity of investments	26,905	3,329	9,078	63,404	11,200
Net cash provided by (used for) investing activities	<u>(36,215)</u>	<u>(2,186)</u>	<u>(9,956)</u>	<u>(7,399)</u>	<u>(26,672)</u>
Net increase (decrease) in cash and cash equivalents	(9,909)	(2,197)	(18,750)	(16,371)	10,960
Cash and cash equivalents, beginning of year	23,325	2,622	23,877	34,160	-
Cash and cash equivalents, end of year	<u>\$ 13,416</u>	<u>\$ 425</u>	<u>\$ 5,127</u>	<u>\$ 17,789</u>	<u>\$ 10,960</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 136	\$ (565)	\$ 15,088	\$ 14,910	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion and amortization	19,083	-	5,486	11,438	-
Decommissioning	7,029	-	1,543	-	-
Advances for capacity and energy	-	2,736	-	-	-
Amortization of nuclear fuel	9,634	-	-	-	-
Changes in assets and liabilities					
Accounts receivable	2,035	34	(3,304)	2,484	-
Accounts payable and accruals	19,743	3	(2,814)	(2,692)	-
Other	227	2	(45)	(7,045)	-
Net cash provided by operating activities	<u>\$ 57,887</u>	<u>\$ 2,210</u>	<u>\$ 15,954</u>	<u>\$ 19,095</u>	<u>\$ -</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)					
Cash and cash equivalents - restricted	\$ 9,315	\$ 308	\$ 2,457	\$ 14,509	\$ 10,960
Cash and cash equivalents - unrestricted	4,101	117	2,670	3,280	-
	<u>\$ 13,416</u>	<u>\$ 425</u>	<u>\$ 5,127</u>	<u>\$ 17,789</u>	<u>\$ 10,960</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	GENERATION			
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power
Cash flows from operating activities				
Receipts from participants	\$ 78,712	\$ 2,262	\$ 95,856	\$ 74,935
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(40,913)	(260)	(49,626)	(46,672)
Other disbursements and receipts	7,634	4	-	16
Net cash flows from operating activities	<u>45,433</u>	<u>2,006</u>	<u>46,230</u>	<u>28,279</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	-	-	-
Cash flows from capital financing activities				
Additions to plant, net	(41,972)	-	(35,909)	(2,810)
Prepaid natural gas	-	-	-	-
Debt interest payments	(4,292)	(852)	(8,769)	(21,948)
Proceeds from sale of bonds	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	10,119
Principal payments on debt	(11,895)	(1,370)	(10,050)	(7,450)
Payment for bond issue costs	-	-	-	(360)
Net cash used for capital and related financing activities	<u>(58,159)</u>	<u>(2,222)</u>	<u>(54,728)</u>	<u>(22,449)</u>
Cash flows from investing activities				
Interest received on investments	1,822	140	1,930	3,009
Purchases of investments	(37,102)	(1,618)	(26,171)	(51,185)
Proceeds from sale/maturity of investments	56,850	3,590	43,512	48,557
Net cash provided by (used for) investing activities	<u>21,570</u>	<u>2,112</u>	<u>19,271</u>	<u>381</u>
Net increase (decrease) in cash and cash equivalents	8,844	1,896	10,773	6,211
Cash and cash equivalents, beginning of year	<u>14,481</u>	<u>726</u>	<u>13,104</u>	<u>27,949</u>
Cash and cash equivalents, end of year	<u>\$ 23,325</u>	<u>\$ 2,622</u>	<u>\$ 23,877</u>	<u>\$ 34,160</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 17,910	\$ (535)	\$ 39,322	\$ 11,951
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	18,793	-	10,782	11,264
Decommissioning	8,667	-	3,113	-
Advances for capacity and energy	-	2,629	-	-
Amortization of nuclear fuel	8,059	-	-	-
Changes in assets and liabilities				
Accounts receivable	(3,141)	(34)	(748)	(2,409)
Accounts payable and accruals	(4,426)	(56)	3,519	2,732
Other	(429)	2	(9,758)	4,741
Net cash provided by operating activities	<u>\$ 45,433</u>	<u>\$ 2,006</u>	<u>\$ 46,230</u>	<u>\$ 28,279</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 15,519	\$ 2,450	\$ 16,860	\$ 25,389
Cash and cash equivalents - unrestricted	7,806	172	7,017	8,771
	<u>\$ 23,325</u>	<u>\$ 2,622</u>	<u>\$ 23,877</u>	<u>\$ 34,160</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 85,128	\$ 7,754	\$ 22,581
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(13,964)	(1,145)	(1,678)
Other disbursements and receipts	-	-	1
Net cash flows from operating activities	<u>71,164</u>	<u>6,609</u>	<u>20,904</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	-	-
Cash flows from capital financing activities			
Additions to plant, net	(20,341)	(3,339)	(480)
Debt interest and swap payments	(41,113)	(4,217)	(7,859)
Proceeds from sale of bonds	243,674	33,830	111,900
Payment for defeasance of revenue bonds	(121,065)	(32,200)	(108,253)
Transfer of funds from (to) escrow	80	-	-
Principal payments on debt	(31,075)	(3,425)	(11,400)
Payment for bond issue costs	(2,540)	(499)	(700)
Net cash used for capital and related financing activities	<u>27,620</u>	<u>(9,850)</u>	<u>(16,792)</u>
Cash flows from investing activities			
Interest received on investments	3,334	617	1,892
Purchases of investments	(147,730)	(3,504)	(20,247)
Proceeds from sale/maturity of investments	30,986	2,790	14,120
Net cash provided by (used for) investing activities	<u>(113,410)</u>	<u>(97)</u>	<u>(4,235)</u>
Net increase (decrease) in cash and cash equivalents	(14,626)	(3,338)	(123)
Cash and cash equivalents, beginning of year	47,783	6,594	12,765
Cash and cash equivalents, end of year	<u>\$ 33,157</u>	<u>\$ 3,256</u>	<u>\$ 12,642</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 52,248	\$ 5,277	\$ 11,592
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	18,708	1,406	4,503
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	509	-	685
Accounts payable and accruals	(361)	(89)	4,124
Other	60	15	-
Net cash provided by operating activities	<u>\$ 71,164</u>	<u>\$ 6,609</u>	<u>\$ 20,904</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 29,062	\$ 3,031	\$ 12,357
Cash and cash equivalents - unrestricted	4,095	225	285
	<u>\$ 33,157</u>	<u>\$ 3,256</u>	<u>\$ 12,642</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 87,917	\$ 8,452	\$ 20,827
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(18,173)	(896)	(1,675)
Other disbursements and receipts	-	-	-
Net cash flows from operating activities	<u>69,744</u>	<u>7,556</u>	<u>19,152</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	-	-
Cash flows from capital financing activities			
Additions to plant, net	-	(930)	-
Prepaid natural gas	-	-	-
Debt interest payments	(40,508)	(3,496)	(10,756)
Proceeds from sale of bonds	50,047	-	-
Payment for defeasance of revenue bonds	(50,050)	-	-
Transfer of funds from (to) escrow	(80)	-	-
Principal payments on debt	(30,950)	(3,350)	(11,150)
Payment for bond issue costs	(290)	-	-
Net cash used for capital and related financing activities	<u>(71,831)</u>	<u>(7,776)</u>	<u>(21,906)</u>
Cash flows from investing activities			
Interest received on investments	3,422	640	1,854
Purchases of investments	(34,182)	(5,017)	(8,948)
Proceeds from sale/maturity of investments	51,953	4,875	6,280
Net cash provided by (used for) investing activities	<u>21,193</u>	<u>498</u>	<u>(814)</u>
Net increase (decrease) in cash and cash equivalents	19,106	278	(3,568)
Cash and cash equivalents, beginning of year	28,677	6,316	16,333
Cash and cash equivalents, end of year	<u>\$ 47,783</u>	<u>\$ 6,594</u>	<u>\$ 12,765</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 46,973	\$ 5,466	\$ 15,683
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	18,708	1,403	4,500
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(4,145)	-	(685)
Accounts payable and accruals	8,179	389	(354)
Other	29	298	8
Net cash provided by operating activities	<u>\$ 69,744</u>	<u>\$ 7,556</u>	<u>\$ 19,152</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 43,387	\$ 5,779	\$ 12,238
Cash and cash equivalents - unrestricted	4,396	815	527
	<u>\$ 47,783</u>	<u>\$ 6,594</u>	<u>\$ 12,765</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 3,887	\$ 10,791	\$ 22,756
Receipts from sale of oil and gas	1,041	9,706	5,753
Payments to operating managers	(2,227)	(11,885)	(327)
Other disbursements and receipts	-	-	-
Net cash flows from operating activities	<u>2,701</u>	<u>8,612</u>	<u>28,182</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>(16,189)</u>	<u>2,746</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant, net	(337)	(4,788)	-
Debt interest and swap payments	(1,820)	(4,307)	(25,581)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(2,015)	(4,765)	-
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(4,172)</u>	<u>(13,860)</u>	<u>(25,581)</u>
Cash flows from investing activities			
Interest received on investments	476	1,320	707
Purchases of investments	(439)	(6,467)	(20,662)
Proceeds from sale/maturity of investments	84	5,281	19,677
Net cash provided by (used for) investing activities	<u>121</u>	<u>134</u>	<u>(278)</u>
Net increase (decrease) in cash and cash equivalents	(17,539)	(2,368)	2,323
Cash and cash equivalents, beginning of year	28,436	8,076	285
Cash and cash equivalents, end of year	<u>\$ 10,897</u>	<u>\$ 5,708</u>	<u>\$ 2,608</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 2,994	\$ 3,406	\$ 11,532
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	1,477	5,089	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(531)	1,567	(2,309)
Accounts payable and accruals	(607)	(540)	2,947
Other	(632)	(910)	16,012
Net cash provided by operating activities	<u>\$ 2,701</u>	<u>\$ 8,612</u>	<u>\$ 28,182</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 6,475	\$ 5,172	\$ 2,207
Cash and cash equivalents - unrestricted	4,422	536	401
	<u>\$ 10,897</u>	<u>\$ 5,708</u>	<u>\$ 2,608</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 11,765	\$ 9,031	\$ -
Receipts from sale of oil and gas	11,060	8,339	-
Payments to operating managers	(18,714)	(8,539)	-
Other disbursements and receipts	3	-	-
Net cash flows from operating activities	<u>4,114</u>	<u>8,831</u>	<u>-</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	885	1,907	-
Cash flows from capital financing activities			
Additions to plant, net	(2,146)	(10,445)	-
Prepaid natural gas	-	-	(480,648)
Debt interest payments	(1,035)	(1,786)	(14,212)
Proceeds from sale of bonds	42,053	105,207	509,827
Payment for defeasance of revenue bonds	(25,600)	(50,300)	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(2,600)	(800)	-
Payment for bond issue costs	(1,440)	(1,470)	(4,532)
Net cash used for capital and related financing activities	<u>9,232</u>	<u>40,406</u>	<u>10,435</u>
Cash flows from investing activities			
Interest received on investments	181	369	736
Purchases of investments	(15,116)	(46,298)	(25,098)
Proceeds from sale/maturity of investments	50	1,285	14,212
Net cash provided by (used for) investing activities	<u>(14,885)</u>	<u>(44,644)</u>	<u>(10,150)</u>
Net increase (decrease) in cash and cash equivalents	(654)	6,500	285
Cash and cash equivalents, beginning of year	29,090	1,576	-
Cash and cash equivalents, end of year	<u>\$ 28,436</u>	<u>\$ 8,076</u>	<u>\$ 285</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 3,988	\$ 8,895	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	1,611	2,280	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	141	(2,295)	-
Accounts payable and accruals	(776)	366	-
Other	(850)	(415)	-
Net cash provided by operating activities	<u>\$ 4,114</u>	<u>\$ 8,831</u>	<u>\$ -</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 16,307	\$ 7,367	\$ 20
Cash and cash equivalents - unrestricted	12,129	709	265
	<u>\$ 28,436</u>	<u>\$ 8,076</u>	<u>\$ 285</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS			
	Ormat			
	Geothermal Energy	MWD Small Hydro	Pebble Springs	Tieton
Cash flows from operating activities				
Receipts from participants	\$ 7,737	\$ 1,956	\$ 8,990	\$ 1,308
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(6,784)	(670)	(5,024)	(382)
Other disbursements and receipts	-	-	-	-
Net cash flows from operating activities	<u>953</u>	<u>1,286</u>	<u>3,966</u>	<u>926</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	-	-	-
Cash flows from capital financing activities				
Additions to plant, net	-	-	-	-
Debt interest and swap payments	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-
Principal payments on debt	-	-	-	-
Payment for bond issue costs	-	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received on investments	36	-	4	-
Purchases of investments	-	-	-	-
Proceeds from sale/maturity of investments	-	-	-	-
Net cash provided by (used for) investing activities	<u>36</u>	<u>-</u>	<u>4</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	989	1,286	3,970	926
Cash and cash equivalents, beginning of year	1,684	-	-	-
Cash and cash equivalents, end of year	<u>\$ 2,673</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>	<u>\$ 926</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (37)	\$ -	\$ (4)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	-	-
Decommissioning	-	-	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Changes in assets and liabilities				
Accounts receivable	-	-	-	-
Accounts payable and accruals	990	1,286	3,970	926
Other	-	-	-	-
Net cash provided by operating activities	<u>\$ 953</u>	<u>\$ 1,286</u>	<u>\$ 3,966</u>	<u>\$ 926</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - unrestricted	<u>2,673</u>	<u>1,286</u>	<u>3,970</u>	<u>926</u>
	<u>\$ 2,673</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>	<u>\$ 926</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	POWER PURCHASE AGREEMENTS
	<u>Ormat Geothermal</u>
	<u>Energy</u>
Cash flows from operating activities	
Receipts from participants	\$ 4,148
Receipts from sale of oil and gas	-
Payments to operating managers	(4,104)
Other disbursements and receipts	-
Net cash flows from operating activities	<u>44</u>
Cash flows from noncapital financing activities	
Advances (withdrawals) by participants, net	<u>-</u>
Cash flows from capital financing activities	
Additions to plant, net	-
Prepaid natural gas	-
Debt interest payments	-
Proceeds from sale of bonds	-
Payment for defeasance of revenue bonds	-
Transfer of funds from (to) escrow	-
Principal payments on debt	-
Payment for bond issue costs	-
Net cash used for capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interest received on investments	43
Purchases of investments	-
Proceeds from sale/maturity of investments	-
Net cash provided by (used for)	
investing activities	<u>43</u>
Net increase (decrease) in cash and	
cash equivalents	87
Cash and cash equivalents, beginning of year	<u>1,597</u>
Cash and cash equivalents, end of year	<u>\$ 1,684</u>
Reconciliation of operating income (loss) to net	
cash provided by operating activities	
Operating income (loss)	\$ (37)
Adjustments to reconcile operating	
income (loss) to net cash provided	
by operating activities	
Depreciation, depletion and amortization	-
Decommissioning	-
Advances for capacity and energy	-
Amortization of nuclear fuel	-
Changes in assets and liabilities	
Accounts receivable	-
Accounts payable and accruals	81
Other	-
Net cash provided by operating activities	<u>\$ 44</u>
Cash and cash equivalents as stated in the Combined	
Statements of Net Assets (Deficit)	
Cash and cash equivalents - restricted	\$ -
Cash and cash equivalents - unrestricted	<u>1,684</u>
	<u>\$ 1,684</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		
	Multiple Project Fund	Projects' Stabilization Fund	Total Combined
Cash flows from operating activities			
Receipts from participants	\$ -	\$ -	\$ 404,398
Receipts from sale of oil and gas	-	-	16,500
Payments to operating managers	-	-	(193,392)
Other disbursements and receipts	-	-	12,943
Net cash flows from operating activities	<u>-</u>	<u>-</u>	<u>240,449</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>-</u>	<u>(189)</u>	<u>(13,632)</u>
Cash flows from capital financing activities			
Additions to plant, net	-	-	(128,429)
Debt interest and swap payments	(3,389)	-	(121,586)
Proceeds from sale of bonds	-	-	852,809
Payment for defeasance of revenue bonds	-	-	(587,271)
Transfer of funds from (to) escrow	-	-	(662)
Principal payments on debt	-	-	(72,585)
Payment for bond issue costs	-	-	(37,285)
Net cash used for capital and related financing activities	<u>(3,389)</u>	<u>-</u>	<u>(95,009)</u>
Cash flows from investing activities			
Interest received on investments	4,769	2,419	20,948
Purchases of investments	(8,449)	(78,759)	(487,975)
Proceeds from sale/maturity of investments	2,740	59,296	248,890
Net cash provided by (used for) investing activities	<u>(940)</u>	<u>(17,044)</u>	<u>(218,137)</u>
Net increase (decrease) in cash and cash equivalents	(4,329)	(17,233)	(86,329)
Cash and cash equivalents, beginning of year	4,448	35,945	230,000
Cash and cash equivalents, end of year	<u>\$ 119</u>	<u>\$ 18,712</u>	<u>\$ 143,671</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ -	\$ -	\$ 116,577
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	-	-	67,190
Decommissioning	-	-	8,572
Advances for capacity and energy	-	-	2,736
Amortization of nuclear fuel	-	-	9,634
Changes in assets and liabilities			
Accounts receivable	-	-	1,170
Accounts payable and accruals	-	-	26,886
Other	-	-	7,684
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,449</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 119	\$ 18,712	\$ 114,684
Cash and cash equivalents - unrestricted	-	-	28,987
	<u>\$ 119</u>	<u>\$ 18,712</u>	<u>\$ 143,671</u>

See accompanying notes.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(AMOUNTS IN THOUSANDS)

	MISCELLANEOUS		
	Multiple Project Fund	Projects' Stabilization Fund	Total Combined
Cash flows from operating activities			
Receipts from participants	\$ -	\$ -	\$ 393,905
Receipts from sale of oil and gas	-	-	19,399
Payments to operating managers	-	-	(189,572)
Other disbursements and receipts	-	-	7,657
Net cash flows from operating activities	-	-	231,389
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	1,964	4,756
Cash flows from capital financing activities			
Additions to plant, net	-	-	(94,212)
Prepaid natural gas	-	-	(480,648)
Debt interest payments	(3,388)	-	(111,042)
Proceeds from sale of bonds	-	-	707,134
Payment for defeasance of revenue bonds	-	-	(125,950)
Transfer of funds from (to) escrow	-	-	10,039
Principal payments on debt	-	-	(79,615)
Payment for bond issue costs	-	-	(8,092)
Net cash used for capital and related financing activities	(3,388)	-	(182,386)
Cash flows from investing activities			
Interest received on investments	4,449	4,188	22,783
Purchases of investments	(14,706)	(108,517)	(373,958)
Proceeds from sale/maturity of investments	18,085	128,427	377,676
Net cash provided by (used for) investing activities	7,828	24,098	26,501
Net increase (decrease) in cash and cash equivalents	4,440	26,062	80,260
Cash and cash equivalents, beginning of year	8	9,883	149,740
Cash and cash equivalents, end of year	\$ 4,448	\$ 35,945	\$ 230,000
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ -	\$ -	\$ 149,616
Adjustments to reconcile operating income (loss) to net cash provided			
by operating activities			
Depreciation, depletion and amortization	-	-	69,341
Decommissioning	-	-	11,780
Advances for capacity and energy	-	-	2,629
Amortization of nuclear fuel	-	-	8,059
Changes in assets and liabilities			
Accounts receivable	-	-	(13,316)
Accounts payable and accruals	-	-	9,654
Other	-	-	(6,374)
Net cash provided by operating activities	\$ -	\$ -	\$ 231,389
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 4,448	\$ 35,945	\$ 185,709
Cash and cash equivalents - unrestricted	-	-	44,291
	\$ 4,448	\$ 35,945	\$ 230,000

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Organization and Purpose

The Southern California Public Power Authority (the “Authority” or “SCPPA”), a public entity organized under the laws of the State of California, was formed by a Joint Powers Agreement dated as of November 1, 1980 pursuant to the Joint Exercise of Powers Act of the State of California. The Authority’s participants consist of eleven Southern California cities and one public district of the State of California. The Authority was formed for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation, transmission, and procurement of electric energy and natural gas for sale to its participants. The Joint Powers Agreement has a term of fifty years.

The Authority has interests in the following projects:

Palo Verde Project - On August 14, 1981, the Authority purchased a 5.91% interest in the Palo Verde Nuclear Generating Station (PVNGS), a 3,810 megawatt nuclear-fueled generating station near Phoenix, Arizona, a 5.56% ownership interest in the Arizona Nuclear Power Project High Voltage Switchyard, and a 6.55% share of the right to use certain portions of the Arizona Nuclear Power Project Valley Transmission System (collectively, the "Palo Verde Project"). Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988, respectively.

Hoover Upgrading Project - As of March 1, 1986, the Authority and six participants entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to the Authority in return for the Authority’s agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. The Authority has an 18.68% interest in the contingent capacity of the Hoover Upgrading Project (HU).

San Juan Project - Effective July 1, 1993, the Authority purchased a 41.80% interest in Unit 3 and related common facilities of the San Juan Generating Station (SJGS) from Century Power Corporation. Unit 3, a 497-megawatt unit, is one unit of a four-unit coal-fired power generating station in New Mexico.

Magnolia Power Project - In March 2003, the Authority received approval from the California Energy Commission for construction of the Magnolia Power Project (MPP). The Project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts and was built on a site in the City of Burbank, California. The plant is the first that is wholly owned by the Authority and entitlements to 100% of the capacity and energy of the Project have been sold to six of its members. The City of Burbank, a Project participant, managed its construction and also serves as the operating agent for the Project. Commercial operations began September 22, 2005.

- **Gas Supply and Services Agreement:** SCPPA entered into an agreement with Occidental Energy Marketing, Inc. (OEMI) beginning January 2005. This agreement is renewed each year unless notification is given by either party prior to December 31, of each year. OEMI provides 100% of the natural gas plant requirements on a daily basis, and also includes an option for the participants to bring in their own gas supply. In addition, OEMI provides gas balancing services.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Organization and Purpose (Continued)

- **Natural Gas Transportation:** SCPPA has an agreement with Southern California Gas Company (SoGas) for intrastate transmission services. The agreement took effect in January 2005 and will expire in January 2011. SoGas provides transportation, storage, and balancing services of natural gas from the Southern California Border to the MPP Plant.
- **Parts and Special Services Agreement:** SCPPA entered into an 18-year agreement with General Electric International (GE) in September 2005. Initially, the agreement covered only the gas turbine, but the agreement was amended in August 2007, to include coverage for the gas generator, the steam turbine, and the steam generator. GE provides planned and unplanned maintenance, including replacement parts, based on factored fired hours.

Southern Transmission System Project - On May 1, 1983, the Authority entered into an agreement with the Intermountain Power Agency (IPA), to defray all the costs of acquisition and construction of the Southern Transmission System Project (STS), which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP).

Mead-Phoenix and Mead-Adelanto Projects - As of August 4, 1992, the Authority entered into an agreement to acquire an interest in the Mead-Phoenix Project (Mead-Phoenix), a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project component, a 17.76% interest in the Mead Substation project component and a 22.41% interest in the Mead-Marketplace project component.

As of August 4, 1992, the Authority also entered into an agreement to acquire a 67.92% interest in the Mead-Adelanto Project (Mead-Adelanto), a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer of funds from the Multiple Project Fund and commercial operations commenced in April 1996. LADWP serves as the operations manager of Mead-Adelanto.

Natural Gas Pinedale Project - On July 1, 2005, the Authority, together with LADWP and Turlock Irrigation District (TID), acquired 42.5% of an undivided working interest in three natural gas leases located in the Pinedale Anticline region of the State of Wyoming. The Authority's individual share in these interests equals 14.9%. The purchase includes 38 operating oil and gas wells and associated lateral pipelines, equipment, permits, rights of way, and easements used in production. The natural gas field production is expected to increase for several more years as additional capital is invested on drilling new wells and then decline over a life expectancy greater than 30 years.

- **Joint Operating Agreement (JOA):** In July 2005, SCPPA's purchase of the natural gas reserve interests at Pinedale, Wyoming ("Pinedale") included an underlying long-term JOA with the operator, Ultra Resources, Inc. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Organization and Purpose (Continued)

- **Gathering and Processing Agreements:** SCPPA's purchase of Pinedale included underlying agreements with Jonah Gas Gathering Company, Questar Gas Management Company, and Mountain Gas Resources, Inc. for gathering and processing of the natural gas.

Natural Gas Barnett Project - Natural gas resources in the Barnett shale geological formation in Texas were acquired from Collins and Young Holding, L.L.P (C&Y) for a total of \$84 million with an effective production date of April 1, 2006. The acquisition settled on October 26, 2006 and was completed on December 7, 2006 when the participants, together with TID, exercised their option to purchase additional resources from C&Y. Two of the original participants, LADWP and the City of Glendale, made the decision not to participate but have agreed to pay their respective share of the development costs incurred through October 13, 2006. The Gas Sales Agreements have been revised accordingly to adjust the entitlement shares and product cost shares for the remaining participants.

- **Joint Operating Agreement (JOA):** In October 2006, SCPPA's purchase of the natural gas reserve interests in Barnett, TX ("Barnett") included an underlying long-term JOA with the operator, Devon Energy Production Company, L.P. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

Canyon Power Project - The Authority approved the construction of a new generating plant that will be located on approximately 10 acres of land within an industrial area of the City of Anaheim, California ("Anaheim"). The Canyon Power Project ("the Project") will consist of a simple cycle natural gas-fired power generating plant, comprised of four General Electric LM 6000PC Sprint combustion turbines with a combined nominally rated net base capacity of 200 MW, and auxiliary facilities. The Project will be owned by the Authority and constructed, operated, and maintained by Anaheim. The cost of the Project is estimated to be \$320 million of which \$15 million was spent to obtain the necessary emission credits for the Project. In December 2008, the Authority issued notes to provide interim financing for the payment of a portion of the costs to develop, construct, and acquire the Project. An Application for Certification is on file with the California Energy Commission (CEC) and a CEC license is expected to be issued early 2010. The Project is expected to be substantially complete in July 2011.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Organization and Purpose (Continued)

Participant Ownership Interests - The Authority's participants may elect to participate in the projects. As of June 30, 2009, the members have the following participation percentages in the Authority's operating projects:

Participants	GENERATION					TRANSMISSION			NATURAL GAS	
	Palo Verde Project	Hoover Uprating Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Southern Trans-mission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project
City of Los Angeles	67.0%	-	-	-	-	59.5%	24.8%	35.7%	-	-
City of Anaheim	-	42.6%	-	38.0%	100%	17.6%	24.2%	13.5%	35.7%	45.4%
City of Riverside	5.4%	31.9%	-	-	-	10.2%	4.0%	13.5%	-	-
Imperial Irrigation District	6.5%	-	51.0%	-	-	-	-	-	-	-
City of Vernon	4.9%	-	-	-	-	-	-	-	-	-
City of Azusa	1.0%	4.2%	14.7%	-	-	-	1.0%	2.2%	-	-
City of Banning	1.0%	2.1%	9.8%	-	-	-	1.0%	1.3%	-	-
City of Colton	1.0%	3.2%	14.7%	4.2%	-	-	1.0%	2.6%	7.1%	9.1%
City of Burbank	4.4%	16.0%	-	31.0%	-	4.5%	15.4%	11.5%	14.3%	27.3%
City of Glendale	4.4%	-	9.8%	16.5%	-	2.3%	14.8%	11.1%	28.6%	-
City of Cerritos	-	-	-	4.2%	-	-	-	-	-	-
City of Pasadena	4.4%	-	-	6.1%	-	5.9%	13.8%	8.6%	14.3%	18.2%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The Authority has entered into power sales, natural gas sales, and transmission service agreements with the above project participants. Under the terms of the contracts, the participants are entitled to power output, natural gas or transmission service, as applicable. The participants are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service. The contracts cannot be terminated or amended in any manner that will impair or adversely affect the rights of the bondholders as long as any bonds issued by the specific project remain outstanding.

The contracts expire as follows:

Palo Verde Project	2030
Hoover Uprating Project	2018
San Juan Project	2030
Magnolia Power Project	2036
Canyon Power Project	2030
Southern Transmission System Project	2027
Mead-Phoenix Project	2030
Mead-Adelanto Project	2030
Natural Gas Pinedale Project	2030
Natural Gas Barnett Project	2030

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Organization and Purpose (Continued)

The Authority's interests in natural gas, generation, and transmission projects are jointly owned with other utilities, except for the Magnolia Power Project and the Canyon Power Project, which are wholly owned by the Authority. Under these arrangements, a participating member has an undivided interest in a utility plant and is responsible for its proportionate share of the costs of construction and operation and is entitled to its proportionate share of the energy, available transmission capacity or natural gas produced. Each joint plant participant, including the Authority, is responsible for financing its share of construction and operating costs. The financial statements reflect the Authority's interest in each jointly owned project as well as the projects that it owns. Additionally, the Authority's share of expenses for each project is included in the statements of revenues, expenses, and changes in net assets (deficit) as part of operations and maintenance expenses.

Prepaid Natural Gas Project No. 1 - On October 11, 2007, the Authority made a one-time prepayment of \$481 million to acquire the right to receive approximately 135 billion cubic feet of natural gas from J. Aron & Company (J. Aron) to be delivered over a 30-year term, beginning July 1, 2008. On October 3, 2007, prior to the acquisition of the prepaid gas supply, the Authority entered into five separate Prepaid Natural Gas Sales Agreements (the Gas Sales Agreements) with J. Aron and simultaneously, five Prepaid Natural Gas Supply Agreements (the Gas Supply Contracts) in which the Authority sold its interest in the natural gas, on a "take-and-pay" basis, to the cities of Anaheim, Burbank, Colton, Glendale, and Pasadena (the Project No. 1 Participants). Through the Gas Supply Contracts, SCPPA has provided for the sale to the Project Participants, on a pay-as-you-go basis, of all of the natural gas to be delivered to SCPPA pursuant to the Gas Sales Agreements. The Natural Gas contracts expire in 2038.

Under the Gas Supply Contracts, the approximate average Daily Quantity of gas to be purchased by each Project Participant is as follows:

<u>PROJECT PARTICIPANT</u>	<u>AVERAGE DAILY QUANTITY (1)</u>	<u>PERCENTAGE BY PARTICIPANT</u>
City of Anaheim	2,000	16.5%
City of Burbank	4,000	33.0%
City of Colton	1,375	11.0%
City of Glendale	2,750	23.0%
City of Pasadena	<u>2,000</u>	<u>16.5%</u>
TOTAL	12,125	100%

(1) The average Daily Quantity is in MmBtu's and is calculated over the term of the applicable Gas Supply Contract.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Organization and Purpose (Continued)

Ormat Geothermal Energy Project - The Authority entered into long-term Power Purchase Agreements in December 2005 with divisions of Ormat Technologies, Inc. for up to 20 MW of electric generation. The Project started delivery of approximately 5 MW in January 2006 from geothermal energy facilities located in Heber, California. In May 2008, the agreements were amended to substitute new wells as the source of the generation, and to increase the capacity to 14 MW and allows for excess capacity to 17 MW. The City of Anaheim acts as the scheduling coordinator on behalf of the project participants.

Pebble Springs Wind Project - In December 2007, the Authority entered into a Power Purchase Agreement for the facility output of a wind project with 98.7 MW, located in Gilliam County, Oregon. SCPPA along with LADWP, Burbank, and Glendale are now scheduling the energy through transmission agreements which bring this renewable energy from the project substation to the project participants. The term of the Project is 18 years with a right of first offer to potentially purchase the entire project after the 10th contract year. Operations formally began on January 31, 2009.

MWD Small Hydro Project - Consists of a Power Purchase Agreement for the output from four small hydroelectric plants on the MWD system in Southern California, having a total nameplate capacity of 17.04 MW, and a historical output of 40,130 MWH per year. Transmission is accomplished through the California Independent System Operator, with the City of Anaheim acting as scheduler. The term of the contract is 15 years and 2 months, expiring December 31, 2023. Operations began on November 1, 2008.

Tieton Hydropower Project - On August 21, 2008, the Authority entered into a Power Purchase Agreement with Power Holdings, L.L.C. for purchase of facility energy output of the Tieton Hydropower Plant for a period of 20 years, with provisions for early termination. The Tieton Hydropower Plant is located in Yakima County, Washington and operates as a run-of-river facility in accordance with flow releases governed by the United States Bureau of Reclamation. Power Holdings, L.L.C. has the right to terminate the PPA anytime after December 31, 2011. There is no purchase option. Burbank is currently the sole Participant in this Project but other participants may decide to participate at a later date at which time reimbursement obligations to Burbank would be satisfied. Operations began in April 2009.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Organization and Purpose (Continued)

The Authority has entered into power purchase agreements with project participants as follows. These agreements are substantially take and pay contracts where there may be other obligations not associated with the delivery of energy.

Participant Ownership Interests

Participants	Power Purchase Agreements			
	Ormat Geothermal Energy Project	Pebble Springs Wind Project	MWD Small Hydro Project	Tieton Hydropower Project
Capacity	17MW	98.7 MW	17.04MW	19MW
City of Los Angeles	-	69.6%	-	-
City of Anaheim	60.0%	-	56.4%	-
City of Azusa	-	-	21.8%	-
City of Banning	10.0%	-	-	-
City of Colton	-	-	21.8%	-
City of Burbank	-	10.1%	-	100.0%
City of Glendale	15.0%	20.3%	-	-
City of Pasadena	15.0%	-	-	-
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Contract Expires	2031	2025	2023	2028

Multiple Project Fund - During fiscal year 1990, the Authority issued Multiple Project Revenue Bonds for net proceeds of approximately \$600 million to provide funds to finance costs of construction and acquisition of ownership interests or capacity rights in one or more, then unspecified, projects for the generation or transmission of electric energy. Certain of these funds were used to finance the Authority's interests in Mead-Phoenix and Mead-Adelanto.

Projects' Stabilization Fund - In fiscal year 1997, the Authority authorized the creation of a Projects' Stabilization Fund. Deposits may be made into the fund from budget under-runs, after authorization of individual participants, and by direct contributions from the participants. Participants have discretion over the use of their deposits within SCPPA project purposes. This fund is not a project-related fund; therefore, it is not governed by any project Indenture of Trust. The members participate in the Projects' Stabilization Fund by making deposits to the fund at their discretion.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies

Basis of accounting and presentation - The combined and individual financial statements of the Authority are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with rules issued by the GASB. Revenues are recognized when earned and expenses are recognized when incurred. The format of the Statement of Net Assets (Deficit) follows the inverted approach which is consistent with the Federal Energy Regulatory Commission (FERC).

- **Invested in capital assets, net of related debt and advances from participants** - This component of net assets consists of (a) capital assets, (b) net of accumulated depreciation, and (c) unamortized debt expenses, reduced by the outstanding balances of any bonds, other borrowings, and advances from participants that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- **Restricted** - This component consists of net assets on which constraints are placed as to their use. Constraints include those imposed by creditors (such as through debt covenants), contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or through enabling legislation.
- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt and advances from participants."

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Utility plant - The Authority's share of construction and betterment costs, natural gas reserves, intangibles, and nuclear fuel associated with PVNGS, STS, Mead-Phoenix, Mead-Adelanto, SJGS, Magnolia Power Project, the Natural Gas Projects, and Canyon Power Project are included as utility plant and recorded at cost. Costs include labor, materials, capitalized interest costs on funds used in construction, and allocated indirect charges such as engineering, supervision, transportation and construction equipment, retirement plan contributions, health care costs, and certain administrative and general expenses. The costs of routine maintenance, repairs, and minor replacements incurred to maintain the plant in operating condition are charged to the appropriate operations and maintenance expense accounts in the period incurred. The original cost of property retired, net of removal and salvage costs, is charged to accumulated depreciation.

Depreciation expense is computed using the straight-line method based on the estimated service lives, principally thirty-five years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto, thirty years for Magnolia, and thirty-seven years for SJGS which is a change in estimate from prior years. There is no depreciation expense for the Canyon Power Project which is currently under development.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Natural gas reserve depletion - Depletion expense for the Natural Gas Projects is computed using the unit of production method based on the future production of the proved developed producing wells, estimated at 42.5 years. The depletion rate for the Natural Gas Pinedale Project was \$1.61/MMbtu and \$1.87/MMbtu; and the estimated total net revenue volume was 27,629,287 MMbtu and 24,351,608 MMbtu up to the period ending 2060, for fiscal years 2009 and 2008, respectively. The depletion rate for the Natural Gas Barnett Project was \$4.83/MMbtu and \$1.91/MMbtu; and the estimated total net revenue volume was 13,077,737 MMbtu and 28,906,440 MMbtu up to the period ending 2060, for fiscal years 2009 and 2008, respectively.

The decrease in reserve volume for the Natural Gas Barnett Project as of January 2009 as compared to the original Reserve Report in October 2006 is the result of the release and expiration of leases that were determined to be uneconomic, due to a combination of lower estimates of recoverable reserves for some undeveloped acreage, higher well drilling and completion costs, and lower commodity prices.

Nuclear fuel - Nuclear fuel is amortized and charged to expense on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel. Under the provisions of the Nuclear Waste Policy Act of 1982, the federal government assesses each entity with nuclear operations, including the participants in PVNGS, \$1 per megawatt hour of nuclear generation. The Authority records this charge as a current year expense. See Note 10 for information about spent nuclear fuel disposal.

Nuclear decommissioning - Decommissioning of PVNGS is expected to commence subsequent to the year 2026. The total cost to decommission the Authority's interest in PVNGS is estimated to be \$121.3 million in 2008 dollars (\$275.6 million in 2022 dollars, assuming a 6% estimated annual inflation rate). This estimate is based on an updated site specific study prepared by an independent consultant in 2007. The Authority is providing for its share of the estimated future decommissioning costs over the remaining life of the nuclear power plant through annual charges to expense, which amounted to \$7.0 million and \$8.7 million in fiscal years 2009 and 2008. The decommissioning liability is included as a component of accumulated depreciation and was \$227.0 million and \$220.0 million at June 30, 2009 and 2008, respectively.

The Authority contributes to external trusts set up in accordance with the Arizona Nuclear Power Plant participation agreement and Nuclear Regulatory Commission requirements. As of June 30, 2009, decommissioning funds totaled approximately \$157.2 million, including approximately \$1.0 million of interest receivable.

Asset retirement obligation - Demolition of SJGS is projected to commence subsequent to the year 2030. Based upon the study performed by an independent engineering firm, the Authority's share of the estimated demolition costs is \$47.4 million in 2008 dollars. The Authority is providing for its share of the estimated future demolition costs over the remaining life of the power plant through annual charges to expense of \$1.5 million and \$3.1 million for fiscal years 2009 and 2008, respectively. The expense for fiscal year 2009 reflects a change in estimate from prior years. The demolition liability is included as a component of accumulated depreciation and totaled \$48.2 million and \$46.7 million at June 30, 2009 and 2008, respectively.

As of June 30, 2009, the Authority has not billed participants for the cost of demolition nor has it established a demolition fund.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments - Investments include United States government and governmental agency securities, guaranteed investment contracts, medium term notes and money market accounts. These investments are reported at fair value and changes in unrealized gains and losses are recorded in the statement of revenues, expenses and changes in net assets (deficit) with the exception of the guaranteed investment contracts which are recorded at amortized cost. Gains and losses realized on the sale of investments are generally determined using the specific identification method.

The Bond Indentures for the Projects and the Multiple Project Fund require the use of trust funds to account for the Authority's receipts and disbursements. Cash and investments held in these funds are restricted to specific purposes as stipulated in the Bond Indentures.

Accounts receivable - Accounts receivable consists primarily of participant receivables. As such no allowance is deemed necessary.

Prepaid and other assets - Prepaid Natural Gas - SCPPA entered into a contract with the supplier for a 30-year gas supply at a fixed discount and simultaneously entered into a contract with each of the project participants for the delivery of natural gas. By prepaying the gas supply, the participants will be able to procure the gas delivery at a fixed discount from a monthly market index price, as determined by the Prepaid Natural Gas Agreements. SCPPA also entered into commodity swap agreements on behalf of each participant to hedge against reductions in its revenues resulting from changes in the monthly market index price. The payments received from the participants for natural gas, when delivered, will be sufficient to pay debt service.

Advances for capacity and energy - Advance payments to the United States Bureau of Reclamation for the uprating of the 17 generators at the Hoover Power Plant are included in advances for capacity and energy. These advances are being reduced by the principal portion of the credits on billings to the Authority for energy and capacity. The current portion of these advances is recorded under Prepaid and Other Assets in the Current Assets Section of the Combined Statements of Net Assets (Deficit).

Advance to IPA - Advance to IPA consists of cash transferred to IPA for reserve, contingency and self insurance funding.

Unamortized premiums, discounts, debt expenses and losses on refunding - Debt premiums, discounts, and debt expenses are deferred and amortized to expense over the lives of the related debt issues. Losses on refunding related to bonds redeemed by refunding bonds are amortized over the shorter of the life of the refunding bonds, or the remaining term of bonds refunded. Unamortized issue costs are recorded as a non current asset. All other unamortized debt expenses are recorded as an offset or addition to long-term debt.

Cash and cash equivalents - Cash and cash equivalents include cash and investments with original maturities of 90 days or less.

Materials and supplies - Materials and supplies consist primarily of items for construction and maintenance of plant assets and are stated at the lower of cost or market.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Arbitrage rebate and yield restrictions - The unused proceeds from the issuance of tax-exempt debt have been invested in taxable financial instruments. The excess of earnings on investments, if any, over the amount that would have been earned if the investments had a yield equal to the bond yield or yield restricted rate, is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter until final maturity of the related bonds.

The recorded liability of the Multiple Project Fund of \$23.4 million (\$6.2 million payable to the Mead-Phoenix Project and \$17.2 million payable to the Mead-Adelanto Project) is a result of the cumulative savings from the 1994 refunding of the 1989 Multiple Project Bonds. The partial refunding within five years of the original issuance triggered a recalculation of the arbitrage yield, reducing the Multiple Project Fund's rebate liability.

During the fiscal year ended June 30, 2009, the Authority made rebate payments to the IRS of \$0.03 million for the STS bonds, \$0.1 million for Palo Verde bonds, \$2.34 million for Mead-Adelanto bonds, and \$0.78 million for Mead-Phoenix bonds.

Recorded arbitrage rebate and yield restriction liabilities as of June 30, 2009, were \$1.04 million for STS, \$0.09 million for Mead-Phoenix, and \$0.3 million for Mead-Adelanto.

Revenues - Revenues consist of billings to participants for the sales of electric energy, natural gas and transmission service in accordance with the participation agreements. Generally revenues are fixed at a level to recover all operating and any debt service costs over the commercial life of the property.

In September 1998, the Palo Verde participants approved a resolution authorizing the Authority to bill the participants an additional \$65 million annually through June 30, 2004 to pay for increased debt service costs as a result of a refunding completed in October 1997. In addition, the participants resolved to transfer any over billings, renewal and replacement excess funds or surplus amounts through June 30, 2004 into the Palo Verde reserve account. On November 20, 2003, the Authority adopted a resolution to utilize the amounts on deposit in the reserve accounts to pay a portion of the operating and maintenance expenses of the Palo Verde Project starting July 1, 2004. Funds held in the reserve account as a result of this resolution totaled \$50.3 million and \$54.9 million as of June 30, 2009 and 2008, respectively.

Transportation Costs - As a result of the sales and purchases agreements for natural gas entered into by SCPPA, the participants receive less volume than processed incurring embedded transportation costs. These costs are recorded as participants' revenue and expense to the Natural Gas Pinedale Project. At June 30, 2009 and 2008, transportation costs were approximately \$26 thousand and \$0.1 million, respectively, for the Natural Gas Pinedale Project.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

In Kind Contribution - Each participant of the Magnolia Power Plant is responsible for their own share of natural gas. They may elect to bring fuel to the plant or purchase fuel from Occidental Energy Marketing, Inc. (OEMI). OEMI computes the daily imbalances of fuel volume per participant using the daily consumption data that the operating manager provides. Monthly, actual fuel burnt is reported together with the daily imbalances, participants' in kind contribution, and fuel purchases from OEMI.

In kind contributions are valued at fair market value and recorded as participant revenue and fuel expense to the Magnolia Power Project. SCPPA values the participants' fuel contribution using monthly average pricing from the Project's OEMI fuel purchases. During the fiscal years ended June 30, 2009 and 2008 the participants' contribution in kind was approximately 8.7 million MMBtu and 7.2 million MMBtu and was valued at approximately \$46.3 million and \$56.9 million, respectively.

In Kind Payment - The Natural Gas Pinedale Project pays federal royalties to Mineral Management Services (MMS). Beginning November 2007, SCPPA elected to pay its obligation in kind with approximately 0.9 million MMBtu and 0.6 million MMBtu for fiscal years 2009 and 2008, with a monetary value of approximately \$0.9 million and \$0.5 million for the fiscal years ended June 30, 2009 and 2008, respectively.

Reclassification - Certain 2008 balances have been reclassified to conform with 2009 presentation. These reclassifications had no impact on previously reported change in net assets (deficit).

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 3 - Utility Plant

At June 30, 2009 and 2008 Utility Plant consisted of the following (amounts in thousands):

	June 30, 2009										
	GENERATION				TRANSMISSION				NATURAL GAS		
	Palo Verde Project	Hoover Uprating Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Total
Utility plant											
Production	\$ 667,180	\$ -	\$ 229,332	\$ 281,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178,269
Transmission	14,120	-	-	15,239	-	674,606	50,967	172,798	-	-	927,730
General	2,908	21	7,413	15,237	-	18,911	2,644	473	1,217	-	48,824
Natural gas reserves	-	-	-	-	-	-	-	-	50,492	65,889	116,381
	684,208	21	236,745	312,233	-	693,517	53,611	173,271	51,709	65,889	2,271,204
Less accumulated depreciation	629,516	21	168,359	42,357	-	446,791	19,047	59,763	7,971	7,870	1,381,695
	54,692	-	68,386	269,876	-	246,726	34,564	113,508	43,738	58,019	889,509
Construction work in progress	20,574	-	6,959	69	80,393	27,571	3,736	-	376	4,329	144,007
Nuclear fuel, at amortized cost	36,687	-	-	-	-	-	-	-	-	-	36,687
Net utility plant	<u>\$ 111,953</u>	<u>\$ -</u>	<u>\$ 75,345</u>	<u>\$ 269,945</u>	<u>\$ 80,393</u>	<u>\$ 274,297</u>	<u>\$ 38,300</u>	<u>\$ 113,508</u>	<u>\$ 44,114</u>	<u>\$ 62,348</u>	<u>\$ 1,070,203</u>
	June 30, 2008										
	GENERATION				TRANSMISSION				NATURAL GAS		
	Palo Verde Project	Hoover Uprating Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Total
Utility plant											
Production	\$ 662,942	\$ -	\$ 231,192	\$ 280,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,174,472
Transmission	14,082	-	-	15,239	-	674,606	50,770	172,319	-	-	927,016
General	2,797	21	7,443	15,224	-	18,911	2,640	473	6,611	9,245	63,365
Natural gas reserves	-	-	-	-	-	-	-	-	44,747	46,340	91,087
	679,821	21	238,635	310,801	-	693,517	53,410	172,792	51,358	55,585	2,255,940
Less accumulated depreciation	606,123	21	164,644	30,919	-	428,083	17,640	55,260	6,494	2,781	1,311,965
	73,698	-	73,991	279,882	-	265,434	35,770	117,532	44,864	52,804	943,975
Construction work in progress	15,065	-	3,472	786	-	-	1,166	-	352	10,304	31,145
Nuclear fuel, at amortized cost	34,211	-	-	-	-	-	-	-	-	-	34,211
Net utility plant	<u>\$ 122,974</u>	<u>\$ -</u>	<u>\$ 77,463</u>	<u>\$ 280,668</u>	<u>\$ -</u>	<u>\$ 265,434</u>	<u>\$ 36,936</u>	<u>\$ 117,532</u>	<u>\$ 45,216</u>	<u>\$ 63,108</u>	<u>\$ 1,009,331</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3 - Utility Plant (Continued)

A summary of changes in Utility Plant follows (amounts in thousands):

	Balance July 1, 2008	Additions	Disposals	Transfers	Balance June 30, 2009
Nondepreciable utility plant					
Land	\$ 42,472	\$ -	\$ -	\$ -	\$ 42,472
Construction work in progress	20,488	128,976	-	(10,162)	139,302
Construction work in progress - gas	10,657	4,704	-	(10,656)	4,705
Nuclear fuel*	34,211	9,672	(7,196)	-	36,687
Total nondepreciable utility plant	<u>107,828</u>	<u>143,352</u>	<u>(7,196)</u>	<u>(20,818)</u>	<u>223,166</u>
Depreciable utility plant					
Production					
Nuclear generation (Palo Verde Project)	662,206	6,856	(2,620)	-	666,442
Coal-fired plant (San Juan Unit 3 Project)	231,192	1,454	(3,314)	-	229,332
Gas-fired plant (Magnolia Power Project)	280,338	-	-	1,420	281,758
Transmission	885,281	781	(67)	-	885,995
General	48,726	119	(33)	12	48,824
Natural gas reserves	105,725	-	-	10,656	116,381
Total depreciable utility plant	<u>2,213,468</u>	<u>9,210</u>	<u>(6,034)</u>	<u>12,088</u>	<u>2,228,732</u>
Less accumulated depreciation	<u>(1,311,965)</u>	<u>(71,261)</u>	<u>6,034</u>	<u>(4,503)</u>	<u>(1,381,695)</u>
Total utility plant, net	<u>\$ 1,009,331</u>	<u>\$ 81,301</u>	<u>\$ (7,196)</u>	<u>\$ (13,233)</u>	<u>\$ 1,070,203</u>

*Nuclear fuel disposals represent amortization.

Note 4 - Investments

The Authority's investment function operates within a legal framework established by Sections 6509.5 and 53600 et. seq. of the California Government Code, Indentures of Trust, instruments governing financial arrangements entered into by the Authority to finance and operate Projects and the Authority's Investment Policy.

Guaranteed investment contracts (GICs) are contracts that guarantee the owner principal repayment and a specified interest rate for a predetermined period of time. GICs are typically issued by insurance companies and marketed to institutions that qualify for favorable tax status under federal laws. These types of securities provide institutions with guaranteed returns. GICs are negotiated on a case-by-case basis.

Based on SCPPA's Investment Policy, certain vehicles such as GICs, flexible repurchase agreements or forward debt service agreements, may be entered into only upon approval of the SCPPA Board. In addition, eligible securities and general limitations are derived from each Project's Indenture of Trust, the Government Code and SCPPA's evolving investment practices.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4 - Investments (Continued)

The operative Indentures of Trust in which securities are authorized for investment purposes relate to the Palo Verde Project Bonds, the Southern Transmission System Project Bonds, the Hoover Upgrading Project Bonds, the Mead-Phoenix Project Bonds, the Mead-Adelanto Project Bonds, the Multiple Project Fund Bonds, the San Juan Project Bonds, the Magnolia Power Project Bonds, the Natural Gas Projects Bonds, Prepaid Natural Gas Project No. 1 and the Canyon Power Project Revenue Notes. Authorized investments for the Projects' Stabilization Fund are set forth in a resolution approved by the Board in 1996.

Eligible securities include:

- United States Treasury Securities, which are bonds or other obligations secured by the full faith and credit of the United States of America;
- Federal Agency Obligations, which have the full financial backing of the U.S. Government;
- Government Sponsored Enterprise Obligations, which are created by acts of Congress to provide liquidity for selected lending programs targeted by Congress;
- Repurchase Agreements, which are collateralized loan contracts where the seller includes a written agreement to repurchase the securities at a later date for a specified amount;
- Negotiable Certificates of Deposit, which are deposit liabilities issued by a nationally or state-chartered bank, a savings or a federal association or by a state-licensed branch of a foreign bank which has short-term ratings of at least "A-1" by S&P and at least "P-1" by Moody's;
- Banker's Acceptances, a short-term draft or bill of exchange guaranteed for payment at face value to the holder of the instrument on its maturity date, which has a short-term rating of at least "A-1" by S&P and at least "P-1" by Moody's;
- Commercial Paper, a short-term unsecured promissory note issued by non-financial or financial firms with a rating of at least "A-1" by S&P and at least "P-1" by Moody's;
- Medium Term Notes rated "A" or better and only those issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States;
- Equity-Linked Notes, which are categorized as medium-term corporate notes and are subject to the constraints set forth in the Government code and the Authority's Investment Policy.

As of June 30, 2009 the Authority held the following as cash and cash equivalents and investments:

Investment Type	Carrying Value (in thousands)	Weighted Average Maturity (Years)	Percent of Portfolio
U.S. Agency Securities	\$ 470,009	2.59	48.4%
U.S. Discount Notes	111,397	0.06	11.5%
Guaranteed Investment Contracts	279,605	9.69	28.8%
Money Market Funds	110,811	0.07	11.4%
Total	<u>\$ 971,822</u>	<u>4.06</u>	<u>100.0%</u>

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4 - Investments (Continued)

Investments at June 30, 2009 are as follows (amounts in thousands):

	GENERATION					POWER PURCHASE AGREEMENTS			
	Palo Verde Project	Hoover Uprating Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Ormat Geo-thermal Project	MWD Small Hydro	Pebble Springs	Tieton
U.S. Agencies	\$ 199,105	\$ -	\$ 9,497	\$ 45,558	\$ 27,003	\$ -	\$ -	\$ -	\$ -
Agency Discount Notes	21,594	3,898	3,049	14,038	-	-	-	-	-
GIC's	50,308	-	21,323	3,863	-	-	-	-	-
Money Market Funds	10,557	425	4,288	12,139	10,960	2,673	1,286	3,970	926
Total	\$ 281,564	\$ 4,323	\$ 38,157	\$ 75,598	\$ 37,963	\$ 2,673	\$ 1,286	\$ 3,970	\$ 926
Restricted investments	\$ 198,112	\$ 2,699	\$ 33,030	\$ 57,809	\$ 27,003	\$ -	\$ -	\$ -	\$ -
Unrestricted investments	70,036	1,199	-	-	-	-	-	-	-
Cash and cash equivalents	13,416	425	5,127	17,789	10,960	2,673	1,286	3,970	926
Total	\$ 281,564	\$ 4,323	\$ 38,157	\$ 75,598	\$ 37,963	\$ 2,673	\$ 1,286	\$ 3,970	\$ 926

	TRANSMISSION			NATURAL GAS			MISCELLANEOUS		
	Southern Trans-mission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund	Projects' Stabilization Fund	Total
U.S. Agencies	\$ 83,400	\$ 1,740	\$ 5,758	\$ 27,520	\$ 498	\$ -	\$ -	\$ 69,930	\$ 470,009
Agency Discount Notes	48,657	1,330	11,150	1,280	5,400	-	1,000	-	111,396
GIC's	37,179	6,543	22,626	15,472	42,405	11,901	67,986	-	279,606
Money Market Funds	22,346	1,926	4,642	9,617	3,617	2,608	119	18,712	110,811
Total	\$ 191,582	\$ 11,539	\$ 44,176	\$ 53,889	\$ 51,920	\$ 14,509	\$ 69,105	\$ 88,642	\$ 971,822
Restricted investments	\$ 158,425	\$ 8,283	\$ 31,534	\$ 42,992	\$ 46,212	\$ 11,901	\$ 68,986	\$ 69,930	\$ 756,916
Unrestricted investments	-	-	-	-	-	-	-	-	71,235
Cash and cash equivalents	33,157	3,256	12,642	10,897	5,708	2,608	119	18,712	143,671
Total	\$ 191,582	\$ 11,539	\$ 44,176	\$ 53,889	\$ 51,920	\$ 14,509	\$ 69,105	\$ 88,642	\$ 971,822

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4 - Investments (Continued)

Investments at June 30, 2008 are as follows (amounts in thousands):

	GENERATION					TRANSMISSION		
	Palo Verde Project	Hoover Upgrading Project	San Juan Project	Magnolia Power Project	Ormat Geothermal Project	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project
U.S. Agencies	\$ 158,137	\$ 569	\$ -	\$ 23,977	\$ -	\$ -	\$ -	\$ -
Agency Discount Notes	37,326	3,545	23,841	32,916	1,117	46,239	5,149	13,065
GIC's	55,302	-	21,323	20,449	-	37,179	7,143	22,626
Negotiable CD's	-	-	-	3,400	-	3,400	-	1,700
Commercial Paper	-	-	-	-	364	-	-	-
Money Market Funds	992	136	35	1,594	203	2,284	1,895	780
Total	\$ 251,757	\$ 4,250	\$ 45,199	\$ 82,336	\$ 1,684	\$ 89,102	\$ 14,187	\$ 38,171
Restricted investments	\$ 163,930	\$ 1,068	\$ 21,322	\$ 48,176	\$ -	\$ 41,319	\$ 7,593	\$ 25,406
Unrestricted investments	64,502	560	-	-	-	-	-	-
Cash and cash equivalents	23,325	2,622	23,877	34,160	1,684	47,783	6,594	12,765
Total	\$ 251,757	\$ 4,250	\$ 45,199	\$ 82,336	\$ 1,684	\$ 89,102	\$ 14,187	\$ 38,171

	NATURAL GAS		MISCELLANEOUS			Total
	Barnett Project	Pinedale Project	Prepaid Natural Gas	Multiple Project Fund	Projects' Stabilization Fund	
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ 50,465	\$ 233,148
Agency Discount Notes	6,112	25,729	-	880	35,787	231,706
GIC's	45,013	15,067	10,887	63,252	-	298,241
Negotiable CD's	-	60	-	3,500	-	12,060
Commercial Paper	-	-	-	-	-	364
Money Market Funds	1,964	2,706	285	68	158	13,100
Total	\$ 53,089	\$ 43,562	\$ 11,172	\$ 67,700	\$ 86,410	\$ 788,619
Restricted investments	\$ 45,013	\$ 15,126	\$ 10,887	\$ 63,252	\$ 50,465	\$ 493,557
Unrestricted investments	-	-	-	-	-	65,062
Cash and cash equivalents	8,076	28,436	285	4,448	35,945	230,000
Total	\$ 53,089	\$ 43,562	\$ 11,172	\$ 67,700	\$ 86,410	\$ 788,619

Interest rate risk - The Authority's investment policy limits the maturity of its investments to a maximum of 5 years for investments in the United States Treasury, Federal Agency, and Government Sponsored Enterprise securities, excluding: investments held in Project Debt Service Reserve; long-term commitments or agreements approved by the Authority's Board; 5 years for medium term corporate notes; 270 days for commercial paper; 180 days for banker's acceptances; and one year for negotiable certificates of deposits.

Credit risk - Under its investment policy and the State of California Government Code, the Authority is subject to the prudent investor standard of care in managing all aspects of its portfolios. As an investment standard, each investment shall be made with "judgment and care under circumstances then prevailing, which a person of prudence, discretion and intelligence would exercise in the management of his/her affairs, not in regard for speculation, but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of the capital to be invested." The Authority's investment policy does not preclude active management of the portfolio to address market opportunities. All transactions shall be undertaken in the best interest of the Authority and its participants.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4 - Investments (Continued)

The Authority's investment policy specifies that all project funds may be invested in shares of beneficial interest for temporary periods, pending disbursement or reinvestment as allowed under the state of California Government Code ("Code"). The Code requires that the fund must have either 1) attained the highest ranking or highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations (NRSRO) or 2) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of five hundred million dollars. As of June 30, 2008, each of the money market funds in the portfolio have attained the highest possible ratings by three NRSRO's, specifically AAA by Standard and Poor's, Aaa by Moody's Investors Service, and AAA by Fitch Ratings. As of June 30, 2009, money market funds in the portfolios with Bank of New York Mellon have attained the highest possible ratings by three NRSRO's, specifically AAA by Standard and Poor's, Aaa by Moody's Investors Service, and AAA by Fitch Ratings, while money market funds in the portfolios with US Bank have attained the following ratings: AA- by Standard and Poor's, Aa1 by Moody's Investors Service, and AA by Fitch Ratings.

The U.S. government agency securities in the portfolio consist of securities issued by government-sponsored enterprises, which are not explicitly guaranteed by the U.S. government. As of June 30, 2009 and 2008, the U.S. government agency securities in the portfolio carried the highest possible credit ratings by the NRSRO's that rated them.

The Guaranteed Investment Contracts in the portfolio with American International Group (AIG) consist of securities issued by corporations and carry a rating of A- by Standard and Poor's, A3 by Moody's Investors Service and BBB by Fitch Rating. The Guaranteed Investment Contracts in the portfolio with PNC carry a rating of A+ by Standard and Poor's, A1 by Moody's Investors Service, and AA- by Fitch Ratings.

The Investment Agreement Contract in the portfolio with Financial Security Assurance (FSA) consists of securities issued by corporations and carries a rating of AAA by Standard and Poor's, Aa3 by Moody's Investors Service, and AA+ by Fitch Ratings.

Concentration of credit risk - The Authority's investment policy specifies a 50% to 100% limitation on the amount that can be invested in U.S. government agency securities, except in certain issues of other Authority projects, such as the Southern Transmission System 1991 Series and the Mead-Adelanto and Mead-Phoenix projects.

Of the Authority's total investments as of June 30, 2009, \$182.4 million (19%) was invested in securities issued by the Federal Home Loan Bank; \$142.2 million (15%) was invested with Farm Credit Bank; \$128.3 million (13%) was invested in GIC's with AIG; \$121.1 million (12%) was invested in securities issued by the Federal National Mortgage Association; \$116.8 million (12%) was invested with Federal Home Loan Mortgage; \$97.2 million (10%) was invested in GIC's with PNC Financial Securities Group.

Of the Authority's total investments as of June 30, 2008, \$214.2 million (27%) was invested in securities issued by the Federal Home Loan Bank; \$125.0 million (16%) was invested in securities issued by the Federal National Mortgage Association; \$75.8 million (10%) was invested in an investment agreement with Financial Security Assurance (FSA); \$93.0 million (12%) was invested in GIC's with PNC Financial Securities Group; and \$129.5 million (16%) was invested in GIC's with AIG.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 4 - Investments (Continued)

SCPPA is aware that there are global pressures on the current financial markets. Based on the best available information at this time, SCPPA is vigilantly monitoring the developments in the markets and believes that it is positioned to deal with these developments should the market conditions persist.

Note 5 - Derivative Instruments

Objective of the swaps - An interest rate swap is the exchange of payments between SCPPA and a counterparty in order to potentially obtain a lower cost of funding than traditional fixed rate bonds, or to hedge interest rate exposure on SCPPA's assets or liabilities. The Authority has entered into eight separate pay-fixed, receive-variable interest rate swaps and two basis swaps to produce savings or to result in lower costs over the life of each transaction than what the Authority would have paid using fixed-rate debt. While these instruments carry additional risks, SCPPA's swap policy and favorable negotiations have helped to reduce such risks.

Terms, fair values, and credit risk - The terms, including the fair values and credit ratings of the counterparties under the outstanding swaps as of June 30, 2009, are included below. In most cases, and with the exclusion of basis swaps, the notional amount of any swap matches the principal amount of the associated debt. Except as discussed under the rollover risk, and when associated with basis swaps, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

	Notional Amount		Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (in thousands)	Swap Termination Date	Counterparty Credit Rating
	(in thousands)							
MPP 2009-1 Swap (Citibank)	\$	111,670	4/21/2009	3.125%	SIFMA	\$ 7,441	7/1/2036	A+/A1/A+
MPP 2009-2 Swap (JPMorgan)		111,535	4/21/2009	3.129%	SIFMA	7,371	7/1/2036	AA-/Aa1/AA-
MA 2007 Swap		100,000	11/1/2011	1-month LIBOR	100% of 10-yr LIBOR CMS rate less .414%	(392)	9/15/2030	AA-/Aa1/AA-
STS 2006 Amended Swap		100,000	5/1/2013	SIFMA	58.99% of 10-yr LIBOR CMS rate plus .664%	(3,201)	7/1/2023	AA-/Aa1/AA-
MP 2004 Amended Swap		28,700	10/2/2008	3.925%	65% of LIBOR	(3,676)	7/1/2020	A+/Aa2/A+
MA 2004 Amended Swap		96,025	10/2/2008	3.921%	65% of LIBOR	(12,269)	7/1/2020	A+/Aa2/A+
STS Swaption/Swap		125,000	2/6/2001	4.250%	60% of LIBOR	(27,283)	7/1/2022	A/A3/A+
STS 2001 Swap		79,795	6/7/2001	4.240%	SIFMA less .40%	(13,987)	7/1/2021	A+/Aa2/A+
STS 1991 Swap		250,300	4/17/1991	6.380%	Bond variable coupon rate	(56,466)	6/30/2019	A-/A3/NA
Prepaid Natural Gas 2007 Swap		201,450	10/11/2007	5.0475%	67% of 3-Month LIBOR plus 1.47%	(31,675)	11/1/2038	A/Aa3/A+
	\$	<u>1,204,475</u>				<u>\$ (134,137)</u>		

* S&P/Moody's/Fitch ratings

- **PNG 2007 Swap** - In October 2007, SCPPA entered into an interest rate swap agreement in connection with the issuance of the Prepaid Natural Gas Project No. 1 Series 2007B Bonds. The swap hedges the interest-rate risk on the LIBOR Floating-rate bonds, where SCPPA pays a fixed rate of 5.0475% in exchange for receiving 67% of 3-month LIBOR plus 1.47%. The floating index on the swap exactly matches the coupon on the Bonds and therefore provides a hedge with no tax or basis risk. The swap expires on November 1, 2038.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Derivative Instruments (Continued)

- **PNG 2007 Commodity Swap** - At the same time, SCPPA also entered into five commodity price swap agreements, on behalf of each of the Prepaid Natural Gas Project No. 1 Participants, in order to hedge against reductions to its gas sale revenues resulting from changes in monthly market index prices. SCPPA pays a floating natural gas price over a thirty-year period and receives specified fixed natural gas prices at an agreed pricing point as determined in the Prepaid Natural Gas No. 1 Agreements. The effective date of the swaps is July 1, 2008 and will expire on September 30, 2038.
- **MPP 2009-1 Swap (Restated)** - This swap transaction amends the MPP 2007-1 Swap, which had an original trade date of April 30, 2007. The transaction was amended and restated as of April 21, 2009. The Authority pays its counterparty a fixed rate of 3.125% in exchange for receiving 100% of the Securities Industry and Financial Markets Association Swap Index (SIFMA) on a notional amount of \$111.7 million. In order to provide more favorable terms to the participants, SCPPA made a payment of \$15.7 million to the counterparty which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. The amendment allowed the parties to recoupon the swaps, change the collateral posting requirements, and to move to uninsured swaps.
- **MPP 2009-2 Swap (Restated)** - This swap transaction amends the MPP 2007-1 Swap. The original transaction was novated from Bear Stearns to JP Morgan on November 6, 2008 and was amended and restated on April 21, 2009. The Authority pays its counterparty a fixed rate of 3.129% in exchange for receiving 100% of the SIFMA Index on a notional amount of \$111.5 million. In order to provide more favorable terms to the participants, SCPPA made a payment of \$15.7 million to the counterparty which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. The amendment allowed the parties to recoupon the swaps, change the collateral posting requirements, and to move to uninsured swaps.
- **MPP 2007-1 Swap (Terminated)** - In April 2007, the Authority entered into an interest rate swap in connection with the issuance of variable-rate Magnolia Power Project A, Refunding Revenue Bonds, Series 2007-1 ("2007-1 Bonds"). The Swap created synthetic fixed-rate debt which consisted of a \$223.2 million 29-year floating-to-fixed interest rate swap allocated equally between two counterparties. The Authority paid each of the counterparties a fixed rate of 3.912% in exchange for receiving 98.9% of the SIFMA Index minus 6 basis points. The swap which became effective on June 13, 2007 was amended, restated, and novated to the MPP 2009-1 and the MPP 2009-2 Swaps on April 21, 2009. The MPP 2007-1 is no longer in effect.
- **MA 2007 Swap (Amended)** - In January 2007, the Authority entered into a Constant Maturity Swap (CMS) in connection with its outstanding Mead-Adelanto Project. The transaction consisted of a \$100 million basis swap and does not relate to any single series of the Mead-Adelanto bonds. The amended swap terms became effective on February 1, 2008 and the Authority pays the swap counterparty 100% of the 1-month LIBOR in exchange for receiving 100% of the 10-year LIBOR minus 41.4 basis points. The swap expires on September 15, 2030. On November 5, 2008 the MA 2007 Swap was novated from Bear Stearns to JP Morgan. In addition, the swap was suspended until November 1, 2010. As part of the novation, the credit terms of the existing swap agreements will be maintained and SCPPA received \$4.1 million from JP Morgan as compensation for the suspension of the cash flows of the MA 2007 CMS. The \$4.1 million was deferred to be amortized over the suspension term.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Derivative Instruments (Continued)

- **STS 2006 Swap (Amended)** - In July 2006, the Authority executed an amendment to the STS \$100 million, floating-to-floating fixed-spread basis swap entered into in November 2004. Under an amendment, which became effective on August 1, 2007, SCPPA continued to pay the swap counterparty the SIFMA index but began to receive 58.99% of the 10-Year LIBOR plus 66.4 basis points, instead of 65% of the 1-month LIBOR plus 66.4 basis points. In addition, the STS 2006 Constant Maturity Swap was suspended for 5 years effective May 7, 2008, for which SCPPA received \$3.7 million as compensation for the suspension of the cash flows of the 2006 Basis Swap, which was deferred to be amortized over the suspension term. The notional amount of the Swap Agreement remains at \$100 million. The swap expires on July 1, 2023.
- **MP 2004 Swap (Amended)** - The MP 2004 Swap was amended and restated on October 2, 2008 to amend the fixed rate from 3.894% to 3.925% and to remove the insurance provisions and to adjust the collateral posting requirements. All other terms and provisions of the original agreement prevail. The amended swap was also transferred to the MP 2008 Refunding Bonds.

In connection with the issuance of the 2004 Mead-Phoenix Project Revenue Bonds Series A auction-rate security in May 2004, the Authority entered into an interest rate swap on March 3, 2004. The floating-to-fixed rate swap created synthetic fixed-rate debt for the Authority. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 3.894% and in exchange the Authority receives a floating rate index equal to 65% of the one-month LIBOR. The swap agreement expires July 1, 2020. The Authority received approximately \$1.8 million in an upfront payment in connection with the execution of the swap, which has been deferred and is being amortized as an interest yield adjustment over the life of the option. The floating rate on the related bonds was 0.15% and 2.958% at June 30, 2009 and 2008 respectively. The MP 2004 bonds were refunded on October 2, 2008 and the related interest rate swap transferred to the MP 2008 Refunding Bonds.

- **MA 2004 Swap (Amended)** - The MA 2004 Swap was amended and restated on October 2, 2008 to amend the fixed rate from 3.89% to 3.921% and to remove the insurance provisions and to adjust collateral posting requirements. All other terms and provisions of the original agreement prevail. The amended swap was also transferred to the MA 2008 Refunding Bonds.

In connection with the issuance of the 2004 Mead-Adelanto Revenue Bonds Series A auction-rate security in May 2004, the Authority entered into an interest rate swap on March 3, 2004. The floating-to-fixed rate swap created synthetic fixed-rate debt for the Authority. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 3.89% for the swap and in exchange the Authority receives a floating rate index equal to 65% of the one-month LIBOR. The swap agreement expires July 1, 2020. The Authority received approximately \$5.9 million in an upfront payment in connection with the execution of the swap, which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. Approximately \$45.1 million in Mead-Adelanto 2004 Project Revenue Bonds Series A are not swapped and remain floating-rate bonds. The average floating rate on the related bonds was 0.15% and 3.032% as of June 30, 2009 and 2008 respectively. The MP 2004 bonds were refunded on October 2, 2008 and the related interest rate swap transferred to the MA 2008 Refunding Bonds.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Derivative Instruments (Continued)

- **STS 2003 Swap (Terminated)** - The STS 2003 interest rate swap was terminated on May 7, 2008 and SCPPA paid the associated swap termination value of \$1,287,000, when the STS 2003 Series Bonds were refunded on June 4, 2008. The termination payment was expensed in the year incurred.
- **STS Swaption/Swap** - In February 2001, the Authority entered into a transaction whereby it sold an option (the "Swaption") on a floating-to-fixed interest rate swap. The Swaption was exercised on April 1, 2002. The floating rate on the swap paid by the counterparty is 60% of the one-month LIBOR; the annual fixed rate on the swap paid by the Authority is 4.25%. In exchange for the right to exercise the Swaption, the counterparty paid the Authority a one-time up front option premium amount of \$7.9 million which has been deferred and is being amortized as an interest yield adjustment over the life of the option. The counterparty has the option to cancel the agreement at the counterparty's discretion. The swap expires on July 1, 2022.
- **STS 2001 Swap** - In June 2001, the Authority entered into an interest rate swap agreement with a counterparty for the purpose of hedging against interest rate variations arising from the issuance of the 2001 Subordinate Refunding Series A Southern Transmission Project Revenue Bonds. The notional amount of the Swap Agreement is equal to the par value of the bonds. The Swap Agreement provides for the Authority to make payments to the counterparty at a fixed rate of 4.24%, and for the counterparty to make reciprocal payments based on a variable rate. The reset dates of the variable rate occur weekly and the rate for a reset date will be the rate determined by the SIFMA Index minus 40 basis points. The counterparty has the option to cancel the agreement on July 5, 2006 and on every Fixed Rate Payer Payment Date, thereafter, should the SIFMA index average more than 7% over a consecutive 180-day period. The floating rates on the bonds were 0.65% and 1.60% at June 30, 2009 and 2008, respectively. The swap expires on July 1, 2021.
- **STS 1991 Swap** - In fiscal year 1991, the Authority entered into an interest rate swap Agreement with a counterparty for the purpose of hedging against interest rate fluctuations arising from the issuance of the 1991 Subordinate Refunding Series Southern Transmission Project Revenue Bonds. The notional amount of the Swap Agreement is equal to the par value of the bonds. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 6.38%; in exchange, the Authority receives payments mirroring the bond variable coupon rate (1.18% and 3.50% at June 30, 2009 and 2008, respectively). The swap expires on June 30, 2019.

Fair value - Fair values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that were received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. While some of SCPPA's current mark to market values are negative, this valuation would be realized only if the swaps were terminated at the valuation date and only SCPPA retains the right to optionally terminate most of the transactions.

Credit risk - As of June 30, 2009, the net fair values of the Authority's applicable swaps for which payments were made were negative for each counterparty except for the MPP 2009-1 and MPP 2009-2 swaps. However, should interest rates change and the fair values of the swaps become positive, the Authority may be exposed to credit risk in the amount of the derivatives' fair value.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Derivative Instruments (Continued)

The swap agreements contain varying collateral agreements with the counterparties. The swaps require full collateralization of the fair value of the swap should the counterparty's (or if applicable, the guarantors of the counterparty's) credit rating fall below AA- as issued by Standard & Poor's or Aa3 as issued by Moody's Investors Service for the STS 1991 Swap, the Amended 2006, and the MA 2007 Swaps; A+/A1 for the STS 2001; A/A2 for the PNG 2007 Commodity Swap; and A-/A3 for the MPP 2009-1, MPP-2 and the STS Swaption/Swap. The MP 2004 and the MA 2004 Swaps, all require full collateralization if rating fall below A as issued by Fitch, and A2 as issued by Moody's. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

The swap agreements provide that when the Authority has more than one derivative transaction with a given counterparty involving the same Authority project (and having the same swap/bond insurer), should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all such related transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Basis risk - Basis risk is the risk that the interest rate paid by the Authority on underlying variable rate bonds to bondholders exceeds the variable swap rate received from a counterparty, and the risk that both legs of a basis swap are not exactly equal. With the exception of the 1991 Swap and the PNG 2007 Swap, the Authority bears basis risk on each of its swaps. The 1991 Swap and the PNG 2007 Swap are perfectly hedged since the counterparty pays the Authority its actual variable bond rate on the related bonds. All the other swaps have a basis risk since under each of those swaps the Authority received a percentage of LIBOR or a percentage of, or spread to SIFMA to offset the actual variable bond rate or variable swap rate the Authority pays on any related bonds or on any basis swap. The Authority is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on any related bonds; or in the case of the floating-to-floating fixed-spread basis swap, less than the variable rate paid to the swap counterparty.

Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from a swap may not be fully realized. The 2001 swap is based on SIFMA rate minus 40 basis points (bps); similar to the LIBOR-based swaps, SIFMA minus 40 bps may not exactly hedge the underlying variable rate. As of June 30, 2009, the SIFMA rate was 0.356%; the SIFMA rate, minus 40 bps, was -0.046%; 60% of LIBOR was 0.192%; 65% of LIBOR was 0.208%; 100% of 10-Year LIBOR minus 41.4 bps was 3.910%; and 67% of 3-month LIBOR plus 147 bps was 2.1584%.

The following is a summary of interest rates paid to and received from the counterparties as of June 30, 2009:

	Type of Derivative								
	1991 Swap	Swaption/ Swap	2001 Swap	MP 2008 Swap	MA 2008 Swap	MA 2007 Swap	MAG 2009- 1 Swap	MAG 2009- 2 Swap	NGPrepay 2007 Swap
Payments to counterparty	6.380%	4.250%	4.240%	3.925%	3.921%	3.720%	3.125%	3.129%	5.0475%
Less, variable payments from counterparty	1.180%	0.192%	-0.046%	0.208%	0.208%	3.910%	0.356%	0.356%	2.1584%
Net interest rate swap payments	5.200%	4.058%	4.286%	3.717%	3.713%	-0.190%	2.769%	2.773%	2.889%
Add, variable-rate bond coupon payments	1.180%	N/A	0.650%	0.150%	0.150%	N/A	0.130%	0.240%	2.1584%
Synthetic interest rate on bonds	6.380%	4.058%	4.936%	3.867%	3.863%	-0.190%	2.899%	3.013%	5.048%

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Derivative Instruments (Continued)

Termination risk - The Authority or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, the Swap/Swaption provides the counterparty with an option to cancel the swap agreement if the consecutive 180-day averaged rate of the SIFMA index exceeds 7.0%. The counterparty for the 2001 Swap also has a cancellation option which can be executed by the counterparty at their discretion. If any of the swaps were terminated, any associated variable rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk - Rollover risk is the risk that the swap contract is not co-terminus with the related bonds. The Authority is exposed to rollover risk on the Swap/Swaption and the 2001 Swap because the counterparty has the option to terminate the agreement prior to the maturity of the associated debt. In the event that this swap terminates, the Authority would be exposed to variable interest rates on the underlying bonds. The following debt is exposed to rollover risk:

<u>Associated Debt Issuance</u>	<u>Debt Maturity Date</u>	<u>Swap Termination Date</u>
STS 2001 Subordinate Refunding Series A	July 1, 2021	July 1, 2021

Swap payments and associated debt - Using rates as of June 30, 2009, debt service requirements of the Authority's outstanding variable rate debt and net swap payments are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Fiscal Year Ending June 30,</u>	(Amounts in thousands)			
	<u>Variable-Rate Bonds</u>		<u>Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swaps, Net</u>	
2010	\$ 28,790	\$ 5,792	\$ 32,407	\$ 38,199
2011	18,495	5,578	31,465	37,043
2012	41,120	5,028	29,593	34,621
2013	42,440	4,463	27,654	32,117
2014	74,770	3,418	24,389	27,807
2015-2019	274,690	9,720	86,356	96,076
2020-2024	132,395	2,372	36,096	38,468
2025-2029	61,975	1,779	27,764	29,543
2030-2034	108,560	4,796	22,940	27,736
2035-2039	267,520	6,335	12,182	18,517
	<u>\$ 1,050,755</u>	<u>\$ 49,281</u>	<u>\$ 330,846</u>	<u>\$ 380,127</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt

Long-term debt outstanding at June 30, 2009 consisted of “new money” bonds, refunding bonds, and subordinate refunding bonds due in varying annual amounts through 2038. The new money bonds were issued to finance the purchase and construction or acquisition of the Authority’s interest in each of the Projects. The subordinate refunding bonds were issued to refund specified new money bonds.

In accordance with the bond indentures, the new money bonds and refunding bonds are special, limited obligations of the Authority. With the exception of the Magnolia Power Project B, Lease Revenue Bonds (City of Cerritos, California) 2003-1 (“Project B Bonds”), the bonds issued by each project are payable solely from and secured solely by interests in that project as follows:

- Proceeds from the sale of bonds;
- All revenues, incomes, rents and receipts attributable to that project and interest earned on securities held under the bond indenture or indentures; and
- All funds established by the indenture or indentures.

The Authority has agreed to certain covenants with respect to bonded indebtedness, including the requirement to enforce the natural gas, power, and transmission sales agreements with the participants. At the option of the Authority, all outstanding new money bonds and refunding bonds are subject to redemption prior to maturity, except for the 2006-1 Magnolia Revenue Bonds; the 2008A Canyon Power Revenue Notes; the 2002 Subordinate Refunding Series B Bonds, and portions of the 1988A Refunding Bonds, the 1992, the 2008A and the 2009A Subordinate Refunding Bonds issued for the Southern Transmission System; the 2002A San Juan Revenue Bonds; a total of \$125.5 million of the Multiple Project Revenue Bonds; and the 2007 A & B Prepaid Natural Gas Project No. 1 Bonds.

Variable rate debt includes debt with rates based on daily, weekly and long term rates as determined by a Remarketing Agent.

The subprime mortgage problems led to the downgrade of bond insurers, the contraction of financial markets, and the loss of investor confidence resulting in uncertainty regarding the viability of the auction rate market and the variable debt market. The Authority implemented a refunding strategy in order to address the negative impact which these changes had on the marketplace and the Authority has successfully exited the failed Auction Rate Market and substantially reduced the risk on other financial transactions. Conditions continue to be challenging and no assurance can be given that there will not be other issues that affect the financial markets.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

A summary of changes in long-term debt follows (amounts in thousands):

	GENERATION					TRANSMISSION		
	Palo Verde Project	Hoover Uprating Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Southern Transmission System Project	Mead- Phoenix Project	Mead- Adelanto Project
Total long-term debt at June 30, 2008	\$ 78,175	\$ 14,890	\$ 150,942	\$ 344,981	\$ -	\$ 714,407	\$ 56,611	\$ 180,277
Total debt due within one year at June 30, 2008	12,250	1,425	10,550	7,930	-	31,075	3,425	11,400
Total debt at June 30, 2008	90,425	16,315	161,492	352,911	-	745,482	60,036	191,677
Principal payments	-	(1,425)	(10,550)	(7,930)	-	(31,075)	(3,425)	(11,400)
Revenue bonds issued	-	-	-	-	104,000	125,005	-	-
Bonds refunded/defeased	(101,820)	-	-	(223,205)	-	(121,065)	(32,200)	(107,750)
Refunding bonds issued	99,830	-	-	258,070	-	117,280	33,830	111,900
Change in unamortized debt-related costs, net	4,351	440	3	(1,916)	627	11,252	289	890
Total debt at June 30, 2009	92,786	15,330	150,945	377,930	104,627	846,879	58,530	185,317
Total debt due within one year at June 30, 2009	(10,360)	(1,480)	(11,115)	(8,695)	-	(30,585)	(2,870)	(9,480)
Total long-term debt at June 30, 2009	\$ 82,426	\$ 13,850	\$ 139,830	\$ 369,235	\$ 104,627	\$ 816,294	\$ 55,660	\$ 175,837

	NATURAL GAS		MISC.		Total
	Barnett Project	Pinedale Project	Prepaid Natural Gas	Multiple Project Fund	
Total long-term debt at June 30, 2008	\$ 94,242	\$ 40,038	\$ 509,525	\$ 43,827	\$ 2,227,915
Total debt due within one year at June 30, 2008	4,765	2,015	-	-	84,835
Total debt at June 30, 2008	99,007	42,053	509,525	43,827	2,312,750
Principal payments	(4,765)	(2,015)	-	-	(72,585)
Revenue bonds issued	-	-	-	-	229,005
Bonds refunded/defeased	-	-	-	-	(586,040)
Refunding bonds issued	-	-	-	-	620,910
Change in unamortized debt-related costs, net	-	-	(402)	1,275	16,809
Total debt at June 30, 2009	94,242	40,038	509,123	45,102	2,520,849
Total debt due within one year at June 30, 2009	(4,639)	(1,956)	(5,625)	-	(86,805)
Total long-term debt at June 30, 2009	\$ 89,603	\$ 38,082	\$ 503,498	\$ 45,102	\$ 2,434,044

Palo Verde Project - Debt consists of subordinate refunding series bonds with variable interest rates and final maturities during 2017.

The Palo Verde Escrow Restructure - In April 2009, the Palo Verde 1997B Deposit Installment Escrow was restructured and the proceeds from the sale of certain of its escrow securities were used to tender \$94.8 million of the Palo Verde 1997B Refunded Bonds. The tender produced approximately \$4.6 million of cash savings, net of accrued interest and transaction fees, which was distributed to the Palo Verde participants.

The Palo Verde Project Refunding - In August 2008, the Authority issued the Palo Verde 2008 Subordinate Bonds in the aggregate principal amount of \$99.8 million, consisting of \$49.9 million principal amount of 2008 Series A Subordinate Refunding Bonds and \$49.9 million of 2008 Series B Subordinate Refunding Bonds. The 2008 Subordinate Bonds were issued to provide funds, together with certain other available moneys, to refund all of SCPPA's outstanding 1996 Series B and C Bonds, remove the current bond insurance and replace them with variable rate debt obligations that are supported by a bank issued Letter of Credit. This transaction resulted in a net loss for accounting purposes of \$11.6 million, consisting primarily of unamortized debt expenses associated with the refunded bonds. The loss on refunding was deferred and is being amortized in accordance with GASB 23, over the shorter of the life of the new bonds or the remaining life of the bonds refunded.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

Hoover Upgrading Project - Debt consists of refunding series bonds with fixed interest rates between 4.0% and 5.25% and a final maturity during 2017.

San Juan Project - Debt consists of refunding series bonds with fixed interest rates between 5.0% and 5.5% and final maturities during 2020.

Magnolia Power Project - Debt consists of revenue and refunding series bonds with variable and fixed interest rates between 3.0% and 5.25% with final maturities occurring in 2036.

Magnolia Power Project Refunding - In April 2009, SCPPA issued \$258.1 million of Magnolia Power Project A, Refunding Revenue Bonds, consisting of \$146.5 million principal amount of Series 2009-1 and \$111.5 million principal amount of Series 2009-2, together the "2009 Bonds". The 2009 bonds were issued to refund all of SCPPA's outstanding Magnolia Power Project A, Refunding Revenue Bonds, 2007-1; to make a payment to the counterparties of the 2007-1 Swap Agreements; and to pay the related costs of issuance. This transaction resulted in a net loss for accounting purposes of \$14.2 million, consisting primarily of unamortized debt expenses associated with the refunded bonds. The loss on refunding was deferred and is being amortized in accordance with GASB 23, over the shorter of the life of the new bonds or the remaining life of the bonds refunded.

In June 2007, the Authority issued \$223.3 million of Magnolia Power Project A Refunding Revenue Bonds, Series 2007-1 as variable rate demand obligations that bore interest at a weekly interest rate. The bonds were issued to refund \$202.4 million of the Magnolia Power Project A Bonds, Revenue Series 2003-1. The Authority also entered into two separate floating-to-fixed interest rate swap agreements allocated equally between two swap counterparties in connection with the Series 2007-1 Bonds which effectively fixed the rate of the 2007-1 Bonds. These Bonds were refunded in April 2009 by the 2009 Bonds and the related swaps amended and restated. (See Note 5)

Of the outstanding Magnolia Power Project Revenue Bonds, \$13.0 million of "Project B Bonds" are secured by lease rental payments to be made by the City of Cerritos (the "City") in connection with the lease of certain facilities and premises owned by the City to the Authority and the leaseback of such facilities and premises to the City. The Base Rental Payments will be equal to the principal and interest on the Project B Bonds. In accordance with the Assignment Agreement between the Authority and the Trustee, the Authority will assign certain of its rights under the Lease, including its right to receive the Base Rental Payments, to the Trustee for the benefit of the owners of the Project B Bonds.

The City has covenanted to budget and appropriate sufficient funds to make all payments required to be made under the Lease. The Lease has a term of 55 years.

Southern Transmission System Project - Debt consists of refunding and subordinate refunding series bonds with fixed interest rates ranging from 3.50% to 6.38% and final maturities occurring in 2027.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

STS Project Refunding - On February 3, 2009, SCPPA issued \$117.3 million of the Southern Transmission System Project Revenue Bonds, 2009 Subordinate Refunding Series A. These fixed rate bonds were issued to provide funds, together with other available funds, to refund the STS 1996 Subordinate Refunding Series B Bonds (the Refunded Bonds) and to pay the related costs of issuance for the 2009 Series A Bonds. These bonds will mature serially beginning July 1, 2019 with final maturity on July 1, 2023. The Refunded Bonds were redeemed on February 4, 2009. This transaction resulted in a net loss for accounting purposes of \$21.9 million, consisting primarily of unamortized debt expenses associated with the refunded bonds. The loss on refunding was deferred and is being amortized in accordance with GASB 23, over the shorter of the life of the new bonds or the remaining life of the bonds refunded.

On December 18, 2008, SCPPA issued \$125.0 million of the Southern Transmission System Project 2008 Series B Subordinate Bonds. The bonds were issued for the purpose of financing the construction of certain improvements to the Intermountain Power Project - STS, specifically the upgrade of its two converter stations to increase the capacity of STS from its present rating of 1,920 MW to a new rating of 2,400 MW. These bonds will mature on July 1, 2027. The estimated true interest cost of the Revenue Bonds is 6.21%.

On June 4, 2008, SCPPA issued \$48.0 million of Southern Transmission Revenue Bonds, 2008 Subordinate Refunding Series A ("2008 Series A Bonds"). These fixed rate bonds were issued to refund \$50.1 million of the Southern Transmission System Project Revenue Bonds, 2003 Subordinate Refunding Series A Bonds ("STS 2003 ARS") and to pay the related costs of issuance for the 2008 Series A Bonds. This transaction resulted in a net loss for accounting purposes of \$6.6 million, consisting primarily of unamortized debt expenses associated with the refunded bonds. The loss on refunding was deferred and is being amortized in accordance with GASB 23, over the shorter of the life of the new bonds or the remaining life of the bonds refunded. The associated 2003 interest rate swap was terminated on May 7, 2008. (See Note 5)

Mead Phoenix/Mead Adelanto Projects - Debt consists of revenue and refunding series bonds with variable interest and fixed interest rates. Fixed interest rates range from 3.921% and 5.15% with final maturities occurring in 2020.

Mead Phoenix/Mead Adelanto Project Refunding Bonds - On October 2, 2008, SCPPA issued the Mead-Adelanto & Mead-Phoenix 2008 Series A & B Revenue Bonds in the aggregate principal amount of \$145.7 million, consisting of \$104.8 million principal amount of Mead-Adelanto 2008 Series A, \$7.1 million principal amount of Mead-Adelanto 2008 Series B, \$31.3 million principal amount of Mead-Phoenix 2008 Series A, and \$21 million principal amount of Mead-Phoenix 2008 Series B ("2008 Series A and B Bonds"). The bonds were issued to provide funds, together with other available funds, to refund the Mead-Adelanto Project Revenue Bonds, 2004 Series A and the Mead-Phoenix Project Revenue Bonds, 2004 Series A ("Refunded Bonds"), which consisted of insured auction rate bonds. These bonds will mature on July 1, 2020. The Refunded Bonds were redeemed from October 14 through October 17, 2008. This transaction resulted in a net loss for accounting purposes of \$17.5 million, consisting primarily of unamortized debt expenses associated with the refunded bonds. The loss on refunding was deferred and is being amortized in accordance with GASB 23, over the shorter of the life of the new bonds or the remaining life of the bonds refunded.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

Natural Gas Projects - Debt consists of revenue bonds with fixed interest rates ranging from 3.43% to 6.03% and final maturities occurring in 2032.

Natural Gas Project Revenue Bonds - On February 6, 2008, SCPPA issued \$141.1 million Natural Gas Project A Revenue Bonds, 2008 Series A in connection with the Natural Gas Projects. This fixed rate taxable bond transaction was issued to pay-off the outstanding \$76 million of the expiring Natural Gas Project Revenue Bonds, Draw Down Series 2005A (the short-term bridge loan) and to provide for five years of capital drilling needs for both the Natural Gas Pinedale and Barnett Projects. Financing for the SCPPA Natural Gas Projects was executed as three separate transactions for each of the Project A Participants with final maturities in 2032.

Prepaid Natural Gas Project No. 1 - Debt consists of revenue bonds with variable and fixed interest rates ranging from 5.0% to 5.25% and final maturity occurring in 2038.

Gas Project Revenue Bonds Project No. 1 - In October 2007, SCPPA issued \$504 million of Gas Project Revenue Bonds, Project No. 1, consisting of \$303 million of Series 2007A Fixed Rate Bonds and \$201 million of Series 2007B LIBOR Index Rate Bonds. These bonds were issued to finance prepayments for the purchase of a 30-year supply of natural gas under the Prepaid Natural Gas Sales Agreements, on behalf of the project participants. SCPPA also entered into an interest rate swap agreement with J. Aron in connection with the issuance of the Series 2007B Bonds to hedge the interest-rate risk on the LIBOR Floating-rate bonds. The Bonds are limited, no-recourse obligations of the Authority payable from and secured solely by the Trust Estate pledged under the Indenture, which includes payments to be made to the Authority by the project participants pursuant to the Gas Supply Contracts. The bonds are not subject to optional redemption by the Authority and final maturity will occur in November 2038. The estimated true interest cost is 5.02%.

Canyon Power Project - Debt consists of revenue notes with a fixed interest rate of 2.50% which mature in December 2009. The Authority has the ability and the intent to refinance the 2008 Notes with long-term financing in fiscal year 2010.

Canyon Power Project Revenue Notes - On December 11, 2008, SCPPA issued \$104 million of the Canyon Power Project 2008 Series A Revenue Notes which matures on December 2, 2009. The 2008 Notes were issued to provide interim financing for the payment of a portion of the costs to develop, construct and acquire a peaking power plant with a generating capability of approximately 200 MW to be located in the City of Anaheim, California. These notes are not subject to optional or mandatory redemption prior to maturity. The estimated true interest cost of the Revenue Notes is 1.07%.

Multiple Project Fund - Debt consists of revenue bonds with fixed interest rate of 6.75% and final maturity during 2013.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

Debt Related Costs - Unamortized debt-related costs, net are as follows (amounts in thousands):

Unamortized debt-related costs, net	June 30, 2009		
	Loss on Refunding	(Premium) Discount	Total
Palo Verde Project	\$ 7,044	\$ -	\$ 7,044
Southern Transmission System Project	73,224	11,187	84,411
Hoover Uprating Project	809	(164)	645
Mead-Phoenix Project	4,297	683	4,980
Mead-Adelanto Project	12,732	1,871	14,603
Multiple Project Fund	-	5,098	5,098
San Juan Project	2,851	(6,481)	(3,630)
Magnolia Power Project	14,074	(3,559)	10,515
Canyon Power Project	-	(627)	(627)
Prepaid Natural Gas Project No. 1	-	(4,678)	(4,678)
	<u>\$ 115,031</u>	<u>\$ 3,330</u>	<u>\$ 118,361</u>

Unamortized debt-related costs, net	June 30, 2008		
	Loss on Refunding	(Premium) Discount	Total
Palo Verde Project	\$ 11,395	\$ -	\$ 11,395
Southern Transmission System Project	80,770	14,893	95,663
Hoover Uprating Project	1,280	(195)	1,085
Mead-Phoenix Project	4,523	(140)	4,383
Mead-Adelanto Project	13,451	(903)	12,548
Multiple Project Fund	-	6,373	6,373
San Juan Project	4,169	(7,796)	(3,627)
Magnolia Power Project	12,805	(4,206)	8,599
Prepaid Natural Gas Project No. 1	-	(5,080)	(5,080)
	<u>\$ 128,393</u>	<u>\$ 2,946</u>	<u>\$ 131,339</u>

Fair Value - The fair value of the Authority's long-term debt (including the current portion) is approximately \$2.51 billion and \$2.46 billion at June 30, 2009 and 2008, respectively. Management has estimated fair value based on the quoted market prices for the same or similar issues or on the current average rates offered to the Authority for debt of approximately the same remaining maturities, excluding the effect of a related interest rate swap agreement.

Advance Refundings - The Authority has established irrevocable escrow trusts with the proceeds from issuance of subordinate refunding bonds. These investments will be used to pay specified revenue bonds called at scheduled redemption dates.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

Defeasance of Debt - The Authority has defeased specified revenue bonds by placing the proceeds from the issuance of subordinate refunding bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. The trust investments and related liability for bonds that are considered legally defeased are not included in the Authority's financial statements. At June 30, 2009 and 2008, \$758.6 and \$853.4 million, respectively, of revenue bonds outstanding are considered legally defeased.

The refunded bonds constitute a contingent liability of the Authority only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirements and are therefore excluded from the combined financial statements because the likelihood of additional funding requirements is considered remote.

Debt Service - The scheduled debt service payments for future years ending June 30 are included in the table below. The variable rates used for the PV 2008 Subordinate Refunding Series A and B were 0.14% and 0.48%, respectively. The variable rates used for the MA and MP 2008 Subordinate Refunding Series A were 0.15%. The variable rates used for the MA and MP 2008 Subordinate Refunding Series B were 0.52% and 0.62%, respectively. The variable rates used for the STS 2000 and 2001 Subordinate Refunding Series A were 1.50% and 0.65%, respectively. The variable rates used for the MPP 2009-1 and MPP 2009-2 were 0.13% and 0.24%, respectively. All of the preceding variable rates were the rates at June 30, 2009. The variable rates are set by the bond-remarketing agent on a weekly basis based on economic conditions and bond ratings.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

(Amounts in thousands)

	GENERATION					TRANSMISSION		
	Palo Verde	Hoover Uprating	San Juan	Magnolia Power	Canyon Power Project	Southern Trans- mission System	Mead- Phoenix	Mead- Adelanto
2010 Principal	\$ 10,360	\$ 1,480	\$ 11,115	\$ 8,695	\$ 104,000	\$ 30,585	\$ 2,870	\$ 9,480
2010 Interest	2,459	738	7,699	7,690	2,535	32,718	2,845	8,700
2011 Principal	10,030	1,540	11,715	9,010	-	32,990	4,895	13,490
2011 Interest	2,237	678	7,102	13,919	-	40,911	3,079	9,473
2012 Principal	10,340	1,600	12,345	9,395	-	35,650	5,190	14,305
2012 Interest	1,986	614	6,472	13,541	-	42,151	2,756	8,584
2013 Principal	10,660	1,670	13,010	9,780	-	54,140	5,530	15,230
2013 Interest	1,728	537	5,808	13,167	-	40,117	2,414	7,640
2014 Principal	10,980	1,755	27,250	10,220	-	47,825	5,905	16,265
2014 Interest	1,461	455	5,093	12,713	-	38,092	2,048	6,635
2015 - 2019 Principal	47,460	7,930	60,450	48,850	-	261,305	26,970	90,450
2015 - 2019 Interest	3,011	858	11,032	56,381	-	163,970	5,807	19,427
2020 - 2024 Principal	-	-	11,430	47,035	-	281,130	12,150	40,700
2020 - 2024 Interest	-	-	571	45,397	-	89,549	720	2,411
2025 - 2029 Principal	-	-	-	64,270	-	187,665	-	-
2025 - 2029 Interest	-	-	-	35,274	-	18,650	-	-
2030 - 2034 Principal	-	-	-	78,590	-	-	-	-
2030 - 2034 Interest	-	-	-	24,112	-	-	-	-
2035 - 2039 Principal	-	-	-	102,600	-	-	-	-
2035 - 2039 Interest	-	-	-	8,109	-	-	-	-
Principal	<u>\$ 99,830</u>	<u>\$ 15,975</u>	<u>\$ 147,315</u>	<u>\$ 388,445</u>	<u>\$ 104,000</u>	<u>\$ 931,290</u>	<u>\$ 63,510</u>	<u>\$ 199,920</u>
Interest	<u>\$ 12,882</u>	<u>\$ 3,880</u>	<u>\$ 43,777</u>	<u>\$ 230,303</u>	<u>\$ 2,535</u>	<u>\$ 466,158</u>	<u>\$ 19,669</u>	<u>\$ 62,870</u>

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

	(Amounts in thousands)				
	NATURAL GAS			MISC.	
	Pinedale	Barnett	Prepaid Natural Gas	Multiple Project Fund	Total
2010 Principal	\$ 1,956	\$ 4,639	\$ 5,625	\$ -	\$ 190,805
2010 Interest	1,956	4,606	25,440	3,389	100,775
2011 Principal	2,929	6,941	5,715	11,400	110,655
2011 Interest	1,871	4,405	25,157	3,389	112,221
2012 Principal	3,368	7,972	5,295	12,100	117,560
2012 Interest	1,756	4,132	24,881	2,619	109,492
2013 Principal	2,549	6,016	4,805	12,900	136,290
2013 Interest	1,640	3,857	24,628	1,802	103,338
2014 Principal	2,253	5,302	4,065	13,800	145,620
2014 Interest	1,539	3,619	24,407	932	96,994
2015 - 2019 Principal	10,492	24,593	22,215	-	600,715
2015 - 2019 Interest	6,092	14,320	118,927	-	399,825
2020 - 2024 Principal	7,191	16,889	44,065	-	460,590
2020 - 2024 Interest	3,704	8,721	110,798	-	261,871
2025 - 2029 Principal	5,516	12,974	81,025	-	351,450
2025 - 2029 Interest	1,914	4,520	94,700	-	155,058
2030 - 2034 Principal	3,784	8,916	130,185	-	221,475
2030 - 2034 Interest	440	1,041	68,203	-	93,796
2035 - 2039 Principal	-	-	201,450	-	304,050
2035 - 2039 Interest	-	-	27,800	-	35,909
Principal	<u>\$ 40,038</u>	<u>\$ 94,242</u>	<u>\$ 504,445</u>	<u>\$ 50,200</u>	<u>\$ 2,639,210</u>
Interest	<u>\$ 20,912</u>	<u>\$ 49,221</u>	<u>\$ 544,941</u>	<u>\$ 12,131</u>	<u>\$ 1,469,279</u>

Note 7 - Notes Payable and Deferred Credits

Notes payable and deferred credits consist mainly of Palo Verde Participants' overbillings from prior periods, a note secured from GE Capital Public Finance, Inc., to lease purchased spare parts inventory for the Magnolia Power Project, and swap-related transaction fees received in STS, Mead Adelanto, and Mead Phoenix Projects. The notes payable in the Palo Verde Project are to be paid through June 2017. These notes are unsecured, bear an interest rate of 4.97%, and are due in monthly payments of \$0.6 million. On June 30, 2009, the remaining balance is \$47.2 million. The note payable in the Magnolia Power Project has a coupon rate of 4.1%, with principal payments due monthly through July 2010. On June 30, 2009, the remaining balance is \$2.6 million.

The Authority received approximately \$1.8 million and \$5.9 million in upfront payments in connection with the execution of the 2004 Mead Phoenix and Mead Adelanto Swaps, respectively, to be deferred through 2020. The deferred balance is \$0.8 million and \$2.5 million, respectively, as of June 30, 2009. The 5-year suspension of the 2006 STS Constant Maturity Swap (CMS) in May 2008 netted a compensation of \$3.7 million. The deferred balance is \$3.0 million as of June 30, 2009. The 3-year suspension of the 2007 Mead Adelanto CMS in November 2008 netted a compensation of \$4.1 million. The deferred balance is \$3.2 million as of June 30, 2009. (See Note 5)

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 7 - Notes Payable and Deferred Credits (Continued)

Notes Payable and Deferred Credits Rollforward (amounts in thousands):

Description	June 30, 2008	Additions	Payments/ Amortization	Amortization of Surplus Fund	June 30, 2009
PV prior year overbillings	\$ 51,766	\$ -	\$ (4,998)	\$ 393	\$ 47,161
MPP GE spare parts	2,629	-	(15)	-	2,614
STS 2006 Swap suspension	-	3,745	(749)	-	2,996
Mead Phoenix 2004 Swap upfront fees	886	-	(116)	-	770
Mead Adelanto 2004 Swap upfront fees	2,945	-	(384)	-	2,561
Mead Adelanto 2007 Swap Suspension	-	4,123	(916)	-	3,207
	<u>\$ 58,226</u>	<u>\$ 7,868</u>	<u>\$ (7,178)</u>	<u>\$ 393</u>	<u>\$ 59,309</u>

Note 8 - Advances from Participants

Advances from participants consist mainly of billings to participants related to acquisition, capital drilling, and inventory wherein the matching operating expenses will be recognized at a future date. Also, and specific only to the Natural Gas Pinedale Project, advances held by the project are funds from LADWP and TID, both owners independent of SCPPA, are for their share of operating costs and capital expenditures pursuant to their respective Agency Agreements.

Advances from participants rollforward (amounts in thousands):

Description	June 30, 2008	Activity	June 30, 2009
NG Pinedale advances from participants	\$ 38,245	\$ 11,144	\$ 49,389
NG Barnett advances from participants	11,602	309	11,911
MPP advances from participants	22,124	(6,599)	15,525
	<u>\$ 71,971</u>	<u>\$ 4,854</u>	<u>\$ 76,825</u>

Note 9 - Net Assets (Deficit)

The Authority's billing amounts to the participants are determined by its Board of Directors and are subject to review and approval by the participants. Billings to participants are designed to recover "costs" as defined by the power sales, natural gas sales, and transmission service agreements. The billings are structured to systematically provide for debt service requirements, operating funds and reserves in accordance with these agreements. The accumulated difference between billings and the Authority's expenses calculated in accordance with accounting principles generally accepted in the United States of America are presented as net assets (deficit). It is intended that this difference will be recovered in the future through billings for repayment of principal on the related bonds.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9 - Net Assets (Deficit) (Continued)

Net assets (deficit) are comprised of the following (in thousands):

	June 30, 2007	Fiscal Year 2008 Activity	June 30, 2008	Fiscal Year 2009 Activity	June 30, 2009
GAAP items not included in billings to participants					
Depreciation of plant	\$ (1,054,926)	\$ (69,341)	\$ (1,124,267)	\$ (67,190)	\$ (1,191,457)
Nuclear fuel amortization	(19,548)	13,688	(5,860)	-	(5,860)
Decommissioning expense	(176,325)	(11,779)	(188,104)	(8,572)	(196,676)
Amortization of bond discount, debt issue costs, and loss on refundings	(670,005)	(17,516)	(687,521)	(24,674)	(712,195)
Interest expense	(67,662)	2,826	(64,836)	7,845	(56,991)
Loss on defeasance of bonds	(85,827)	-	(85,827)	-	(85,827)
Bond requirements included in billings to participants					
Operations and maintenance, net of investment income	305,039	8,091	313,130	398	313,528
Costs of acquisition of capacity	14,773	(1,411)	13,362	(1,466)	11,896
Billings to amortize costs recoverable	382,050	-	382,050	-	382,050
Reduction in debt service billings due to transfer of excess funds	(90,020)	-	(90,020)	-	(90,020)
Principal repayments	1,060,723	87,628	1,148,351	82,173	1,230,524
Other	100,019	59,315	159,334	8,713	168,047
	<u>(301,709)</u>	<u>71,501</u>	<u>(230,208)</u>	<u>(2,773)</u>	<u>(232,981)</u>
Multiple Project Fund net assets	3,984	(1,255)	2,729	(1,348)	1,381
Projects' Stabilization Fund net assets	80,642	6,228	86,870	2,285	89,155
	<u>\$ (217,083)</u>	<u>\$ 76,474</u>	<u>\$ (140,609)</u>	<u>\$ (1,836)</u>	<u>\$ (142,445)</u>

Note 10 - Commitments and Contingencies

Industry Restructuring - Since the passage of Assembly Bill 1890 (the "Bill") in September 1996, the electric industry in California continues to remain uncertain. The deregulation experiment has, for the most part, been abandoned. The public power participants of SCPA were not required to comply with the Bill's provisions.

Public Benefits - The members continue to collect the public benefit charge through existing rate structures and have instituted in excess of \$921 million of programs to benefit their customers. More than \$300 million has been spent on conservation and energy efficiency programs, public educational programs, research and development, and low income rate subsidies. The decisions on how these funds are allocated are made by the local governing authority, in most cases this is the city council.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

Executive Action and State Legislation - During the 2005-06 California State Legislative Session, the Governor issued several Executive Orders and the Legislature approved several bills affecting the utility industry. In general, these bills provide for reduced greenhouse gas emission standards and greater investment in energy-efficient and environmentally friendly generation alternatives through more stringent renewable resource portfolio standards. The following is a brief summary of certain of these bills:

- **Greenhouse Gas Emissions** - Executive Order S-3-05 placed an emphasis on efforts to reduce greenhouse gas emissions by establishing statewide greenhouse gas reduction targets. The targets are: (i) a reduction to 2000 emissions levels by 2010; (ii) a reduction to 1990 levels by 2020; and (iii) a reduction to 80% below 1990 levels by 2050. The Executive Order also called for the California Environmental Protection Agency to lead a multi-agency effort to examine the impacts of climate change on California and develop strategies and mitigation plans to achieve the targets. Executive Order S-06-06 establishes the target of 20% for electricity generated from in-state biomass, an element in meeting 2010 and 2020 Renewable Portfolio Standard requirements and integral to the reduction of greenhouse gas emissions.

Assembly Bill 32, the Global Warming Solutions Act of 2006 (the "GWSA") became effective as law on January 1, 2007. The GWSA prescribed a statewide cap on global warming pollution with a goal of reaching 1990 greenhouse gas emission levels by 2020. In addition, the GWSA establishes a mandatory reporting program for all investor-owned utilities (IOUs), municipal utilities and other load-serving utilities to inventory and report greenhouse gas emissions to the California Air Resources Board (CARB) and requires CARB to adopt regulations for significant greenhouse gas emission sources (allowing CARB to design a "cap-and-trade" system) and gives CARB the authority to enforce such regulations beginning in 2012. SCPPA participants may be adversely affected if CARB implements an auction type cap-and-trade system, which would require the participants to purchase carbon credits to offset the higher than average carbon emissions of their respective resource portfolios. CARB adopted a "scoping plan" to reduce greenhouse gas emissions which includes a mixed approach; market structures, regulation, fees and voluntary measures. The scoping plan includes a cap-and-trade system that covers 85% of all California greenhouse gas emissions and will be implemented in coordination with the Western Climate Initiative regime, which is a regional zone consisting of seven states and three Canadian provinces that is in the process of establishing a greenhouse gas trading framework. CARB has begun developing regulations for greenhouse gas emissions limits and reduction measures. The regulations will go into effect and be enforceable beginning January 1, 2012.

In addition to the GWSA, Senate Bill 1368 also became effective as law on January 1, 2007 and provides for an emission performance standard, restricting new investments in baseload fossil fuel electric generating resources that exceed the rate of emissions for greenhouse gases for existing combined-cycle natural gas baseload generation and seeks to allow the California Energy Resources Conservation and Development Commission (CEC) to establish a regulatory framework necessary to enforce the greenhouse gas emission performance standard for publicly-owned utilities. The CPUC has the similar responsibility for the IOUs. The revised proposed CEC regulations were approved by the Office of Administrative Law on October 16, 2007. The regulations promulgated by the CEC prohibit any investment in baseload generation that does not meet the emission performance standard of 1,100 pounds of CO₂ per MWh of electricity, with the limited exceptions for routine maintenance, requirement of pre-existing contractual commitments, or threat of significant financial harm.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

Meanwhile, Assembly Bill 1925 requires the CEC to develop a cost effective strategy for the geologic sequestration and management of industrial carbon dioxide. Also, Senate Bill 1686 authorizes the Wildlife Conservation Board (the “WCB”) to take into account the potential of forestlands to beneficially reduce or sequester greenhouse gas emissions when it prioritizes funds available for proposed acquisitions. Senate Bill 1686 also specifies that the WCB may use policies, protocols and other relevant information developed by the California Climate Action Registry in determining a project’s potential to reduce or sequester greenhouse gas emissions.

- **Energy Procurement and Efficiency Reporting** - Senate Bill 1037 requires that each municipal electric utility, including certain SCPPA participants, prior to procuring new energy generation resources, first acquire all available energy efficiency, demand reduction, and renewable resources that are cost effective, reliable and feasible. Senate Bill 1037 also requires each municipal electric utility to report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs.

Further, California Assembly Bill 2021 (“AB 2021”) requires that the publicly-owned utilities establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007 and every three years thereafter for a ten-year horizon. Future reporting requirements under AB 2021 include: (i) the identification of sources of funding for the investment in energy efficiency and demand reduction programs; ii) the methodologies and input assumptions used to determine cost-effective; and (iii) the results of an independent evaluation to measure and verify energy efficiency savings and demand reduction program impacts. The information obtained from the local publicly-owned utilities is being used by the CEC to present the progress made by the publicly-owned utilities on the State’s goal of reducing electrical consumption by 10% in ten years and amelioration with the greenhouse gas targets presented in Executive Order S-3-05. In addition, the CEC will provide recommendations for improvement to assist each local publicly-owned utility in achieving cost-effective, reliable, and feasible savings in conjunction with the established targets for reduction.

- **Renewable Portfolio Standard (RPS)** - Senate Bill 1078 (SB 1078), which became law on January 1, 2003, requires that the IOUs adopt a Renewable Portfolio Standard (“RPS”) to meet a minimum of 1% of retail energy sales needs each year from renewable resources and to meet a goal of 20% of their retail energy needs from renewable energy resources by the year 2017. SB 1078 also directed the State’s municipal electric utilities to implement and enforce an RPS that recognizes the intent of the Legislature to encourage development of renewable resources, taking into consideration the impact on a utility’s standard on rates, reliability, financial resources, and the goal of environmental improvement. Senate Bill 107, which became law on January 1, 2007, requires IOUs to have 20% of their electricity come from renewable sources by 2010 and prescribes that municipal utilities meet the intent of the legislation. Executive Order S-14-08, issued by Governor Schwarzenegger on December 18, 2008, provides that the Renewable Portfolio Standard target established for California shall require retail electricity sellers to serve 33% of their loads with eligible renewable energy resources by 2020. Legislative and regulatory proposals, including Senate Bill 14 and Assembly Bill 64 currently awaiting action by the Governor, could increase this mandate to 33% or higher for all utilities, including municipal utilities. SCPPA participants have embraced the objective of increasing renewable resources within their portfolios. However, the costs of renewable generation, infrastructure, including transmission upgrades and additions, and other requirements will have additional significant financial implications on SCPPA participants.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

Since the implementation of Senate Bill 1078, the CPUC and the CEC have taken a number of actions that have had an impact on the renewable energy goals set by the legislation. In order to overcome the challenges associated with meeting accelerated RPS goals, the CPUC and the CEC supported the implementation of a renewable energy certificate (REC) trading system to meet the accelerated RPS goals. SB 107 allows this flexibility, with the condition that the energy is delivered to an in-state trading hub. In parallel, pursuant to Senate Bill 1078, the CEC, collaboratively with the Western Governors' Association and the Western Electricity Coordinating Council, has established the Western Renewable Energy Generation Information System (WREGIS), which is expected to ensure the integrity of RECs and prevent the double counting of the certificates. On October 28, 2008, a CPUC Administrative Law Judge in Rulemaking 06-02-012 issued a proposed decision, which if approved by the CPUC, would authorize the use of WREGIS in tracking, and approving the purchase and sale of, tradable renewable energy credits for the IOUs. SCPPA and certain participants have elected to use WREGIS to transfer and account for the RECs associated with renewable energy procured by SCPPA on behalf of certain participants.

- **Solar Power** - Senate Bill 1 (also known as the "California Solar Initiative"), which became law on January 1, 2007, requires municipal utilities, including SCPPA participants, to establish a program supporting the stated goal of the legislation to install 3,000 MW of photovoltaic energy in California. Municipal utilities are also required to establish eligibility criteria in collaboration with the CEC for the funding of solar energy systems receiving ratepayer funded incentives. The legislation gives a municipal utility the choice of selecting an incentive based on the installed capacity, starting at \$2.80 per watt, or based on the energy produced by the solar energy system, measured in kilowatt-hours. Incentives would be required to decrease at a minimum average rate of 7% per year. Municipal utilities also have to meet certain reporting requirements regarding the installed capacity, number of installed systems, number of applicants, amount of awarded incentives and the contribution toward the program's goals. Total statewide expenditures for municipal utilities are expected to be approximately \$22 million.

The effect of these developments in the California energy markets on SCPPA participants cannot be fully ascertained at this time. Most of the SCPPA participants have made investments in gas-fired peaking or base-load generation located in Southern California. Also, volatility in energy price in California may return due to a variety of factors which affect both the supply and demand for electric energy in the western United States. This price volatility may contribute to greater volatility in the revenues of their respective electric systems from the sale (and purchase) of electric energy and, therefore, could materially affect each of SCPPA's participants financial condition. The very competitive prices for a portion of gas supply and additional services provided by SCPPA are intended to maintain and improve the competitive position of the participants. Also, each participant undertakes resource planning and risk management activities and manages its resource portfolio to mitigate such price volatility and spot market rate exposure.

Federal Energy Legislation - The Energy Policy Act of 2005 ("EPACT 2005") addresses a wide array of energy matters that could affect the entire electric utility industry, including the electric system of certain SCPPA participants. EPACT 2005 requires the creation of an electric reliability organization (ERO) to establish and enforce, under FERC supervision, mandatory reliability standards to increase system reliability and minimize blackouts. Failure to comply with such mandatory standards exposes a utility to significant fines and penalties by the ERO.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

EPACT 2005 contains provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies, including a new program for tax credit bonds for local governments, like a majority of SCPA participants, to finance certain renewable energy facilities in addition to extending the Price-Anderson Act for 20 years which concerns nuclear power liability protection and provides incentives for the construction of new nuclear plants. Neither SCPA nor any of certain participants is able to predict at this time the impact that EPACT 2005 will have on the operations and finances of their respective electric systems or the electric utility industry generally.

NERC Reliability Standards - NERC Reliability Standards are mandatory and enforceable Reliability Standards which apply to users, owners and operators of the Bulk-Power System. Potential monetary sanctions include fines of up to \$1 million per violation per day. Penalties assessed for violations of any Reliability Standards can be calculated without collecting the penalty if circumstances are warranted.

ISO FERC FILINGS

MRTU - The ISO's Market Redesign and Technology Upgrade (MRTU) tariff amendment includes provisions intended to perform effective congestion management in the ISO day-ahead market by enforcing all transmission constraints so as to establish feasible forward transmission schedules, create a day-ahead market for energy, automate real-time dispatch so as to balance the system and manage congestion in an optimal manner; and ensure consistency in the allocation of transmission resources to grid users and the pricing of transmission service and energy. The ISO has continued to file numerous amendments to the MRTU tariff which was implemented on April 1, 2009. Without a significant period of actual experience operating under MRTU, it is not known how the restructured ISO markets will ultimately affect SCPA and certain participants. It is not possible to predict the actual level of costs before gaining more actual operational experience under MRTU.

No adequate assurances can be given by SCPA that unforeseen events will not occur under MRTU, particularly during the period of implementation and initial operation; thus, it is impossible to predict at this time the ultimate impact of MRTU on SCPA, certain participants and the California electric utility industry generally.

Resource Adequacy Requirements: AB 380, which became law on January 1, 2006, requires the CPUC to establish resource adequacy requirements for all load-serving entities (LSEs) within the CPUC's jurisdiction and requires publicly-owned utilities to procure adequate resources to meet their peak demands and reserves. In October 2005, the CPUC issued a decision stating that LSEs under its jurisdiction would be required to demonstrate that they have acquired capacity sufficient to serve their forecast retail customer load plus a 15-17% reserve margin.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

The ISO filed a tariff amendment with FERC which incorporated most of the CPUC resource adequacy requirements in addition to providing significant deference to the local governing boards of municipal and cooperative entities in establishing qualifying reliability standards. These requirements were expanded by adding local capacity requirements to make certain that sufficient generating capacity is procured in particular areas where it is lacking. To the extent that a LSE fails to meet such a requirement, it is subject to payment of ISO procurement costs of replacement capacity. To the extent that shortfall cannot be attributed to a specific LSE, the costs will be spread as market uplift. While the magnitude of backup procurement costs are still subject to FERC order and to market conditions, these risks will apply in the same manner to all LSEs.

The CPUC is currently studying the possibility of meeting future capacity needs by either extending the existing Resource Adequacy program with some modification or by instituting centralized capacity markets. It is premature to predict the outcome of that proceeding, although it is likely that any outcome will be extended to all LSEs through the ISO tariff. While either path carries some risk of increased costs for the market, it is too soon to predict what the decision will be or the details of implementation.

American Recovery and Reinvestment Act of 2009 - The American Recovery and Reinvestment Act of 2009 is an economic stimulus bill which includes a number of investments and tax incentives for certain energy-related projects. SCPPA is reviewing the provisions of the Act to determine what impact it may have on future projects and its participants.

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. Any factors including those mentioned above could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways. SCPPA is unable to predict what impact such factors will have on the business operations and financial condition of SCPPA participants but the impact could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources of public domain.

Nuclear Spent Fuel and Waste Disposal - Under the Nuclear Waste Policy Act, the Department of Energy (DOE) was to develop the facilities necessary for the storage and disposal of spent fuel and to have the first such facility in operation by 1998. That facility was to be a permanent repository, but the DOE has announced that such a repository could not be completed before 2015. There is ongoing litigation with respect to the DOE's ability to accept spent nuclear fuel and no permanent resolution has been reached to date.

In July 2002, a measure was signed into law designating the Yucca Mountain in the state of Nevada as the nation's high-level nuclear waste repository. This meant that the DOE could then file a construction and operation plan for Yucca Mountain with the Nuclear Regulatory Commission (NRC). Due to a series of setbacks including scientific challenges by the National Academy of Science, falsified research data by consultants, delays in submitting the construction application to the Nuclear Regulatory Commission, the DOE expected that the Yucca Mountain site would be open no earlier than 2015.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

In June 2008, the Department of Interior submitted to the Nuclear Regulatory Commission a license application to construct the repository. In 2009, the federal government decided to cut off all the appropriated funds for the development of the repository at Yucca Mountain at the urge of the Congress except a small budget allocation for the closing of the project. The repository at Yucca Mountain was essentially declared defunct. A commission will be formed to search for an alternative to the repository at Yucca Mountain. There are questions about the continued collection of fees contributing to the Nuclear Waste Fund that currently has about \$22 billion.

The Palo Verde Operating Agent on behalf of the co-owners began litigation proceedings with the Department of Interior to recover the costs of storing spent fuel at Palo Verde because the federal government failed to honor the contract to take over and dispose spent fuel.

The spent fuel storage in the wet pool at PVNGS exhausted its capacity in 2003. A Dry Cask Storage Facility (the "Facility"), also called the Independent Spent Fuel Storage Facility, was built and completed in 2003 at a total cost of \$33.9 million (about \$2 million for the Authority). In addition to the Facility, the costs also account for heavy lift equipment inside the units and at the yard, railroad track, tractors, transporter, transport canister, and surveillance equipment. The Facility has the capacity to store all the spent fuel generated by the PVNGS plant until 2026. To date, over 63 casks, each containing 24 spent fuel assemblies were placed in the Facility. The current plan calls for the removal of between 240 and 288 fuel assemblies from the units to the Facility every year. The costs incurred by the procurement, packing, preparation and transportation of the casks are included as part of the fuel expenses, and will cost approximately \$13 million a year (about \$760,000 for the Authority). Storing spent fuel at Palo Verde is now considered indefinite with undetermined costs until spent fuel is removed off site.

Nuclear Insurance - The Price-Anderson Act (the "Act") requires that all utilities with nuclear generating facilities share in payment for claims resulting from a nuclear incident. The Act limits liability from third-party claims to approximately \$12.5 billion per incident. Participants in the Palo Verde Nuclear Generating Station currently insure potential claims and liability through commercial insurance with a \$300 million limit; the remainder of the potential liability is covered by the industry-wide retrospective assessment program provided under the Act. This program limits assessments to \$117.5 million per reactor for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$17.5 million per reactor, per incident, per year to be indexed for inflation every 5 years. Based on the Authority's 5.91% interest in Palo Verde, the Authority would be responsible for a maximum assessment of \$20.8 million per incident for all 3 units, limited to payments of \$3.1 million per incident, per year.

In addition to the above, the Authority may be subject to retroactive insurance assessments for its participation in the Neil Property Insurance Program in the amount of \$2.9 million.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 10 - Commitments and Contingencies (Continued)

Other Legal Matters - Claims and a lawsuit for damages have been filed with the Authority, Intermountain Power Authority (the "IPA") and LADWP seeking \$100 million in special damages and a like amount in general damages. The claimants allege, among other things, that due to improper grounding of the transmission line of STS, their dairy herds were damaged and the value of their land was diminished. The claimants also seek injunctive relief. The Authority believed these claims were substantially without merit as to itself because the Authority has no ownership or operational control over the subject transmission lines, and merely acted as a financing agency with respect to STS. In July 2003, the Authority, IPA, and LADWP filed a motion to dismiss, or in the alternative, a motion to stay based upon forum non conveniens, in which the defendants argued that the case had little connection with California and should be heard in Utah. The Los Angeles Superior Court granted the motion and in a 2004 unpublished opinion the California Court of Appeal affirmed this matter on appeal. A Petition for Review was subsequently denied by the California Supreme Court.

In February 2005, the remaining Utah plaintiffs filed a complaint in the Third Judicial District Court in and for Salt Lake County, Utah, which alleged facts similar to those alleged in California. The action was later transferred to the District Court in and for Millard County, Utah. SCPPA moved the Utah court to dismiss the action as to SCPPA. This motion resulted in the dismissal of certain of the causes of action in the complaint against SCPPA however other causes of action still remain. During May 2008, SCPPA and a number of other defendants filed several motions for summary judgment in the District Court of Millard County, Utah. These May 2008 motions were argued on July 1, 2008. However, the plaintiff's motion to disqualify the trial judge for allegedly showing bias against the plaintiffs, which was filed on July 22, 2008, caused the activity in the case to cease, as required under Utah law, until the motion could be heard by the Presiding Judge. The Presiding Judge of the Fourth Judicial District denied the disqualification motion on September 17, 2008, the trial judge issued rulings on the May 2008 motions, granting the motion to prohibit any award of punitive damages as against the Los Angeles Department of Water and Power (LADWP), the Intermountain Power Authority (IPA), and SCPPA, dismissing the claims of one plaintiff, dismissing a claim for negligence per se as against the LADWP, IPA, and SCPPA, denying without prejudice certain other motions for dismissal of certain other causes of action and certain plaintiffs, granting the motion of another defendant to be dismissed from the case, but denying SCPPA's motion for summary judgment.

In June 2008, the defendants joined in motions to exclude the testimony of the plaintiffs' expert witnesses, and asked for an evidentiary hearing, given the importance of expert testimony to the case. The court heard this motion during June 2009. In August 2009, the court granted the motion to exclude certain parts of the plaintiff's expert testimony. At the current time, it is felt that this is an important element of the plaintiffs' case and that it may be difficult for the plaintiffs to carry this case through to conclusion before the jury without such testimony. However, notwithstanding this development, the ultimate outcome of this litigation cannot be predicted at this time. No provision for this litigation matter has been included in the accompanying financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Commitments and Contingencies (Continued)

On February 12, 2009, SCPPA was served in the case of Wakefield v. Devon Energy Production Company, L.P., Collins & Young holdings L.P.; Southern California Public Power Authority; and Turlock Irrigation District arising out of its non-operating working interest in oil and gas production property situated in the Barnett Shale in certain Texas counties including Hood County, Texas. Devon Energy Production Company (Devon) acts as SCPPA's operator with respect to all oil and gas operations upon this property. The plaintiff in this lawsuit has alleged that Devon entered into certain pooling arrangements with adjacent property owners, through which it combined the lease pertaining to the plaintiff's property with other less productive leases, resulting in an increase in royalties to these adjacent property owners and a corresponding diminution of plaintiff's royalties. The complaint alleges that the pooling arrangement entered into by Devon violated the lease which had been entered into with the plaintiff and was done in bad faith. The complaint seeks declaratory relief to invalidate the pooling arrangement and seeks damages and attorney's fees. The complaint does not specify the amount of damages sought. The case is currently pending before the Hood County District Court and SCPPA has filed an answer denying the allegations of the plaintiff. At the current time, the case is proceeding through traditional pretrial proceedings and is currently going through the discovery stages of the proceedings. It cannot be predicted how this case may be resolved at the current time, however, SCPPA has been advised that these cases are not uncommon and usually settle. No provision for this litigation matter has been included in the accompanying financial statements.

The Authority is also involved in various other legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material effect on the financial position or the results of operations of the Authority or the respective separate Projects.

SUPPLEMENTAL INFORMATION

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	Debt Service Fund	Decom- missioning Trust Fund	Escrow Account	General Reserve Account	Issue Account	Operating Account	Reserve & Contingency	Revenue Fund	Total
Balance at June 30, 2008	\$ -	\$ 149,487	\$ 311,546	\$ -	\$ 4,457	\$ 72,354	\$ 25,502	\$ -	\$ 563,346
Additions									
Investment earnings	-	5,757	12,245	1	65	3,000	703	7	21,778
Discount on investment purchases	-	113	-	22	12	64	91	-	302
Distribution of investment earnings	-	-	-	(23)	(72)	(425)	(794)	1,314	-
Revenue from power sales	-	-	-	-	-	-	-	88,269	88,269
Distribution of revenue	-	-	-	802	15,150	61,339	12,299	(89,590)	-
Bond proceeds 2008A&B	-	-	102,562	(1,090)	(3,242)	-	-	-	98,230
1997A bond tender proceeds	-	-	(61,117)	6,233	116,381	641	-	-	62,138
Transfer from escrow fund for principal and interest payments	3,704	-	(24,373)	-	20,669	-	-	-	-
Total	3,704	5,870	29,317	5,945	148,963	64,619	12,299	-	270,717
Deductions									
Construction expenditures	-	-	-	-	-	-	13,247	-	13,247
Operating expenditures	-	3	-	-	-	43,391	-	-	43,394
Bond issue costs	-	-	-	-	798	-	-	-	-
Fuel costs	-	-	-	-	-	12,256	-	-	12,256
Payment of principal	-	-	-	-	-	-	-	-	-
Interest paid - non escrow	-	-	-	-	2,444	-	-	-	2,444
Premium and interest paid on investment purchases	-	37	-	-	-	-	1	-	38
Payment of principal and interest paid escrow	3,704	-	102,518	-	137,050	-	-	-	243,272
Total	3,704	40	102,518	-	140,292	55,647	13,248	-	314,651
Balance at June 30, 2009	\$ -	\$ 155,317	\$ 238,345	\$ 5,945	\$ 13,128	\$ 81,326	\$ 24,553	\$ -	\$ 519,412

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$66 and \$83 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	General Reserve Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2008	\$ 1,078	\$ 1,703	\$ 1,438	\$ -	\$ 4,219
Additions					
Investment earnings	3	35	34	1	73
Discount on investment purchases	8	11	5	-	24
Distribution of investment earnings	(11)	(46)	(40)	97	-
Revenue from power sales	-	-	-	2,404	2,404
Distribution of revenue	2,445	-	115	(2,560)	-
Other	-	-	(24)	58	34
Total	2,445	-	90	-	2,535
Deductions					
Operating expenses	-	-	228	-	228
Payment of principal	1,425	-	-	-	1,425
Interest paid	796	-	-	-	796
Total	2,221	-	228	-	2,449
Balance at June 30, 2009	\$ 1,302	\$ 1,703	\$ 1,300	\$ -	\$ 4,305

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$16 and \$18 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Acquisition Account	Debt Service Reserve Account	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Cost of Issuance Fund	Escrow Account	Total
Balance at June 30, 2008	\$ 4,135	\$ 21,323	\$ -	\$ 6,988	\$ 12,714	\$ (1)	\$ 75,379	\$ 120,538
Additions								
Investment earnings	53	1,080	9	14	265	-	3,076	4,497
Discount on investments	48	-	1	34	76	-	-	159
Distribution of investment earnings	(101)	(1,080)	1,600	(48)	(341)	-	-	30
Revenue from power sales	-	-	75,981	-	-	-	-	75,981
Distribution of revenues	18,814	-	(77,591)	55,681	3,095	1	-	-
Other	3,772	-	-	-	-	-	(3,772)	-
Total	22,586	-	-	55,681	3,095	1	(696)	80,667
Deductions								
Operating expenses	-	-	-	60,027	-	-	-	60,027
Construction expenses	-	-	-	-	5,932	-	-	5,932
Payment of principal and interest - escrow	3,772	-	-	-	-	-	-	3,772
Payment of principal	10,550	-	-	-	-	-	-	10,550
Interest paid - non-escrow	8,266	-	-	-	-	-	-	8,266
Total	22,588	-	-	60,027	5,932	-	-	88,547
Balance at June 30, 2009	\$ 4,133	\$ 21,323	\$ -	\$ 2,642	\$ 9,877	\$ -	\$ 74,683	\$ 112,658

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$28 and \$27 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MAGNOLIA POWER PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Debt Service Account	Debt Service Reserve Account	Project Fund	Operating Reserve Fund	Reserve and Contingency	Operating Fund	Revenue Fund	General Reserve Fund	Escrow Fund	Total
Balance at June 30, 2008	\$ 15,606	\$ 29,922	\$ 3,725	\$ 4,919	\$ 9,888	\$ 8,770	\$ -	\$ 9,485	\$ 214,282	\$ 296,597
Additions										
Investment earnings	49	1,353	75	228	384	8	10	54	9,717	11,878
Discount on investment purchases	87	-	20	1	2	26	-	73	-	209
Distribution of investment earnings	(138)	(1,067)	-	(229)	(371)	(34)	1,838	1	-	-
Transfer of funds for debt service payment	10,119	-	-	-	-	-	-	-	(10,119)	-
Bond proceeds 2009-1	-	9,647	17,632	-	-	-	-	-	119,256	-
Bond proceeds 2009-2	-	7,348	17,480	-	-	-	-	-	86,707	111,535
Transfer from/to escrow fund for principal and interest payment	(1,120)	(16,871)	-	-	-	-	-	-	17,991	-
Receipt from participants	-	-	-	-	-	-	64,856	-	-	64,856
Distribution of revenues	25,138	-	(600)	-	1,911	40,271	(66,704)	(16)	-	-
Total	34,135	410	34,607	-	1,926	40,271	-	112	223,552	335,013
Deductions										
Construction expenditures	-	-	(120)	-	386	-	-	-	-	266
Operating expenses	-	-	-	-	-	45,761	-	-	-	45,761
Liquidity & Remarketing Fees	1,482	-	-	-	-	-	-	-	-	1,482
Interest paid - non-escrow	17,881	-	2,327	-	-	-	-	-	-	20,208
Premium and interest on investment purchases	(2)	-	15	-	-	-	-	-	-	13
Payment of principal	7,930	-	-	-	-	-	-	-	-	7,930
Debt issuance costs	-	-	32,318	-	-	-	-	-	-	32,318
Payment of principal and interest - escrow	10,119	-	-	-	-	-	-	-	223,933	234,052
Total	37,410	-	34,540	-	386	45,761	-	-	223,933	342,030
Balance at June 30, 2009	\$ 12,331	\$ 30,332	\$ 3,792	\$ 4,919	\$ 11,428	\$ 3,280	\$ -	\$ 9,597	\$ 213,901	\$ 289,580

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$35 and \$34 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
CANYON POWER PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Project Fund	Total
Balance at June 30, 2008	\$ -	\$ -
Additions		
Investment earnings	199	199
Discount on investments	3	3
Bond Proceeds 2008A	105,505	105,505
Total	<u>105,707</u>	<u>105,707</u>
Deductions		
Construction expenses	67,444	67,444
Debt issue costs	429	429
Total	<u>67,873</u>	<u>67,873</u>
Balance at June 30, 2009	<u>\$ 37,834</u>	<u>\$ 37,834</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable or unrealized gain (loss) on investments.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Escrow Fund	General Reserve Fund	Issue Fund	Upgrade Construction Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2008	\$ 80	\$ 2,118	\$ 81,183	\$ -	\$ 4,395	\$ -	\$ 87,776
Additions							
Investment earnings	-	21	2,946	207	43	11	3,228
Discount on investment purchases	-	6	289	45	30	7	377
Distribution of investment earnings	-	(27)	(3,235)	-	(73)	3,335	-
Revenue from transmission sales	-	-	-	-	-	85,128	85,128
Distribution of revenue	-	3,488	68,281	-	16,712	(88,481)	-
Bond proceeds 2008B	-	-	1,279	110,000	-	-	111,279
Bond proceeds 2009A	119,811	-	11,334	-	-	1,250	132,395
Transfer from/to escrow fund for principal and interest payment	(119,891)	(1,254)	121,145	-	-	-	-
Other transfers	-	287	963	-	-	(1,250)	-
Other receipts	-	-	1	-	-	-	1
Total	(80)	2,521	203,003	110,252	16,712	-	332,408
Deductions							
Construction expenses	-	-	-	20,342	-	-	20,342
Operating expenses	-	-	-	-	13,989	-	13,989
Payment of principal	-	-	31,075	-	-	-	31,075
Interest paid	-	-	39,398	-	-	-	39,398
Arbitrage rebate	-	-	-	-	25	-	25
Liquidity & remarketing fees	-	-	1,691	-	-	-	1,691
Debt issuance costs	-	-	2,540	-	-	-	2,540
Payment of principal and interest - escrow	-	-	121,065	-	-	-	121,065
Total	-	-	195,769	20,342	14,014	-	230,125
Balance at June 30, 2009	\$ -	\$ 4,639	\$ 88,417	\$ 89,910	\$ 7,093	\$ -	\$ 190,059

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$41 and \$49 held in the revolving fund at June 30, 2009 and 2008, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-PHOENIX PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	Revenue Fund	Debt Service Account	Debt Service Reserve Account	Operating Fund	Reserve & Contingency Fund	Surplus Fund	Cost of Issuance Fund	Issue Fund	Escrow Fund	Total
Balance at June 30, 2008	\$ -	\$ 4,068	\$ 5,915	\$ 799	\$ 1,621	\$ 1,749	\$ -	\$ -	\$ -	\$ 14,152
Additions										
Investment earnings	-	7	503	2	92	3	1	-	-	608
Discount on investment earnings	-	14	-	2	-	13	-	-	-	29
Distribution of investment earnings	202	(21)	(68)	(4)	(92)	(16)	(1)	-	-	-
Transmission revenue	7,755	-	-	-	-	-	-	-	-	7,755
Distribution of revenues	(8,129)	5,649	-	1,188	2,945	(1,747)	94	-	-	-
Transfer from/to escrow for principal and interest payment	-	31,325	1,781	-	-	-	499	(33,830)	225	-
Bond proceeds 2008A and 2008B	-	-	-	-	-	-	-	33,830	-	33,830
Other transfers	172	906	(1,035)	146	-	-	36	-	(225)	-
Total	-	37,880	1,181	1,334	2,945	(1,747)	629	-	-	42,222
Deductions										
Construction expenditures	-	-	-	-	3,339	-	-	-	-	3,339
Operating expenses	-	-	-	1,921	-	-	-	-	-	1,921
Principal payment	-	3,425	-	-	-	-	-	-	-	3,425
Interest paid	-	3,311	-	-	-	-	130	-	-	3,441
Debt issuance costs	-	-	-	-	-	-	499	-	-	499
Principal and interest - escrow fund	-	32,200	-	-	-	-	-	-	-	32,200
Premium and interest paid on investment purchase	-	-	24	-	-	-	-	-	-	24
Total	-	38,936	24	1,921	3,339	-	629	-	-	44,849
Balance at June 30, 2009	\$ -	\$ 3,012	\$ 7,072	\$ 212	\$ 1,227	\$ 2	\$ -	\$ -	\$ -	\$ 11,525

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$13 and \$15 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-ADELANTO PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Debt Service Account	Debt Service Reserve Fund	Operating Fund	Reserve & Contingency	Revenue Fund	Surplus Fund	Issue Fund	Cost of Issuance Fund	Total
Balance at June 30, 2008	\$ 11,734	\$ 16,267	\$ 511	\$ 6,383	\$ -	\$ 3,189	\$ -	\$ -	\$ 38,084
Additions									
Investment earnings	36	1,345	5	469	3	32	-	2	1,892
Discount on investment earnings	71	(6)	1	-	-	10	-	-	76
Distribution of investment earnings	(107)	(224)	(6)	-	380	(42)	-	(1)	-
Transmission revenue	-	-	-	-	22,581	-	-	-	22,581
Distribution of revenues	22,434	(1,194)	3,890	12	(22,964)	(2,483)	-	305	-
Balance Transfer to / from escrow	101,184	5,878	(112)	-	-	4,123	(111,900)	827	-
Swap suspension fee received	4,138	-	-	-	-	-	-	-	4,138
Bond Proceeds 2008A&B	-	-	-	-	-	-	111,900	-	111,900
Total	127,756	5,799	3,778	481	-	1,640	-	1,133	140,587
Deductions									
Construction expenses	-	-	-	480	-	-	-	-	480
Operating expenses	-	-	4,017	-	-	-	-	-	4,017
Principal payment	11,400	-	-	-	-	-	-	-	11,400
Interest paid	9,225	-	-	-	-	-	-	433	9,658
Payment of principal and interest - escrow	108,253	-	-	-	-	-	-	-	108,253
Cost of Issuance	-	-	-	-	-	-	-	700	700
Total	128,878	-	4,017	480	-	-	-	1,133	134,508
Balance at June 30, 2009	\$ 10,612	\$ 22,066	\$ 272	\$ 6,384	\$ -	\$ 4,829	\$ -	\$ -	\$ 44,163

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$13 and \$15 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
 MULTIPLE PROJECT FUND
 SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
 REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
 (AMOUNTS IN THOUSANDS)**

	Proceeds Account	Debt Service Account	Earnings Account	Total
Balance at June 30, 2008	\$ 61,938	\$ 5,710	\$ 49	\$ 67,697
Additions				
Investment earnings	4,291	505	-	4,796
Distribution of investment earnings	(4,239)	-	4,239	-
Transfer for debt service payment	-	7,618	(7,618)	-
Transfer from debt service account	(3,413)	-	3,413	-
Total	(3,361)	8,123	34	4,796
Deductions				
Interest paid	-	3,388	-	3,388
Total	-	3,388	-	3,388
Balance at June 30, 2009	\$ 58,577	\$ 10,445	\$ 83	\$ 69,105

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NATURAL GAS BARNETT PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2008	\$ -	\$ 709	\$ 6,741	\$ 245	\$ 45,050	\$ 313	\$ 53,058
Additions							
Investment earnings	7	13	13	3	1,272	8	1,316
Discount on investment purchases	1	-	25	-	-	-	26
Distribution of investment earnings	43	(3)	(39)	(1)	-	-	-
Receipt from participants	10,533	258	-	-	-	-	10,791
Sales of Natural Gas	7,941	1,765	-	-	-	-	9,706
Advances from participants	-	2,740	-	-	-	-	2,740
Distribution of revenues	(18,525)	6,938	9,312	(17)	-	2,292	-
Total	-	11,711	9,311	(15)	1,272	2,300	24,579
Deductions							
Construction expenditures	-	-	-	-	-	4,788	4,788
Operating expenses	-	11,885	-	-	-	-	11,885
Payment of principal	-	-	4,765	-	-	-	4,765
Interest paid	-	-	4,307	-	-	-	4,307
Total	-	11,885	9,072	-	-	4,788	25,745
Balance at June 30, 2009	\$ -	\$ 535	\$ 6,980	\$ 230	\$ 46,322	\$ (2,175)	\$ 51,892

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$25 and \$18 held in the revolving fund at June 30, 2009 and 2008, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
NATURAL GAS PINEDALE PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2008	\$ -	\$ 12,157	\$ 2,853	\$ 47	\$ 15,230	\$ 13,222	\$ 43,509
Additions							
Investment earnings	1	20	12	2	440	9	484
Discount on investment purchases	-	2	6	-	-	1	9
Distribution of investment earnings	15	(2)	(11)	(2)	-	-	-
Receipt from participants	3,671	216	-	-	-	-	3,887
Sales of natural gas	594	447	-	-	-	-	1,041
Advances from participants	-	1,160	-	-	-	10,131	11,291
Distribution of revenues	(4,281)	1,153	3,128	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Other transfer	-	-	-	-	(192)	192	-
Total	-	2,996	3,135	-	248	10,333	16,712
Deductions							
Construction expenditures	-	-	-	-	-	337	337
Operating expenses	-	2,227	-	-	-	-	2,227
Payment of principal	-	-	2,015	-	-	-	2,015
Interest paid	-	-	1,819	-	-	-	1,819
Total	-	2,227	3,834	-	-	337	6,398
Balance at June 30, 2009	\$ -	\$ 12,926	\$ 2,154	\$ 47	\$ 15,478	\$ 23,218	\$ 53,823

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$41 and \$40 held in the revolving fund at June 30, 2009 and 2008, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PREPAID NATURAL GAS PROJECT No. 1
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2009
(AMOUNTS IN THOUSANDS)

	Revenue Fund	Operating Fund	Debt Service Fund	Project Fund	Total
Balance at June 30, 2008	\$ -	\$ 9,879	\$ 1,274	\$ 24	\$ 11,177
Additions					
Investment earnings	5	486	216	-	707
Discount on investment purchases	-	-	1	-	1
Distribution of investment earnings	370	(370)	-	-	-
Receipt from gas sales	22,756	-	-	-	22,756
Distribution of revenues	(28,884)	346	28,538	-	-
Commodity swap settlement	5,753	-	-	-	5,753
Other receipts	-	-	6,350	-	6,350
Total	-	462	35,105	-	35,567
Deductions					
A & G expenses	-	327	-	-	327
Payment of interest	-	-	31,931	-	31,931
Total	-	327	31,931	-	32,258
Balance at June 30, 2009	\$ -	\$ 10,014	\$ 4,448	\$ 24	\$ 14,486

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, and \$22 and \$0 held in the revolving fund at June 30, 2009 and 2008.