



*REPORT OF INDEPENDENT AUDITORS AND
COMBINED FINANCIAL STATEMENTS*

FOR

**SOUTHERN CALIFORNIA
PUBLIC POWER AUTHORITY**

June 30, 2017 and 2016

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Report of Independent Auditors

The Board of Directors and Participants of
Southern California Public Power Authority

Report on Financial Statements

We have audited the accompanying combined and individual projects' financial statements of Southern California Public Power Authority (the Authority), which comprise the combined and individual projects' statements of net position as of June 30, 2017 and 2016, and the related combined and individual projects' statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined and individual projects' financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined and individual project financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and individual projects' financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined and individual projects' financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and individual projects' financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and individual projects' financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined and individual projects' financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined and individual projects' financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the combined and individual projects' 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, San Juan Project, Magnolia Power Project, Canyon Power Project, Apex Power Project, Hoover Uprating Project, Tieton Hydropower Project, Milford I Wind Project, Milford II Wind Project, Windy Point Project, Linden Wind Energy Project, Southern Transmission System Project, Mead-Phoenix Project, Mead-Adelanto Project, Pinedale Project, Barnett Project, Prepaid Natural Gas Project, Power Purchase Agreements, Project Development Fund, Projects' Stabilization Fund and SPPA Fund as of June 30, 2017 and 2016, and the combined and individual results of the projects' operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability as of June 30, 2017 and the Schedule of Contributions as of June 30, 2017 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Purchase Power Agreements combining statements of net position as of June 30, 2017 and 2016, and the related Purchase Power Agreements combining statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the Purchase Power Agreements investments as of June 30, 2017 and 2016 (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of receipts and disbursements in funds for the year ended June 30, 2017, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Miss Adams UP

Portland, Oregon

October 24, 2017

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, 2017 and 2016. Please read this discussion and analysis in conjunction with the Authority's Combined Financial Statements, which begin on page 4. 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 two 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 Position (in thousands)

	June 30,		
	2017	2016	2015
Assets			
Net utility plant	\$ 1,281,698	\$ 1,427,164	\$ 1,475,962
Investments	740,656	698,007	676,135
Cash and cash equivalents	224,652	304,756	337,374
Prepaid and other	916,328	981,133	1,030,529
Total assets	<u>3,163,334</u>	<u>3,411,060</u>	<u>3,520,000</u>
Deferred outflows of resources	<u>144,653</u>	<u>122,257</u>	<u>119,709</u>
Total assets and deferred outflows of resources	<u>\$ 3,307,987</u>	<u>\$ 3,533,317</u>	<u>\$ 3,639,709</u>
Liabilities			
Noncurrent liabilities	\$ 2,958,749	\$ 3,114,994	\$ 3,249,181
Current liabilities	432,349	467,032	449,772
Total liabilities	<u>3,391,098</u>	<u>3,582,026</u>	<u>3,698,953</u>
Deferred inflows of resources	<u>87</u>	<u>242</u>	<u>207</u>
Net position			
Net investment in capital assets	(550,598)	(575,911)	(594,920)
Restricted	555,640	622,340	610,915
Unrestricted	(88,240)	(95,380)	(75,446)
Total net position	<u>(83,198)</u>	<u>(48,951)</u>	<u>(59,451)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,307,987</u>	<u>\$ 3,533,317</u>	<u>\$ 3,639,709</u>
Revenues, expenses and changes in net position for the year ended June 30			
Operating revenues	\$ 995,236	\$ 853,339	\$ 813,095
Operating expenses	(848,647)	(713,417)	(668,880)
Operating income	146,589	139,922	144,215
Investment and other income	13,973	23,633	21,909
Derivative gain (loss)	7,569	(10,238)	28,364
Debt expense	(126,895)	(132,716)	(157,254)
Change in net position before special items	41,236	20,601	37,234
Special items	(61,839)	-	-
Change in net position	(20,603)	-	-
Net position, beginning of year, before adjustment	(48,951)	(59,451)	(98,687)
Less: Accumulated adjustment for change in accounting principal	-	-	(1,004)
Net position, beginning of year, as adjusted	(48,951)	(59,451)	(99,691)
Net contributions/(withdrawals) by participants	(13,644)	(10,101)	3,006
Net position, end of year	<u>\$ (83,198)</u>	<u>\$ (48,951)</u>	<u>\$ (59,451)</u>

Southern California Public Power Authority Management's Discussion and Analysis

Net Position

The Authority's net position decreased by \$34 million mainly due to a decrease in assets and deferred outflows of resources of \$225 million, and a decrease in liabilities and deferred inflows of resources of \$191 million.

Assets –

The decrease of \$225 million in the Authority's assets and deferred outflows of resources is due to the following:

- **Utility Plant – decreased by \$145 million**
The decrease is primarily due to the \$109 million write down of capital assets as a result of the divestiture of ownership interests of the San Juan Unit 3 Project (SJ) to Public Service Company of New Mexico (PNM) effective January 1, 2018; \$104 million scheduled depreciation in Generation and Transmission Projects and \$6 million depletion in the Natural Gas Reserve Projects. The decreases were offset by a \$57 million write down of accumulated amortization of the SJ decommissioning due to a significant reduction in the obligation because it was determined that a full dismantling is not required by the State laws, and \$17 million ongoing capital improvements in the Palo Verde (PV), Magnolia Power Project (MPP), and Apex Power Project (APP).
- **Investments – increased by \$43 million**
The increase is largely due to the \$42 million transfer of cash and cash equivalents to long term investments; the return of \$8 million collateral swap deposits to the reserve fund in the MPP; and \$12 million accumulated overbillings and advances from various Projects. The increases were offset by the \$12 million release of reserve funds contributed to the issuance of the of the 2017A Revenue Bonds for the refunding of the 2010B Revenue Bonds in the Canyon Power Project (CPP); and the release of \$7 million from prior year overbillings for the issuance of the 2017A Revenue Bonds for the refunding of the 2009A Revenue Bonds in the Southern Transmission System (STS).
- **Cash and cash equivalents – decreased by \$80 million**
The decrease is primarily due to the \$42 million transfer of cash and cash equivalents to long term investments; the return to the participants of \$24 million accumulated overbillings and advances from various Projects; and \$14 million net of Participants' withdrawals and contributions in the Project Stabilization Fund (PSF).

Southern California Public Power Authority Management's Discussion and Analysis

- Prepaid and other assets – decreased by \$65 million
The decrease is mainly due to the \$60 million scheduled amortization of the prepaid assets in the Natural Gas Prepaid Project (NGPP), Milford I, Milford II, and Windy Point/Windy Flats Projects (Windy Point); \$3 million decrease in the reported change in the fair value of the derivative instruments in the Mead Adelanto Project (MA); and \$2 million in the Hoover Project's (HU) amortization of capacity and energy.
- Deferred outflows of resources – increased by \$22 million
The increase is largely due to the \$50 million loss on refunding from the issuance of 2017A Revenue Bonds in the CPP; offset by \$13 million decrease in the fair values of the derivative instruments in the MPP and NGPP Projects; and \$15 million amortization of loss on refunding in various debt-funded Projects.

Liabilities –

The decrease in the Authority's liabilities of \$191 million is primarily due to the following:

- \$222 million of principal maturities and related amortizations for all debt-funded projects; \$23 million decrease in the reported change in fair values of the derivative instruments in the MPP and NGPP; and \$17 million decrease in the advances and deferred credits in PV and MPP. The decreases were offset by the \$41 million increase in debt in the CPP; and \$30 million recognition of the decommissioning and reclamation obligation in the SJ Project.

During fiscal year 2016, the Authority's assets and deferred outflow of resources decreased \$106 million largely due to the scheduled depreciation in the generation and transmission projects, and depletion in the natural gas reserves projects; offset by the \$117 million decrease in liabilities mainly due to the scheduled principal maturities and related amortizations for all debt-funded projects, and the issuance of the 2016A Mead Adelanto and Mead Phoenix Revenue Bonds, resulted an increase in the Authority's net position of \$11 million.

Operating Income –

Operating income increased \$7 million largely due to the \$3 million increase in billings for capital improvements in the APP; and \$4 million release of Reserve and Contingency Fund for the scheduled major maintenance in the MPP.

Southern California Public Power Authority Management's Discussion and Analysis

During fiscal year 2016, the net decrease in operating income of \$4 million is mainly due to the \$10 million increase in decommissioning expense in the PV Project related to the escalation rate of projected funding termination costs and the 20-year extension of life of the utility plant; the receipt of \$9 million net from the Amended Restructuring Agreement for the sale of excess and onsite coal inventory, and the true-up of the common capital expenses in the SJ Project; the release of \$3 million debt service reserves for the final debt service requirements of the MPP 2006A Bonds; and the \$2 million test energy costs accrued in the PSF for the upcoming Springbok Projects. The decreases were offset by \$16 million net increase in billings for debt service requirements in the CPP, STS, and for the operation expense in the PV Project; and \$4 million of Turbine Warranty in the Windy Point/Windy Flats Project (Windy Point) that was fully amortized in FY 2015.

Investment and Other Income –

Investment and other income decreased \$10 million mainly due to the \$7 million received in FY 2016 from the sale of excess coal inventory in the SJ Project; and \$3 million decrease in market values of the investment securities held in the PV Decommissioning Trust Fund.

Derivative Gain (Loss) –

In June 2008, GASB issued Statement No 53, Accounting and Financial Reporting for Derivative Instruments, effective for financial statements for periods beginning after June 15, 2009. GASB 53 requires that the fair value of derivative instruments be reported in the financial statements as investment income or loss if the derivative fails to effectively hedge the risk of rising or falling cash flows or fair values. A \$7.6 million derivative gain and a \$10.2 million derivative loss were reported related to the Authority's derivative instruments that were deemed investment instruments as of June 30, 2017 and 2016, respectively.

The \$17.8 million increase in derivative gain is mainly due to the effect of changes in fair values of Magnolia Power Project Series 2009 by \$21.9 million offset by \$4.1 million of Mead-Adelanto Project Series 2004A (see Note 5).

SCPPA has three basis swaps that make variable payments based on SIFMA and receive variable payments based on a percentage of LIBOR. Their purpose is to reduce the interest expense on the Mead-Adelanto Project, and the Magnolia Power Project Bonds. Pursuant to GASB 53, there is no identified risk being hedged by a basis swap, and therefore they are all deemed investment instruments. These investment instruments were strategically placed by management to reduce interest expense and they continue to serve this purpose.

GASB 53 outlines a number of tests to be performed on a swap at each reporting period to qualify as an effective hedge. Once a swap becomes ineffective on a reporting date, it is deemed an investment instrument then and going forward. GASB 53 does not allow a swap to qualify again regardless of performance, unless associated with new bonds. While the Magnolia 2009-2 Swap has been deemed technically ineffective, and therefore an investment instrument since fiscal year 2012, management still associates it with the Magnolia Bonds it was originally hedging and it continues to function accordingly.

Southern California Public Power Authority Management's Discussion and Analysis

Debt Expense –

Debt expense decreased by \$6 million largely due to the decrease in interest expense from the refunding of the 2010B Revenue Bonds in CPP, the reduction in outstanding principal of 2011A revenue bonds in STS and lower debt amortization from various debt-funded projects.

Special Items –

Special Items are significant transactions or other events that are either unusual in nature or infrequent in occurrence and should be reported in the Statement of Revenues, Expenses and Changes in Net Position. In fiscal year 2017, the following special items occurred:

- \$108.6 million of capital assets were written off due to the divestiture of ownership interests of SJ Project to PNM effective January 1, 2018.
- \$56.9 million of demolition liability, included as a component of accumulated depreciation, were written off after a determination was made that a full dismantling of the SJ plant was not required by State laws, which significantly reduced decommissioning obligation.
- An additional \$10.1 million reclamation costs was recognized to write up the Authority's share of reclamation liability of \$25.9 million in the SJ project.

Southern California Public Power Authority
Combined Statements of Net Position
(Amounts in Thousands)

	June 30,	
	2017	2016
ASSETS		
Noncurrent assets		
Net utility plant	\$ 1,281,698	\$ 1,427,164
Investments – restricted	677,831	636,201
Investments – unrestricted	62,825	61,806
Advance to IPA - restricted	10,930	11,550
Advances for capacity and energy, net – restricted	-	404
Fair value of derivative instruments	1,171	3,731
Prepaid and other assets	790,148	849,731
Total noncurrent assets	<u>2,824,603</u>	<u>2,990,587</u>
Current assets		
Cash and cash equivalents – restricted	134,869	235,743
Cash and cash equivalents – unrestricted	89,783	69,013
Interest receivable	1,662	995
Accounts receivable	22,100	22,148
Materials and supplies	26,411	26,155
Prepaid and other assets	63,906	66,419
Total current assets	<u>338,731</u>	<u>420,473</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred items related to pensions	780	440
Unamortized loss on refunding	119,170	83,848
Accumulated decrease in fair value of hedging derivatives	24,703	37,969
Total deferred outflows of resources	<u>144,653</u>	<u>122,257</u>
Total assets and deferred outflows of resources	<u>\$ 3,307,987</u>	<u>\$ 3,533,317</u>
LIABILITIES		
Noncurrent liabilities		
Long-term debt	\$ 2,865,372	\$ 3,025,767
Fair value of derivative instruments	40,018	63,413
Notes payable, net pension and other liabilities	1,264	1,603
Advances from participants	22,525	24,211
Reclamation and decommission obligation	29,570	-
Total noncurrent liabilities	<u>2,958,749</u>	<u>3,114,994</u>
Current liabilities		
Debt due within one year	172,210	191,730
Notes payable and other liabilities due within one year	14,749	25,472
Advances from participants due within one year	75,960	73,003
Accrued interest	54,586	61,906
Accounts payable and accruals	110,910	110,731
Accrued property tax	3,934	4,190
Total current liabilities	<u>432,349</u>	<u>467,032</u>
Total liabilities	<u>3,391,098</u>	<u>3,582,026</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred items related to pensions	87	242
Total deferred inflows of resources	<u>87</u>	<u>242</u>
NET POSITION		
Net investment in capital assets	(550,598)	(575,911)
Restricted	555,640	622,340
Unrestricted	(88,240)	(95,380)
Total net position	<u>(83,198)</u>	<u>(48,951)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,307,987</u>	<u>\$ 3,533,317</u>

See accompanying notes.

Southern California Public Power Authority
Combined Statements of Revenues, Expenses,
and Changes in Net Position
(Amounts in Thousands)

	Years Ended June 30,	
	2017	2016
Operating revenues		
Sales of electric energy	\$ 807,382	\$ 666,908
Sales of transmission services	151,597	146,281
Sales of natural gas	36,257	40,150
Total operating revenues	<u>995,236</u>	<u>853,339</u>
Operating expenses		
Operations and maintenance	698,443	570,939
Depreciation, depletion and amortization	108,708	106,526
Amortization of nuclear fuel	14,358	14,653
Decommissioning	27,381	21,214
Pension expense (credit)	(243)	85
Total operating expenses	<u>848,647</u>	<u>713,417</u>
Operating income	<u>146,589</u>	<u>139,922</u>
Non operating revenues (expenses)		
Investment and other income	13,973	23,633
Derivative gain	7,569	(10,238)
Debt expense	(126,895)	(132,716)
Net non operating revenues (expenses)	<u>(105,353)</u>	<u>(119,321)</u>
Net increase before special items	41,236	20,601
Special items		
Asset impairment	(108,625)	-
Reclamation obligation adjustment	(10,105)	-
Decommission obligation write down	56,891	-
Total special Items	<u>(61,839)</u>	<u>-</u>
Change in net position	(20,603)	20,601
Net position – beginning of year	<u>(48,951)</u>	<u>(59,451)</u>
Net contributions (distributions) by participants	<u>(13,644)</u>	<u>(10,101)</u>
Net position – end of year	<u>\$ (83,198)</u>	<u>\$ (48,951)</u>

Southern California Public Power Authority
Combined Statements of Cash Flows
(Amounts in Thousands)

	Years Ended June 30,	
	2017	2016
Cash flows from operating activities		
Receipts from participants	\$ 839,696	\$ 740,724
Receipts from sale of oil and gas	16,106	1,117
Payments to operating managers	(512,493)	(408,433)
Other disbursements and receipts	20,991	15,753
Net cash flows from operating activities	<u>364,300</u>	<u>349,161</u>
Cash flows from noncapital financing activities		
Advances by participants, net	<u>(12,435)</u>	<u>(7,675)</u>
Cash flows from capital financing activities		
Additions to plant and prepaid projects, net	(36,134)	(97,157)
Debt interest payments	(135,641)	(136,666)
Proceeds from sale of bonds	311,256	154,562
Payment for defeasance of revenue bonds	(86,469)	(92,261)
Transfer of funds from (to) escrow	(248,065)	-
Transfer of funds from (to) Mine Reclamation Trust Fund	(5,250)	(3,760)
Principal payments on debt	(191,731)	(181,710)
Payment for bond issue costs	(1,078)	(1,252)
Net cash used for capital and related financing activities	<u>(393,112)</u>	<u>(358,244)</u>
Cash flows from investing activities		
Interest received on investments	4,588	4,913
Purchases of investments	(572,973)	(655,558)
Proceeds from sale/maturity of investments	<u>529,528</u>	<u>634,785</u>
Net cash from investing activities	<u>(38,857)</u>	<u>(15,860)</u>
Net change in cash and cash equivalents	(80,104)	(32,618)
Cash and cash equivalents, beginning of year	<u>304,756</u>	<u>337,374</u>
Cash and cash equivalents, end of year	<u>\$ 224,652</u>	<u>\$ 304,756</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 146,589	\$ 139,922
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation, depletion and amortization	156,062	106,526
Decommissioning	27,381	19,507
Advances for capacity and energy	2,640	2,480
Amortization of nuclear fuel	14,358	63,307
Pension expense	(243)	85
Changes in assets and liabilities		
Accounts receivable	1,480	(10,700)
Accounts payable and accruals	8,778	(5,183)
Other	7,255	33,217
Net cash provided by operating activities	<u>\$ 364,300</u>	<u>\$ 349,161</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position		
Cash and cash equivalents – restricted	\$ 134,869	\$ 235,743
Cash and cash equivalents – unrestricted	<u>89,783</u>	<u>69,013</u>
	<u>\$ 224,652</u>	<u>\$ 304,756</u>

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Southern California Public Power Authority
Combining Statements of Net Position
June 30, 2017
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
ASSETS					
Noncurrent assets					
Net utility plant	\$ 11,339	\$ 3,917	\$ 190,102	\$ 229,716	\$ 260,736
Investments – restricted	198,917	19,608	66,130	18,129	41,325
Investments – unrestricted	16,199	23,455	-	-	-
Advance to IPA – restricted	-	-	-	-	-
Advances for capacity and energy, net – restricted	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-
Prepaid and other assets	-	735	-	-	-
Total noncurrent assets	226,455	47,715	256,232	247,845	302,061
Current assets					
Cash and cash equivalents – restricted	8,865	2,148	12,368	5,470	6,795
Cash and cash equivalents – unrestricted	10,375	1,952	15,396	1,140	917
Interest receivable	634	69	300	24	60
Accounts receivable	1,888	70	1,095	591	2,378
Materials and supplies	10,385	2,282	9,524	1,186	3,034
Prepaid and other assets	933	1,490	26	48	311
Total current assets	33,080	8,011	38,709	8,459	13,495
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	-	-	9,261	56,058	-
Accumulated decrease in fair value of hedging derivatives	-	-	14,999	-	-
Total deferred outflows of resources	-	-	24,260	56,058	-
Total assets and deferred outflows of resources	\$ 259,535	\$ 55,726	\$ 319,201	\$ 312,362	\$ 315,556
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ -	\$ -	\$ 298,887	\$ 338,659	\$ 303,297
Fair value of derivative instruments	-	-	30,314	-	-
Notes payable and other liabilities	-	-	-	-	-
Advances from participants	-	-	-	-	-
Reclamation and decommission obligation	-	29,570	-	-	-
Total noncurrent liabilities	-	29,570	329,201	338,659	303,297
Current liabilities					
Debt due within one year	12,410	-	7,230	7,185	9,435
Notes payable and other liabilities due within one year	-	-	14,157	-	-
Advances from participants due within one year	-	19,954	26,262	1,630	1,451
Accrued interest	2	-	3,246	2,745	6,253
Accounts payable and accruals	21,010	10,058	3,450	1,314	3,501
Accrued property tax	1,650	324	-	-	-
Total current liabilities	35,072	30,336	54,345	12,874	20,640
Total liabilities	35,072	59,906	383,546	351,533	323,937
NET POSITION					
Net investment in capital assets	(1,071)	(12,552)	(106,754)	(55,938)	(25,011)
Restricted	195,950	-	49,287	15,117	13,477
Unrestricted	29,584	8,372	(6,878)	1,650	3,153
Total net position	224,463	(4,180)	(64,345)	(39,171)	(8,381)
Total liabilities and net position	\$ 259,535	\$ 55,726	\$ 319,201	\$ 312,362	\$ 315,556

Southern California Public Power Authority
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	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
ASSETS					
Noncurrent assets					
Net utility plant	\$ 34,955	\$ 53,190	\$ 199,697	\$ 239,046	\$ 269,632
Investments – restricted	196,774	26,797	52,802	31,128	38,184
Investments – unrestricted	25,657	20,870	-	-	-
Advance to IPA – restricted	-	-	-	-	-
Advances for capacity and energy, net – restricted	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-
Prepaid and other assets	-	747	-	-	-
Total noncurrent assets	<u>257,386</u>	<u>101,604</u>	<u>252,499</u>	<u>270,174</u>	<u>307,816</u>
Current assets					
Cash and cash equivalents – restricted	14,523	674	32,884	10,717	10,068
Cash and cash equivalents – unrestricted	7,314	2,080	3,118	651	726
Interest receivable	324	35	329	45	23
Accounts receivable	2,338	-	8,620	378	-
Materials and supplies	10,202	2,573	9,162	1,116	3,102
Prepaid and other assets	847	1,508	1,432	7	762
Total current assets	<u>35,548</u>	<u>6,870</u>	<u>55,545</u>	<u>12,914</u>	<u>14,681</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	-	-	10,474	6,242	-
Accumulated decrease in fair value of hedging derivatives	-	-	24,797	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>35,271</u>	<u>6,242</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 292,934</u>	<u>\$ 108,474</u>	<u>\$ 343,315</u>	<u>\$ 289,330</u>	<u>\$ 322,497</u>
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ 12,410	\$ -	\$ 306,949	\$ 306,876	\$ 313,479
Fair value of derivative instruments	-	-	50,241	-	-
Notes payable and other liabilities	-	-	-	-	-
Advances from participants	-	-	-	-	-
Reclamation and decommission obligation	-	-	-	-	-
Total noncurrent liabilities	<u>12,410</u>	<u>-</u>	<u>357,190</u>	<u>306,876</u>	<u>313,479</u>
Current liabilities					
Debt due within one year	12,030	21,345	11,470	6,735	9,375
Notes payable and other liabilities due within one year	7,047	-	17,797	-	-
Advances from participants due within one year	-	23,346	27,106	2,225	-
Accrued interest	5	84	3,433	7,150	6,284
Accounts payable and accruals	22,706	4,640	3,111	2,698	3,337
Accrued property tax	1,650	366	-	-	-
Total current liabilities	<u>43,438</u>	<u>49,781</u>	<u>62,917</u>	<u>18,808</u>	<u>18,996</u>
Total liabilities	<u>55,848</u>	<u>49,781</u>	<u>420,107</u>	<u>325,684</u>	<u>332,475</u>
NET POSITION					
Net investment in capital assets	10,515	11,996	(108,248)	(64,131)	(26,220)
Restricted	204,545	24,672	51,837	28,264	14,976
Unrestricted	22,026	22,025	(20,381)	(487)	1,266
Total net position	<u>237,086</u>	<u>58,693</u>	<u>(76,792)</u>	<u>(36,354)</u>	<u>(9,978)</u>
Total liabilities and net position	<u>\$ 292,934</u>	<u>\$ 108,474</u>	<u>\$ 343,315</u>	<u>\$ 289,330</u>	<u>\$ 322,497</u>

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	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
ASSETS						
Noncurrent assets						
Net utility plant	\$ -	\$ 37,630	\$ -	\$ -	\$ -	\$ 107,029
Investments – restricted	3,153	6,385	30,792	9,343	31,027	5,607
Investments – unrestricted	499	-	-	1,200	2,100	1,000
Advance to IPA – restricted	-	-	-	-	-	-
Advances for capacity and energy, net – restricted	-	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-	-
Prepaid and other assets	-	-	129,732	114,497	334,592	-
Total noncurrent assets	<u>3,652</u>	<u>44,015</u>	<u>160,524</u>	<u>125,040</u>	<u>367,719</u>	<u>113,636</u>
Current assets						
Cash and cash equivalents – restricted	737	1,860	4,766	3,281	10,306	3,797
Cash and cash equivalents – unrestricted	253	530	3,478	1,969	2,959	571
Interest receivable	-	28	80	12	51	1
Accounts receivable	-	-	1,412	1,200	841	643
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	407	23	11,409	8,701	27,874	27
Total current assets	<u>1,397</u>	<u>2,441</u>	<u>21,145</u>	<u>15,163</u>	<u>42,031</u>	<u>5,039</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	-	-	-	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 5,049</u>	<u>\$ 46,456</u>	<u>\$ 181,669</u>	<u>\$ 140,203</u>	<u>\$ 409,750</u>	<u>\$ 118,675</u>
LIABILITIES						
Noncurrent liabilities						
Long-term debt	\$ 1	\$ 48,022	\$ 183,761	\$ 134,250	\$ 411,772	\$ 118,300
Fair value of derivative instruments	-	-	-	-	-	-
Notes payable and other liabilities	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Reclamation and decommission obligation	-	-	-	-	-	-
Total noncurrent liabilities	<u>1</u>	<u>48,022</u>	<u>183,761</u>	<u>134,250</u>	<u>411,772</u>	<u>118,300</u>
Current liabilities						
Debt due within one year	2,135	910	9,615	6,065	21,045	3,970
Notes payable and other liabilities due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	28	1,225	4,627	3,399	10,000	3,092
Accounts payable and accruals	46	904	1,706	2,898	4,702	739
Accrued property tax	-	-	-	-	623	227
Total current liabilities	<u>2,209</u>	<u>3,241</u>	<u>16,198</u>	<u>12,612</u>	<u>37,370</u>	<u>10,032</u>
Total liabilities	<u>2,210</u>	<u>51,263</u>	<u>199,959</u>	<u>146,862</u>	<u>449,142</u>	<u>128,332</u>
NET POSITION						
Net investment in capital assets	-	(11,302)	-	-	-	(15,241)
Restricted	2,131	7,049	-	-	-	7,313
Unrestricted	708	(554)	(18,290)	(6,659)	(39,392)	(1,729)
Total net position	<u>2,839</u>	<u>(4,807)</u>	<u>(18,290)</u>	<u>(6,659)</u>	<u>(39,392)</u>	<u>(9,657)</u>
Total liabilities and net position	<u>\$ 5,049</u>	<u>\$ 46,456</u>	<u>\$ 181,669</u>	<u>\$ 140,203</u>	<u>\$ 409,750</u>	<u>\$ 118,675</u>

Southern California Public Power Authority
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	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
ASSETS						
Noncurrent assets						
Net utility plant	\$ -	\$ 38,942	\$ -	\$ -	\$ -	\$ 112,843
Investments – restricted	3,461	4,997	25,813	8,227	23,592	5,999
Investments – unrestricted	-	-	-	3,793	2,498	-
Advance to IPA - restricted	-	-	-	-	-	-
Advances for capacity and energy, net – restricted	404	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-	-
Prepaid and other assets	-	-	141,133	123,194	362,043	-
Total noncurrent assets	3,865	43,939	166,946	135,214	388,133	118,842
Current assets						
Cash and cash equivalents – restricted	376	2,570	12,642	4,343	17,324	5,328
Cash and cash equivalents – unrestricted	718	564	5,279	1,845	4,135	660
Interest receivable	1	9	18	13	37	-
Accounts receivable	-	137	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	1,636	22	11,410	8,699	27,941	131
Total current assets	2,731	3,302	29,349	14,900	49,437	6,119
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	-	-	-	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 6,596	\$ 47,241	\$ 196,295	\$ 150,114	\$ 437,570	\$ 124,961
LIABILITIES						
Noncurrent liabilities						
Long-term debt	\$ 2,141	\$ 48,997	\$ 194,400	\$ 141,967	\$ 437,630	\$ 123,062
Fair value of derivative instruments	-	-	-	-	-	-
Notes payable and other liabilities	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Reclamation and decommission obligation	-	-	-	-	-	-
Total noncurrent liabilities	2,141	48,997	194,400	141,967	437,630	123,062
Current liabilities						
Debt due within one year	2,030	870	9,175	5,795	20,145	3,820
Notes payable and other liabilities due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	55	1,244	4,849	3,535	10,449	3,169
Accounts payable and accruals	59	376	4,997	5,367	5,452	637
Accrued property tax	-	-	-	-	676	239
Total current liabilities	2,144	2,692	19,271	14,947	37,722	9,869
Total liabilities	4,285	51,689	213,671	156,914	475,352	132,931
NET POSITION						
Net investment in capital assets	-	(10,925)	-	-	-	(14,040)
Restricted	723	6,331	-	-	-	8,159
Unrestricted	1,588	146	(17,376)	(6,800)	(37,782)	(2,089)
Total net position	2,311	(4,448)	(17,376)	(6,800)	(37,782)	(7,970)
Total liabilities and net position	\$ 6,596	\$ 47,241	\$ 196,295	\$ 150,114	\$ 437,570	\$ 124,961

See accompanying notes.

Southern California Public Power Authority
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	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 193,505	\$ 52,519	\$ 109,068
Investments – restricted	62,348	5,400	18,390
Investments – unrestricted	2,000	-	-
Advance to IPA – restricted	10,930	-	-
Advances for capacity and energy, net – restricted	-	-	-
Fair value of derivative instruments	-	-	1,171
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>268,783</u>	<u>57,919</u>	<u>128,629</u>
Current assets			
Cash and cash equivalents – restricted	24,586	2,752	10,803
Cash and cash equivalents – unrestricted	855	1,314	882
Interest receivable	41	1	15
Accounts receivable	1,142	-	824
Materials and supplies	-	-	-
Prepaid and other assets	32	101	559
Total current assets	<u>26,656</u>	<u>4,168</u>	<u>13,083</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	50,175	952	2,724
Accumulated decrease in fair value of hedging derivatives	-	-	-
Total deferred outflows of resources	<u>50,175</u>	<u>952</u>	<u>2,724</u>
Total assets and deferred outflows of resources	<u>\$ 345,614</u>	<u>\$ 63,039</u>	<u>\$ 144,436</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 536,503	\$ 42,672	\$ 89,050
Fair value of derivative instruments	-	-	-
Notes payable and other liabilities	-	-	-
Advances from participants	-	-	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>536,503</u>	<u>42,672</u>	<u>89,050</u>
Current liabilities			
Debt due within one year	54,315	6,850	19,820
Notes payable and other liabilities due within one year	-	-	592
Advances from participants due within one year	-	-	-
Accrued interest	12,111	947	2,417
Accounts payable and accruals	3,318	1,101	2,706
Accrued property tax	-	-	-
Total current liabilities	<u>69,744</u>	<u>8,898</u>	<u>25,535</u>
Total liabilities	<u>606,247</u>	<u>51,570</u>	<u>114,585</u>
NET POSITION			
Net investment in capital assets	(347,138)	3,001	2,329
Restricted	85,795	8,154	26,510
Unrestricted	710	314	1,012
Total net position	<u>(260,633)</u>	<u>11,469</u>	<u>29,851</u>
Total liabilities and net position	<u>\$ 345,614</u>	<u>\$ 63,039</u>	<u>\$ 144,436</u>

Southern California Public Power Authority
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	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 216,259	\$ 55,634	\$ 115,269
Investments – restricted	41,155	2,300	17,497
Investments – unrestricted	-	-	-
Advance to IPA – restricted	11,550	-	-
Advances for capacity and energy, net – restricted	-	-	-
Fair value of derivative instruments	-	-	3,731
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>268,964</u>	<u>57,934</u>	<u>136,497</u>
Current assets			
Cash and cash equivalents – restricted	50,283	4,327	10,896
Cash and cash equivalents – unrestricted	2,992	488	650
Interest receivable	25	-	11
Accounts receivable	4,632	273	-
Materials and supplies	-	-	-
Prepaid and other assets	40	8	12
Total current assets	<u>57,972</u>	<u>5,096</u>	<u>11,569</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	62,231	1,269	3,632
Accumulated decrease in fair value of hedging derivatives	-	-	-
Total deferred outflows of resources	<u>62,231</u>	<u>1,269</u>	<u>3,632</u>
Total assets and deferred outflows of resources	<u>\$ 389,167</u>	<u>\$ 64,299</u>	<u>\$ 151,698</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 603,434	\$ 50,656	\$ 112,098
Fair value of derivative instruments	-	-	-
Notes payable and other liabilities	-	-	592
Advances from participants	-	-	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>603,434</u>	<u>50,656</u>	<u>112,690</u>
Current liabilities			
Debt due within one year	53,650	5,515	17,985
Notes payable and other liabilities due within one year	-	-	628
Advances from participants due within one year	-	-	-
Accrued interest	14,041	657	2,226
Accounts payable and accruals	11,076	482	1,113
Accrued property tax	-	-	-
Total current liabilities	<u>78,767</u>	<u>6,654</u>	<u>21,952</u>
Total liabilities	<u>682,201</u>	<u>57,310</u>	<u>134,642</u>
NET POSITION			
Net investment in capital assets	(377,780)	(537)	(12,041)
Restricted	88,158	7,239	26,179
Unrestricted	(3,412)	287	2,918
Total net position	<u>(293,034)</u>	<u>6,989</u>	<u>17,056</u>
Total liabilities and net position	<u>\$ 389,167</u>	<u>\$ 64,299</u>	<u>\$ 151,698</u>

Southern California Public Power Authority
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	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 37,530	\$ 43,547	\$ -
Investments – restricted	1,000	31,930	11,841
Investments –unrestricted	1,999	-	-
Advance to IPA – restricted	-	-	-
Advances for capacity and energy, net – restricted	-	-	-
Fair value of derivative instruments	-	-	-
Prepaid and other assets	126	-	210,466
Total noncurrent assets	<u>40,655</u>	<u>75,477</u>	<u>222,307</u>
Current assets			
Cash and cash equivalents – restricted	3,362	8,973	4,669
Cash and cash equivalents – unrestricted	6,632	1,872	72
Interest receivable	3	47	54
Accounts receivable	589	623	1,469
Materials and supplies	-	-	-
Prepaid and other assets	512	-	11,367
Total current assets	<u>11,098</u>	<u>11,515</u>	<u>17,631</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	9,704
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>9,704</u>
Total assets and deferred outflows of resources	<u>\$ 51,753</u>	<u>\$ 86,992</u>	<u>\$ 249,642</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 18,260	\$ 42,930	\$ 299,008
Fair value of derivative instruments	-	-	9,704
Notes payable and other liabilities	-	-	-
Advances from participants	15,127	7,398	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>33,387</u>	<u>50,328</u>	<u>308,712</u>
Current liabilities			
Debt due within one year	1,980	4,640	4,605
Notes payable and other liabilities due within one year	-	-	-
Advances from participants due within one year	6,754	1,812	-
Accrued interest	578	1,359	2,557
Accounts payable and accruals	2,717	2,051	560
Accrued property tax	1,110	-	-
Total current liabilities	<u>13,139</u>	<u>9,862</u>	<u>7,722</u>
Total liabilities	<u>46,526</u>	<u>60,190</u>	<u>316,434</u>
NET POSITION			
Net investment in capital assets	675	15,441	-
Restricted	-	10,916	-
Unrestricted	4,552	445	(66,792)
Total net position	<u>5,227</u>	<u>26,802</u>	<u>(66,792)</u>
Total liabilities and net position	<u>\$ 51,753</u>	<u>\$ 86,992</u>	<u>\$ 249,642</u>

Southern California Public Power Authority
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	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 40,988	\$ 46,440	\$ -
Investments – restricted	1,100	31,908	11,739
Investments – unrestricted	-	-	-
Advance to IPA – restricted	-	-	-
Advances for capacity and energy, net – restricted	-	-	-
Fair value of derivative instruments	-	-	-
Prepaid and other assets	126	-	222,488
Total noncurrent assets	<u>42,214</u>	<u>78,348</u>	<u>234,227</u>
Current assets			
Cash and cash equivalents – restricted	4,104	9,769	4,742
Cash and cash equivalents – unrestricted	5,929	1,502	56
Interest receivable	1	14	49
Accounts receivable	497	282	1,452
Materials and supplies	-	-	-
Prepaid and other assets	512	2	11,306
Total current assets	<u>11,043</u>	<u>11,569</u>	<u>17,605</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	13,172
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>13,172</u>
Total assets and deferred outflows of resources	<u>\$ 53,257</u>	<u>\$ 89,917</u>	<u>\$ 265,004</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 20,240	\$ 47,570	\$ 303,858
Fair value of derivative instruments	-	-	13,172
Notes payable and other liabilities	-	-	-
Advances from participants	16,537	7,674	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>36,777</u>	<u>55,244</u>	<u>317,030</u>
Current liabilities			
Debt due within one year	2,249	5,266	4,275
Notes payable and other liabilities due within one year	-	-	-
Advances from participants due within one year	4,933	1,386	-
Accrued interest	636	1,496	2,593
Accounts payable and accruals	2,225	1,650	695
Accrued property tax	1,259	-	-
Total current liabilities	<u>11,302</u>	<u>9,798</u>	<u>7,563</u>
Total liabilities	<u>48,079</u>	<u>65,042</u>	<u>324,593</u>
NET POSITION			
Net investment in capital assets	401	12,935	-
Restricted	1,831	11,804	-
Unrestricted	2,946	136	(59,589)
Total net position	<u>5,178</u>	<u>24,875</u>	<u>(59,589)</u>
Total liabilities and net position	<u>\$ 53,257</u>	<u>\$ 89,917</u>	<u>\$ 265,004</u>

Southern California Public Power Authority
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	POWER PURCHASE AGREEMENTS	
	2017	2016
ASSETS		
Noncurrent assets		
Investments – unrestricted	\$ 14,373	\$ 8,988
Total noncurrent assets	14,373	8,988
Current assets		
Cash and cash equivalents – unrestricted	38,616	30,306
Interest receivable	3	2
Accounts receivable	7,335	3,539
Prepaid and other assets	86	144
Total current assets	46,040	33,991
Total assets	\$ 60,413	\$ 42,979
LIABILITIES		
Current liabilities		
Advances from participants due within one year	\$ 12,288	\$ 4,995
Accounts payable and accruals	48,096	37,972
Total current liabilities	60,384	42,967
Total liabilities	60,384	42,967
NET POSITION		
Net investment in capital assets	-	-
Restricted	-	-
Unrestricted	29	12
Total net position	29	12
Total liabilities and net position	\$ 60,413	\$ 42,979

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	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
ASSETS				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ 5,060	\$ 1,281,698
Investments – restricted	-	116,506	-	677,831
Investments – unrestricted	-	-	-	62,825
Advance to IPA – restricted	-	-	-	10,930
Advances for capacity and energy, net – restricted	-	-	-	-
Fair value of derivative instruments	-	-	-	1,171
Prepaid and other assets	-	-	-	790,148
Total noncurrent assets	<u>-</u>	<u>116,506</u>	<u>5,060</u>	<u>2,824,603</u>
Current assets				
Cash and cash equivalents – restricted	505	17,196	1,630	134,869
Cash and cash equivalents – unrestricted	-	-	-	89,783
Interest receivable	-	239	-	1,662
Accounts receivable	-	-	-	22,100
Materials and supplies	-	-	-	26,411
Prepaid and other assets	-	-	-	63,906
Total current assets	<u>505</u>	<u>17,435</u>	<u>1,630</u>	<u>338,731</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	780	780
Unamortized loss on refunding	-	-	-	119,170
Accumulated decrease in fair value of hedging derivatives	-	-	-	24,703
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>780</u>	<u>144,653</u>
Total assets and deferred outflows of resources	<u>\$ 505</u>	<u>\$ 133,941</u>	<u>\$ 7,470</u>	<u>\$ 3,307,987</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ 2,865,372
Fair value of derivative instruments	-	-	-	40,018
Notes payable, other and net pension liabilities	-	-	1,264	1,264
Advances from participants	-	-	-	22,525
Reclamation and decommission obligation	-	-	-	29,570
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,264</u>	<u>2,958,749</u>
Current liabilities				
Debt due within one year	-	-	-	172,210
Notes payable and other liabilities due within one year	-	-	-	14,749
Advances from participants due within one year	505	-	1,598	75,960
Accrued interest	-	-	-	54,586
Accounts payable and accruals	-	-	33	110,910
Accrued property tax	-	-	-	3,934
Total current liabilities	<u>505</u>	<u>-</u>	<u>1,631</u>	<u>432,349</u>
Total liabilities	<u>505</u>	<u>-</u>	<u>2,895</u>	<u>3,391,098</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	87	87
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
NET POSITION				
Net investment in capital assets	(2,097)	-	5,060	(550,598)
Restricted	-	133,941	-	555,640
Unrestricted	2,097	-	(572)	(88,240)
Total net position	<u>-</u>	<u>133,941</u>	<u>4,488</u>	<u>(83,198)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 505</u>	<u>\$ 133,941</u>	<u>\$ 7,470</u>	<u>\$ 3,307,987</u>

Southern California Public Power Authority
Combining Statements of Net Position
June 30, 2016
(Amounts in Thousands)

	MISCELLANEOUS			
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	Total Combined
ASSETS				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ 4,269	\$ 1,427,164
Investments – restricted	-	112,728	-	636,201
Investments – unrestricted	-	-	-	61,806
Advance to IPA – restricted	-	-	-	11,550
Advances for capacity and energy, net – restricted	-	-	-	404
Fair value of derivative instruments	-	-	-	3,731
Prepaid and other assets	-	-	-	849,731
Total noncurrent assets	<u>-</u>	<u>112,728</u>	<u>4,269</u>	<u>2,990,587</u>
Current assets				
Cash and cash equivalents – restricted	2,797	34,835	2,541	235,743
Cash and cash equivalents – unrestricted	-	-	-	69,013
Interest receivable	-	59	-	995
Accounts receivable	-	-	-	22,148
Materials and supplies	-	-	-	26,155
Prepaid and other assets	-	-	-	66,419
Total current assets	<u>2,797</u>	<u>34,894</u>	<u>2,541</u>	<u>420,473</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	440	440
Unamortized loss on refunding	-	-	-	83,848
Accumulated decrease in fair value of hedging derivatives	-	-	-	37,969
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>440</u>	<u>122,257</u>
Total assets and deferred outflows of resources	<u>\$ 2,797</u>	<u>\$ 147,622</u>	<u>\$ 7,250</u>	<u>\$ 3,533,317</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ 3,025,767
Fair value of derivative instruments	-	-	-	63,413
Notes payable, other and net pension liabilities	-	-	1,011	1,603
Advances from participants	-	-	-	24,211
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>3,114,994</u>
Current liabilities				
Debt due within one year	-	-	-	191,730
Notes payable and other liabilities due within one year	-	-	-	25,472
Advances from participants due within one year	2,797	-	2,509	73,003
Accrued interest	-	-	-	61,906
Accounts payable and accruals	2,097	-	41	110,731
Accrued property tax	-	-	-	4,190
Total current liabilities	<u>4,894</u>	<u>-</u>	<u>2,550</u>	<u>467,032</u>
Total liabilities	<u>4,894</u>	<u>-</u>	<u>3,561</u>	<u>3,582,026</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	242	242
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>242</u>	<u>242</u>
NET POSITION				
Net investment in capital assets	(2,097)	-	4,261	(575,911)
Restricted	-	147,622	-	622,340
Unrestricted	-	-	(814)	(95,380)
Total net position	<u>(2,097)</u>	<u>147,622</u>	<u>3,447</u>	<u>(48,951)</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 2,797</u>	<u>\$ 147,622</u>	<u>\$ 7,250</u>	<u>\$ 3,533,317</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Operating revenues					
Sales of electric energy	\$ 82,098	\$ 70,639	\$ 84,305	\$ 26,255	\$ 130,514
Sales of transmission services	-	-	-	-	-
Sales of natural gas	-	-	-	-	-
Total operating revenues	<u>82,098</u>	<u>70,639</u>	<u>84,305</u>	<u>26,255</u>	<u>130,514</u>
Operating expenses					
Operations and maintenance	41,833	56,190	60,575	8,415	104,556
Depreciation, depletion and amortization	21,600	7,834	10,938	9,587	12,747
Amortization of nuclear fuel	14,358	-	-	-	-
Decommissioning	17,964	9,417	-	-	-
Total operating expenses	<u>95,755</u>	<u>73,441</u>	<u>71,513</u>	<u>18,002</u>	<u>117,303</u>
Operating income (loss)	<u>(13,657)</u>	<u>(2,802)</u>	<u>12,792</u>	<u>8,253</u>	<u>13,211</u>
Non operating revenues (expenses)					
Investment and other income	1,170	1,852	462	1,944	145
Derivative gain (loss)	-	-	10,129	-	-
Debt expense	(136)	(84)	(10,936)	(13,014)	(11,759)
Net non operating revenues (expenses)	<u>1,034</u>	<u>1,768</u>	<u>(345)</u>	<u>(11,070)</u>	<u>(11,614)</u>
Net increase before special items	(12,623)	(1,034)	12,447	(2,817)	1,597
Special items					
Asset impairment	-	(108,625)	-	-	-
Reclamation obligation adjustment	-	(10,105)	-	-	-
Decommission obligation write down	-	56,891	-	-	-
Total special Items	<u>-</u>	<u>(61,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(12,623)	(62,873)	12,447	(2,817)	1,597
Net position – beginning of year	<u>237,086</u>	<u>58,693</u>	<u>(76,792)</u>	<u>(36,354)</u>	<u>(9,978)</u>
Net contributions (distributions) by participants	-	-	-	-	-
Net position – end of year	<u>\$ 224,463</u>	<u>\$ (4,180)</u>	<u>\$ (64,345)</u>	<u>\$ (39,171)</u>	<u>\$ (8,381)</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2016
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Operating revenues					
Sales of electric energy	\$ 81,843	\$ 71,411	\$ 66,622	\$ 25,026	\$ 119,741
Sales of transmission services	-	-	-	-	-
Sales of natural gas	-	-	-	-	-
Total operating revenues	<u>81,843</u>	<u>71,411</u>	<u>66,622</u>	<u>25,026</u>	<u>119,741</u>
Operating expenses					
Operations and maintenance	42,195	55,394	47,060	5,712	98,089
Depreciation, depletion and amortization	21,041	8,290	10,954	9,584	12,352
Amortization of nuclear fuel	14,653	-	-	-	-
Decommissioning	17,964	3,250	-	-	-
Total operating expenses	<u>95,853</u>	<u>66,934</u>	<u>58,014</u>	<u>15,296</u>	<u>110,441</u>
Operating income (loss)	<u>(14,010)</u>	<u>4,477</u>	<u>8,608</u>	<u>9,730</u>	<u>9,300</u>
Non operating revenues (expenses)					
Investment and other income	3,825	8,184	755	4,292	398
Derivative gain (loss)	-	-	(11,740)	-	-
Debt expense	(121)	(328)	(10,725)	(15,935)	(11,820)
Net non operating revenues (expenses)	<u>3,704</u>	<u>7,856</u>	<u>(21,710)</u>	<u>(11,643)</u>	<u>(11,422)</u>
Change in net position	<u>(10,306)</u>	<u>12,333</u>	<u>(13,102)</u>	<u>(1,913)</u>	<u>(2,122)</u>
Net position – beginning of year	<u>247,392</u>	<u>46,360</u>	<u>(63,690)</u>	<u>(34,441)</u>	<u>(7,856)</u>
Net contributions (distributions) by participants	-	-	-	-	-
Net position – end of year	<u>\$ 237,086</u>	<u>\$ 58,693</u>	<u>\$ (76,792)</u>	<u>\$ (36,354)</u>	<u>\$ (9,978)</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 2,384	\$ 5,934	\$ 36,344	\$ 22,556	\$ 84,649	\$ 15,967
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	<u>2,384</u>	<u>5,934</u>	<u>36,344</u>	<u>22,556</u>	<u>84,649</u>	<u>15,967</u>
Operating expenses						
Operations and maintenance	2,759	2,459	29,164	18,423	71,170	7,291
Depreciation, depletion and amortization	-	1,497	-	-	-	5,814
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	<u>2,759</u>	<u>3,956</u>	<u>29,164</u>	<u>18,423</u>	<u>71,170</u>	<u>13,105</u>
Operating income (loss)	<u>(375)</u>	<u>1,978</u>	<u>7,180</u>	<u>4,133</u>	<u>13,479</u>	<u>2,862</u>
Non operating revenues (expenses)						
Investment and other income	29	48	199	1,208	175	843
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	874	(2,385)	(8,293)	(5,200)	(15,264)	(5,392)
Net non operating revenues (expenses)	<u>903</u>	<u>(2,337)</u>	<u>(8,094)</u>	<u>(3,992)</u>	<u>(15,089)</u>	<u>(4,549)</u>
Net increase before special items	528	(359)	(914)	141	(1,610)	(1,687)
Special items						
Asset impairment	-	-	-	-	-	-
Reclamation obligation adjustment	-	-	-	-	-	-
Decommission obligation write down	-	-	-	-	-	-
Total special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	528	(359)	(914)	141	(1,610)	(1,687)
Net position – beginning of year	<u>2,311</u>	<u>(4,448)</u>	<u>(17,376)</u>	<u>(6,800)</u>	<u>(37,782)</u>	<u>(7,970)</u>
Net contributions (distributions) by participants	-	-	-	-	-	-
Net position – end of year	<u>\$ 2,839</u>	<u>\$ (4,807)</u>	<u>\$ (18,290)</u>	<u>\$ (6,659)</u>	<u>\$ (39,392)</u>	<u>\$ (9,657)</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2016
(Amounts in Thousands)

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 2,364	\$ 5,809	\$ 31,850	\$ 19,467	\$ 82,506	\$ 16,887
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	2,364	5,809	31,850	19,467	82,506	16,887
Operating expenses						
Operations and maintenance	2,643	2,115	24,615	15,306	69,343	7,562
Depreciation, depletion and amortization	-	1,215	-	-	-	5,814
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	2,643	3,330	24,615	15,306	69,343	13,376
Operating income (loss)	(279)	2,479	7,235	4,161	13,163	3,511
Non operating revenues (expenses)						
Investment and other income	27	106	416	47	197	862
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	594	(2,423)	(8,631)	(5,276)	(15,637)	(5,467)
Net non operating revenues (expenses)	621	(2,317)	(8,215)	(5,229)	(15,440)	(4,605)
Change in net position	342	162	(980)	(1,068)	(2,277)	(1,094)
Net position – beginning of year	1,969	(4,610)	(16,396)	(5,732)	(35,505)	(6,876)
Net contributions (distributions) by participants	-	-	-	-	-	-
Net position – end of year	\$ 2,311	\$ (4,448)	\$ (17,376)	\$ (6,800)	\$ (37,782)	\$ (7,970)

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	114,993	9,947	26,657
Sales of natural gas	-	-	-
Total operating revenues	<u>114,993</u>	<u>9,947</u>	<u>26,657</u>
Operating expenses			
Operations and maintenance	28,097	1,330	3,217
Depreciation, depletion and amortization	22,754	3,064	6,276
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>50,851</u>	<u>4,394</u>	<u>9,493</u>
Operating income (loss)	<u>64,142</u>	<u>5,553</u>	<u>17,164</u>
Non operating revenues (expenses)			
Investment and other income	856	26	101
Derivative gain (loss)	-	-	(2,560)
Debt expense	(32,597)	(1,099)	(1,910)
Net non operating revenues (expenses)	<u>(31,741)</u>	<u>(1,073)</u>	<u>(4,369)</u>
Net increase before special items	32,401	4,480	12,795
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special Items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	32,401	4,480	12,795
Net position – beginning of year	<u>(293,034)</u>	<u>6,989</u>	<u>17,056</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ (260,633)</u>	<u>\$ 11,469</u>	<u>\$ 29,851</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2016
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	113,616	8,417	24,248
Sales of natural gas	-	-	-
Total operating revenues	<u>113,616</u>	<u>8,417</u>	<u>24,248</u>
Operating expenses			
Operations and maintenance	32,666	1,311	1,872
Depreciation, depletion and amortization	22,754	1,681	4,698
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>55,420</u>	<u>2,992</u>	<u>6,570</u>
Operating income (loss)	<u>58,196</u>	<u>5,425</u>	<u>17,678</u>
Non operating revenues (expenses)			
Investment and other income	862	8	56
Derivative gain (loss)	-	-	1,502
Debt expense	(33,598)	(1,081)	(1,975)
Net non operating revenues (expenses)	<u>(32,736)</u>	<u>(1,073)</u>	<u>(417)</u>
Change in net position	25,460	4,352	17,261
Net position – beginning of year	<u>(318,494)</u>	<u>2,637</u>	<u>(205)</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ (293,034)</u>	<u>\$ 6,989</u>	<u>\$ 17,056</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	6,286	10,478	19,493
Total operating revenues	<u>6,286</u>	<u>10,478</u>	<u>19,493</u>
Operating expenses			
Operations and maintenance	1,628	2,982	11,578
Depreciation, depletion and amortization	3,473	3,011	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>5,101</u>	<u>5,993</u>	<u>11,578</u>
Operating income (loss)	<u>1,185</u>	<u>4,485</u>	<u>7,915</u>
Non operating revenues (expenses)			
Investment and other income	20	160	708
Derivative gain (loss)	-	-	-
Debt expense	(1,156)	(2,718)	(15,826)
Net non operating revenues (expenses)	<u>(1,136)</u>	<u>(2,558)</u>	<u>(15,118)</u>
Net increase before special items	49	1,927	(7,203)
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special Items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	49	1,927	(7,203)
Net position – beginning of year	<u>5,178</u>	<u>24,875</u>	<u>(59,589)</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ 5,227</u>	<u>\$ 26,802</u>	<u>\$ (66,792)</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2016
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	7,338	13,367	19,445
Total operating revenues	<u>7,338</u>	<u>13,367</u>	<u>19,445</u>
Operating expenses			
Operations and maintenance	2,111	4,454	11,618
Depreciation, depletion and amortization	3,642	4,388	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>5,753</u>	<u>8,842</u>	<u>11,618</u>
Operating income (loss)	<u>1,585</u>	<u>4,525</u>	<u>7,827</u>
Non operating revenues (expenses)			
Investment and other income	6	248	688
Derivative gain (loss)	-	-	-
Debt expense	(1,273)	(2,992)	(16,028)
Net non operating revenues (expenses)	<u>(1,267)</u>	<u>(2,744)</u>	<u>(15,340)</u>
Change in net position	318	1,781	(7,513)
Net position – beginning of year	<u>4,860</u>	<u>23,094</u>	<u>(52,076)</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ 5,178</u>	<u>\$ 24,875</u>	<u>\$ (59,589)</u>

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Years Ended June 30, 2017 and 2016
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS	
	2017	2016
Operating revenues		
Sales of electric energy	\$ 245,737	\$ 143,382
Total operating revenues	245,737	143,382
Operating expenses		
Operations and maintenance	246,441	144,506
Total operating expenses	246,441	144,506
Operating income (loss)	(704)	(1,124)
Non operating revenues (expenses)		
Investment and other income	721	1,136
Net non operating revenues (expenses)	721	1,136
Change in net position	17	12
Net position – beginning of year	12	-
Net position – end of year	\$ 29	\$ 12

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 807,382
Sales of transmission services	-	-	-	151,597
Sales of natural gas	-	-	-	36,257
Total operating revenues	-	-	-	995,236
Operating expenses				
Operations and maintenance	-	-	335	698,443
Depreciation, depletion and amortization	-	-	113	108,708
Amortization of nuclear fuel	-	-	-	14,358
Decommissioning	-	-	-	27,381
Pension expense (credit)	-	-	(243)	(243)
Total operating expenses	-	-	205	848,647
Operating income (loss)	-	-	(205)	146,589
Non operating revenues (expenses)				
Investment and other income	2,097	874	335	13,973
Derivative gain (loss)	-	-	-	7,569
Debt expense	-	-	-	(126,895)
Net non operating revenues (expenses)	2,097	874	335	(105,353)
Net increase before special items	2,097	874	130	41,236
Special items				
Asset impairment	-	-	-	(108,625)
Reclamation obligation adjustment	-	-	-	(10,105)
Decommission obligation write down	-	-	-	56,891
Total special Items	-	-	-	(61,839)
Change in net position	2,097	874	130	(20,603)
Net position – beginning of year	(2,097)	147,622	3,447	(48,951)
Net contributions (distributions) by participants	-	(14,555)	911	(13,644)
Net position – end of year	\$ -	\$ 133,941	\$ 4,488	\$ (83,198)

Southern California Public Power Authority
Combining Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2016
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 666,908
Sales of transmission services	-	-	-	146,281
Sales of natural gas	-	-	-	40,150
Total operating revenues	-	-	-	853,339
Operating expenses				
Operations and maintenance	2,097	-	270	570,939
Depreciation, depletion and amortization	-	-	113	106,526
Amortization of nuclear fuel	-	-	-	14,653
Decommissioning	-	-	-	21,214
Pension expense (credit)	-	-	85	85
Total operating expenses	2,097	-	468	713,417
Operating income (loss)	(2,097)	-	(468)	139,922
Non operating revenues (expenses)				
Investment and other income	-	1,250	270	23,633
Derivative gain (loss)	-	-	-	(10,238)
Debt expense	-	-	-	(132,716)
Net non operating revenues (expenses)	-	1,250	270	(119,321)
Change in net position	(2,097)	1,250	(198)	20,601
Net position – beginning of year	-	156,587	3,531	(59,451)
Net contributions (distributions) by participants	-	(10,215)	114	(10,101)
Net position – end of year	\$ (2,097)	\$ 147,622	\$ 3,447	\$ (48,951)

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Cash flows from operating activities					
Receipts from participants	\$ 73,004	\$ 74,662	\$ 51,513	\$ 22,454	\$ 60,536
Receipts from sale of oil and gas	-	-	-	-	-
Payments to operating managers	(41,447)	(56,395)	(23,345)	(3,531)	(36,011)
Other disbursements and receipts	8,299	(10)	(2)	1	3
Net cash flows from operating activities	<u>39,856</u>	<u>18,257</u>	<u>28,166</u>	<u>18,924</u>	<u>24,528</u>
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	-	-	842	-
Cash flows from capital financing activities					
Additions to plant and prepaid projects, net	(30,370)	(247)	(1,343)	(113)	(2,664)
Debt interest and swap payments	(110)	(169)	(10,578)	(14,391)	(12,537)
Proceeds from sale of bonds	-	-	-	232,200	-
Payment for defeasance of revenue bonds	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	(248,065)	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	(5,250)	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-
Principal payments on debt	(12,030)	(21,345)	(11,470)	(6,735)	(9,375)
Payment for bond issue costs	-	-	-	(497)	-
Net cash used for capital and related financing activities	<u>(42,510)</u>	<u>(27,011)</u>	<u>(23,391)</u>	<u>(37,601)</u>	<u>(24,576)</u>
Cash flows from investing activities					
Interest received on investments	266	117	562	196	215
Purchases of investments	(48,635)	(44,065)	(39,053)	(29,494)	(51,044)
Proceeds from sale/maturity of investments	48,426	54,048	25,478	42,375	47,795
Net cash provided by (used for) investing activities	<u>57</u>	<u>10,100</u>	<u>(13,013)</u>	<u>13,077</u>	<u>(3,034)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,597)</u>	<u>1,346</u>	<u>(8,238)</u>	<u>(4,758)</u>	<u>(3,082)</u>
Cash and cash equivalents, beginning of year	<u>21,837</u>	<u>2,754</u>	<u>36,002</u>	<u>11,368</u>	<u>10,794</u>
Cash and cash equivalents, end of year	<u>\$ 19,240</u>	<u>\$ 4,100</u>	<u>\$ 27,764</u>	<u>\$ 6,610</u>	<u>\$ 7,712</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (13,657)	\$ (2,802)	\$ 12,792	\$ 8,253	\$ 13,211
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion and amortization	21,600	7,834	10,938	9,587	12,747
Decommissioning	17,964	9,417	-	-	-
Advances for capacity and energy	-	-	-	-	-
Amortization of nuclear fuel	14,358	-	-	-	-
Changes in assets and liabilities					
Accounts receivable	455	306	7,525	(213)	(2,378)
Accounts payable and accruals	(597)	1,609	241	1,336	816
Other	(267)	1,893	(3,330)	(39)	132
Net cash provided by operating activities	<u>\$ 39,856</u>	<u>\$ 18,257</u>	<u>\$ 28,166</u>	<u>\$ 18,924</u>	<u>\$ 24,528</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position					
Cash and cash equivalents – restricted	\$ 8,865	\$ 2,148	\$ 12,368	\$ 5,470	\$ 6,795
Cash and cash equivalents – unrestricted	<u>10,375</u>	<u>1,952</u>	<u>15,396</u>	<u>1,140</u>	<u>917</u>
	<u>\$ 19,240</u>	<u>\$ 4,100</u>	<u>\$ 27,764</u>	<u>\$ 6,610</u>	<u>\$ 7,712</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2016
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Cash flows from operating activities					
Receipts from participants	\$ 77,165	\$ 87,660	\$ 53,406	\$ 21,975	\$ 35,718
Receipts from sale of oil and gas	-	-	-	-	-
Payments to operating managers	(41,815)	(56,585)	(30,870)	(2,754)	(35,157)
Other disbursements and receipts	8,338	8,816	3	(12)	587
Net cash flows from operating activities	<u>43,688</u>	<u>39,891</u>	<u>22,539</u>	<u>19,209</u>	<u>1,148</u>
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	-	-	-	-
Cash flows from capital financing activities					
Additions to plant and prepaid projects, net	(30,585)	(649)	(2,362)	5	(2,503)
Debt interest and swap payments	(123)	(350)	(10,831)	(13,039)	(12,588)
Proceeds from sale of bonds	-	-	-	93,834	-
Payment for defeasance of revenue bonds	-	-	-	(92,261)	-
Transfer of funds from (to) escrow	-	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	(3,760)	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-
Principal payments on debt	(11,690)	(21,590)	(10,985)	-	(9,335)
Payment for bond issue costs	-	-	-	(507)	-
Net cash used for capital and related financing activities	<u>(42,398)</u>	<u>(26,349)</u>	<u>(24,178)</u>	<u>(11,968)</u>	<u>(24,426)</u>
Cash flows from investing activities					
Interest received on investments	271	63	655	405	108
Purchases of investments	(48,024)	(53,539)	(68,015)	(29,667)	(79,807)
Proceeds from sale/maturity of investments	34,525	21,700	67,963	21,440	79,664
Net cash provided by (used for) investing activities	<u>(13,228)</u>	<u>(31,776)</u>	<u>603</u>	<u>(7,822)</u>	<u>(35)</u>
Net increase (decrease) in cash and cash equivalents	<u>(11,938)</u>	<u>(18,234)</u>	<u>(1,036)</u>	<u>(581)</u>	<u>(23,313)</u>
Cash and cash equivalents, beginning of year	<u>33,775</u>	<u>20,988</u>	<u>37,038</u>	<u>11,949</u>	<u>34,107</u>
Cash and cash equivalents, end of year	<u>\$ 21,837</u>	<u>\$ 2,754</u>	<u>\$ 36,002</u>	<u>\$ 11,368</u>	<u>\$ 10,794</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (14,010)	\$ 4,477	\$ 8,608	\$ 9,730	\$ 9,300
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion, and amortization	21,041	8,290	10,954	9,584	12,352
Decommissioning	17,964	1,543	-	-	-
Advances for capacity and energy	-	-	-	-	-
Amortization of nuclear fuel	14,653	1,706	-	-	392
Changes in assets and liabilities					
Accounts receivable	216	-	(8,265)	(291)	-
Accounts payable and accruals	3,107	13,637	(2,218)	151	(20,078)
Other	717	10,238	13,460	35	(818)
Net cash provided by operating activities	<u>\$ 43,688</u>	<u>\$ 39,891</u>	<u>\$ 22,539</u>	<u>\$ 19,209</u>	<u>\$ 1,148</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position					
Cash and cash equivalents – restricted	\$ 14,523	\$ 674	\$ 32,884	\$ 10,717	\$ 10,068
Cash and cash equivalents – unrestricted	7,314	2,080	3,118	651	726
	<u>\$ 21,837</u>	<u>\$ 2,754</u>	<u>\$ 36,002</u>	<u>\$ 11,368</u>	<u>\$ 10,794</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 2,389	\$ 6,265	\$ 31,645	\$ 19,347	\$ 82,590	\$ 15,315
Receipts from sale of oil and gas	-	-	-	-	-	-
Payments to operating managers	(134)	(2,125)	(17,827)	(9,039)	(43,324)	(7,087)
Other disbursements and receipts	(1)	-	-	(1)	-	(1)
Net cash flows from operating activities	<u>2,254</u>	<u>4,140</u>	<u>13,818</u>	<u>10,307</u>	<u>39,266</u>	<u>8,227</u>
Cash flows from noncapital financing activities						
Advances (withdrawals) by participants, net	-	-	-	-	-	-
Cash flows from capital financing activities						
Additions to plant and prepaid projects, net	-	(185)	-	-	-	-
Debt interest and swap payments	(165)	(2,468)	(9,476)	(6,934)	(20,449)	(5,459)
Proceeds from sale of bonds	-	-	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-	-
Principal payments on debt	(2,030)	(870)	(9,176)	(5,795)	(20,145)	(3,820)
Payment for bond issue costs	-	-	-	-	-	-
Net cash used for capital and related financing activities	<u>(2,195)</u>	<u>(3,523)</u>	<u>(18,652)</u>	<u>(12,729)</u>	<u>(40,594)</u>	<u>(9,279)</u>
Cash flows from investing activities						
Interest received on investments	27	44	221	61	166	31
Purchases of investments	(3,650)	(4,502)	(28,093)	(13,797)	(37,027)	(7,724)
Proceeds from sale/maturity of investments	3,460	3,097	23,029	15,220	29,995	7,125
Net cash provided by (used for) investing activities	<u>(163)</u>	<u>(1,361)</u>	<u>(4,843)</u>	<u>1,484</u>	<u>(6,866)</u>	<u>(568)</u>
Net increase (decrease) in cash and cash equivalents	<u>(104)</u>	<u>(744)</u>	<u>(9,677)</u>	<u>(938)</u>	<u>(8,194)</u>	<u>(1,620)</u>
Cash and cash equivalents, beginning of year	<u>1,094</u>	<u>3,134</u>	<u>17,921</u>	<u>6,188</u>	<u>21,459</u>	<u>5,988</u>
Cash and cash equivalents, end of year	<u>\$ 990</u>	<u>\$ 2,390</u>	<u>\$ 8,244</u>	<u>\$ 5,250</u>	<u>\$ 13,265</u>	<u>\$ 4,368</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (375)	\$ 1,978	\$ 7,180	\$ 4,133	\$ 13,479	\$ 2,862
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,497	11,338	8,643	27,373	5,814
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	2,640	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	-	137	(1,526)	-	(842)	(643)
Accounts payable and accruals	(13)	528	(3,174)	(2,468)	(812)	91
Other	2	-	-	(1)	68	103
Net cash provided by operating activities	<u>\$ 2,254</u>	<u>\$ 4,140</u>	<u>\$ 13,818</u>	<u>\$ 10,307</u>	<u>\$ 39,266</u>	<u>\$ 8,227</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position						
Cash and cash equivalents – restricted	\$ 737	\$ 1,860	\$ 4,766	\$ 3,281	\$ 10,306	\$ 3,797
Cash and cash equivalents – unrestricted	253	530	3,478	1,969	2,959	571
	<u>\$ 990</u>	<u>\$ 2,390</u>	<u>\$ 8,244</u>	<u>\$ 5,250</u>	<u>\$ 13,265</u>	<u>\$ 4,368</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2016
(Amounts in Thousands)

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 2,320	\$ 5,532	\$ 31,817	\$ 18,414	\$ 80,271	\$ 17,025
Receipts from sale of oil and gas	-	-	-	-	-	-
Payments to operating managers	(157)	(2,252)	(12,412)	(5,195)	(41,767)	(7,828)
Other disbursements and receipts	(12)	(4)	-	(3)	-	(5)
Net cash flows from operating activities	<u>2,151</u>	<u>3,276</u>	<u>19,405</u>	<u>13,216</u>	<u>38,504</u>	<u>9,192</u>
Cash flows from noncapital financing activities						
Advances (withdrawals) by participants, net	-	-	-	-	-	-
Cash flows from capital financing activities						
Additions to plant and prepaid projects, net	-	-	-	-	-	-
Debt interest and swap payments	(269)	(2,505)	(9,874)	(7,201)	(21,277)	(5,608)
Proceeds from sale of bonds	-	-	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-	-
Principal payments on debt	(1,930)	(840)	(8,820)	(5,530)	(19,390)	(3,670)
Payment for bond issue costs	-	-	-	-	-	-
Net cash used for capital and related financing activities	<u>(2,199)</u>	<u>(3,345)</u>	<u>(18,694)</u>	<u>(12,731)</u>	<u>(40,667)</u>	<u>(9,278)</u>
Cash flows from investing activities						
Interest received on investments	22	70	290	59	171	31
Purchases of investments	(1,761)	(3,205)	(27,914)	(16,678)	(33,759)	(7,748)
Proceeds from sale/maturity of investments	2,000	3,205	31,035	10,720	32,005	5,580
Net cash provided by (used for) investing activities	<u>261</u>	<u>70</u>	<u>3,411</u>	<u>(5,899)</u>	<u>(1,583)</u>	<u>(2,137)</u>
Net increase (decrease) in cash and cash equivalents	213	1	4,122	(5,414)	(3,746)	(2,223)
Cash and cash equivalents, beginning of year	<u>881</u>	<u>3,133</u>	<u>13,799</u>	<u>11,602</u>	<u>25,205</u>	<u>8,211</u>
Cash and cash equivalents, end of year	<u>\$ 1,094</u>	<u>\$ 3,134</u>	<u>\$ 17,921</u>	<u>\$ 6,188</u>	<u>\$ 21,459</u>	<u>\$ 5,988</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (279)	\$ 2,479	\$ 7,235	\$ 4,161	\$ 13,163	\$ 3,511
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,215	11,338	8,643	27,373	5,814
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	2,480	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	-	(137)	-	-	-	129
Accounts payable and accruals	(62)	(263)	832	406	(2,049)	(141)
Other	12	(18)	-	6	17	(121)
Net cash provided by operating activities	<u>\$ 2,151</u>	<u>\$ 3,276</u>	<u>\$ 19,405</u>	<u>\$ 13,216</u>	<u>\$ 38,504</u>	<u>\$ 9,192</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position						
Cash and cash equivalents – restricted	\$ 376	\$ 2,570	\$ 12,642	\$ 4,343	\$ 17,324	\$ 5,328
Cash and cash equivalents – unrestricted	718	564	5,279	1,845	4,135	660
	<u>\$ 1,094</u>	<u>\$ 3,134</u>	<u>\$ 17,921</u>	<u>\$ 6,188</u>	<u>\$ 21,459</u>	<u>\$ 5,988</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 111,176	\$ 10,948	\$ 27,408
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(28,537)	(1,366)	(3,748)
Other disbursements and receipts	(3)	-	1
Net cash flows from operating activities	<u>82,636</u>	<u>9,582</u>	<u>23,661</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	620	-	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	-	(115)	(74)
Debt interest and swap payments	(27,140)	(1,604)	(4,642)
Proceeds from sale of bonds	79,056	-	-
Payment for defeasance of revenue bonds	(86,469)	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(53,650)	(5,515)	(17,985)
Payment for bond issue costs	(533)	(23)	(25)
Net cash used for capital and related financing activities	<u>(88,736)</u>	<u>(7,257)</u>	<u>(22,726)</u>
Cash flows from investing activities			
Interest received on investments	718	11	62
Purchases of investments	(62,920)	(5,985)	(19,360)
Proceeds from sale/maturity of investments	39,848	2,900	18,502
Net cash provided by (used for) investing activities	<u>(22,354)</u>	<u>(3,074)</u>	<u>(796)</u>
Net increase (decrease) in cash and cash equivalents	(27,834)	(749)	139
Cash and cash equivalents, beginning of year	53,275	4,815	11,546
Cash and cash equivalents, end of year	<u>\$ 25,441</u>	<u>\$ 4,066</u>	<u>\$ 11,685</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 64,142	\$ 5,553	\$ 17,164
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	22,754	3,064	6,276
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	3,490	272	(936)
Accounts payable and accruals	(7,757)	787	1,593
Other	7	(94)	(436)
Net cash provided by operating activities	<u>\$ 82,636</u>	<u>\$ 9,582</u>	<u>\$ 23,661</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 24,586	\$ 2,752	\$ 10,803
Cash and cash equivalents – unrestricted	855	1,314	882
	<u>\$ 25,441</u>	<u>\$ 4,066</u>	<u>\$ 11,685</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2016
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 113,422	\$ 8,169	\$ 25,117
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(34,480)	(1,495)	(1,996)
Other disbursements and receipts	21	83	-
Net cash flows from operating activities	<u>78,963</u>	<u>6,757</u>	<u>23,121</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	-	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	-	(27,270)	(33,226)
Debt interest and swap payments	(26,606)	(1,372)	(4,907)
Proceeds from sale of bonds	-	27,214	33,514
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(53,085)	(5,480)	(17,690)
Payment for bond issue costs	(55)	(318)	(372)
Net cash used for capital and related financing activities	<u>(79,746)</u>	<u>(7,226)</u>	<u>(22,681)</u>
Cash flows from investing activities			
Interest received on investments	713	3	13
Purchases of investments	(63,706)	(2,296)	(20,967)
Proceeds from sale/maturity of investments	71,602	2,900	17,900
Net cash provided by (used for) investing activities	<u>8,609</u>	<u>607</u>	<u>(3,054)</u>
Net increase (decrease) in cash and cash equivalents	7,826	138	(2,614)
Cash and cash equivalents, beginning of year	45,449	4,677	14,160
Cash and cash equivalents, end of year	<u>\$ 53,275</u>	<u>\$ 4,815</u>	<u>\$ 11,546</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 58,196	\$ 5,425	\$ 17,678
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	22,754	1,681	4,698
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(120)	(273)	48
Accounts payable and accruals	(1,843)	(191)	697
Other	(24)	115	-
Net cash provided by operating activities	<u>\$ 78,963</u>	<u>\$ 6,757</u>	<u>\$ 23,121</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 50,283	\$ 4,327	\$ 10,896
Cash and cash equivalents – unrestricted	2,992	488	650
	<u>\$ 53,275</u>	<u>\$ 4,815</u>	<u>\$ 11,546</u>

See accompanying notes.

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 4,018	\$ 8,260	\$ 6,611
Receipts from sale of oil and gas	1,196	2,117	12,793
Payments to operating managers	(1,560)	(2,658)	(322)
Other disbursements and receipts	(29)	-	-
Net cash flows from operating activities	<u>3,625</u>	<u>7,719</u>	<u>19,082</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	(304)	(12)	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(11)	(101)	-
Debt interest and swap payments	(1,214)	(2,855)	(15,450)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(2,249)	(5,266)	(4,275)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(3,474)</u>	<u>(8,222)</u>	<u>(19,725)</u>
Cash flows from investing activities			
Interest received on investments	13	235	688
Purchases of investments	(998)	(36,546)	(16,138)
Proceeds from sale/maturity of investments	1,099	36,400	16,036
Net cash provided by (used for) investing activities	<u>114</u>	<u>89</u>	<u>586</u>
Net increase (decrease) in cash and cash equivalents	(39)	(426)	(57)
Cash and cash equivalents, beginning of year	10,033	11,271	4,798
Cash and cash equivalents, end of year	<u>\$ 9,994</u>	<u>\$ 10,845</u>	<u>\$ 4,741</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 1,185	\$ 4,485	\$ 7,915
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	3,473	3,011	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(15)	(341)	(17)
Accounts payable and accruals	574	1,116	(121)
Other	(1,592)	(552)	11,305
Net cash provided by operating activities	<u>\$ 3,625</u>	<u>\$ 7,719</u>	<u>\$ 19,082</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 3,362	\$ 8,973	\$ 4,669
Cash and cash equivalents – unrestricted	6,632	1,872	72
	<u>\$ 9,994</u>	<u>\$ 10,845</u>	<u>\$ 4,741</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2016
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 5,475	\$ 8,677	\$ 5,934
Receipts from sale of oil and gas	1,117	-	-
Payments to operating managers	(2,240)	2,140	13,891
Other disbursements and receipts	7	(2,764)	(310)
Net cash flows from operating activities	<u>4,359</u>	<u>8,053</u>	<u>19,515</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	1,075	177	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(5)	(448)	-
Debt interest and swap payments	(1,330)	(3,128)	(15,658)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(2,274)	(5,326)	(4,075)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(3,609)</u>	<u>(8,902)</u>	<u>(19,733)</u>
Cash flows from investing activities			
Interest received on investments	4	222	692
Purchases of investments	(1,099)	(52,030)	(18,218)
Proceeds from sale/maturity of investments	-	51,370	18,066
Net cash provided by (used for) investing activities	<u>(1,095)</u>	<u>(438)</u>	<u>540</u>
Net increase (decrease) in cash and cash equivalents	730	(1,110)	322
Cash and cash equivalents, beginning of year	9,303	12,381	4,476
Cash and cash equivalents, end of year	<u>\$ 10,033</u>	<u>\$ 11,271</u>	<u>\$ 4,798</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 1,585	\$ 4,525	\$ 7,827
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	3,642	4,388	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	749	344	7
Accounts payable and accruals	(6)	(414)	349
Other	(1,611)	(790)	11,332
Net cash provided by operating activities	<u>\$ 4,359</u>	<u>\$ 8,053</u>	<u>\$ 19,515</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 4,104	\$ 9,769	\$ 4,742
Cash and cash equivalents – unrestricted	5,929	1,502	56
	<u>\$ 10,033</u>	<u>\$ 11,271</u>	<u>\$ 4,798</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017 And 2016
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS	
	2017	2016
Cash flows from operating activities		
Receipts from participants	\$ 231,555	\$ 142,627
Receipts from sale of oil and gas	-	-
Payments to operating managers	(231,940)	(147,461)
Other disbursements and receipts	13,069	1,278
Net cash flows from operating activities	<u>12,684</u>	<u>(3,556)</u>
Cash flows from noncapital financing activities		
Advances (withdrawals) by participants, net	835	2,216
Cash flows from investing activities		
Interest received on investments	128	43
Purchases of investments	(22,337)	(23,968)
Proceeds from sale/maturity of investments	17,000	26,000
Net cash provided by (used for) investing activities	<u>(5,209)</u>	<u>2,075</u>
Net increase (decrease) in cash and cash equivalents	8,310	735
Cash and cash equivalents, beginning of year	30,306	29,571
Cash and cash equivalents, end of year	<u>\$ 38,616</u>	<u>\$ 30,306</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (704)	\$ (1,124)
Changes in assets and liabilities		
Accounts receivable	(3,794)	(3,107)
Accounts payable and accruals	17,126	806
Other	56	(131)
Net cash provided by operating activities	<u>\$ 12,684</u>	<u>\$ (3,556)</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position		
Cash and cash equivalents – restricted	\$ -	\$ -
Cash and cash equivalents – unrestricted	38,616	30,306
	<u>\$ 38,616</u>	<u>\$ 30,306</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2017
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 839,696
Receipts from sale of oil and gas	-	-	-	16,106
Payments to operating managers	(2,097)	-	-	(512,493)
Other disbursements and receipts	-	-	(335)	20,991
Net cash flows from operating activities	<u>(2,097)</u>	<u>-</u>	<u>(335)</u>	<u>364,300</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	(195)	(14,556)	335	(12,435)
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	-	(911)	(36,134)
Debt interest and swap payments	-	-	-	(135,641)
Proceeds from sale of bonds	-	-	-	311,256
Payment for defeasance of revenue bonds	-	-	-	(86,469)
Transfer of funds from (to) escrow	-	-	-	(248,065)
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	(5,250)
Transfer of funds from (to) other projects	-	-	-	-
Principal payments on debt	-	-	-	(191,731)
Payment for bond issue costs	-	-	-	(1,078)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(911)</u>	<u>(393,112)</u>
Cash flows from investing activities				
Interest received on investments	-	827	-	4,588
Purchases of investments	-	(101,605)	-	(572,973)
Proceeds from sale/maturity of investments	-	97,695	-	529,528
Net cash provided by (used for) investing activities	<u>-</u>	<u>(3,083)</u>	<u>-</u>	<u>(38,857)</u>
Net increase (decrease) in cash and cash equivalents	(2,292)	(17,639)	(911)	(80,104)
Cash and cash equivalents, beginning of year	2,797	34,835	2,541	304,756
Cash and cash equivalents, end of year	<u>\$ 505</u>	<u>\$ 17,196</u>	<u>\$ 1,630</u>	<u>\$ 224,652</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ -	\$ -	\$ (205)	\$ 146,589
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	113	156,062
Decommissioning	-	-	-	27,381
Advances for capacity and energy	-	-	-	2,640
Amortization of nuclear fuel	-	-	-	14,358
Pension expense	-	-	(243)	(243)
Changes in assets and liabilities				
Accounts receivable	-	-	-	1,480
Accounts payable and accruals	(2,097)	-	-	8,778
Other	-	-	-	7,255
Net cash provided by operating activities	<u>\$ (2,097)</u>	<u>\$ -</u>	<u>\$ (335)</u>	<u>\$ 364,300</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position				
Cash and cash equivalents – restricted	\$ 505	\$ 17,196	\$ 1,630	\$ 134,869
Cash and cash equivalents – unrestricted	-	-	-	89,783
	<u>\$ 505</u>	<u>\$ 17,196</u>	<u>\$ 1,630</u>	<u>\$ 224,652</u>

Southern California Public Power Authority
Combining Statements of Cash Flows
for the Year Ended June 30, 2016
(Amounts in Thousands)

	MISCELLANEOUS			
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	Total Combined
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 740,724
Receipts from sale of oil and gas	-	-	-	1,117
Payments to operating managers	-	-	-	(408,433)
Other disbursements and receipts	-	-	(270)	15,753
Net cash flows from operating activities	-	-	(270)	349,161
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	(3,688)	(10,215)	2,760	(7,675)
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	-	(114)	(97,157)
Debt interest and swap payments	-	-	-	(136,666)
Proceeds from sale of bonds	-	-	-	154,562
Payment for defeasance of revenue bonds	-	-	-	(92,261)
Transfer of funds from (to) escrow	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	(3,760)
Transfer of funds from (to) other projects	-	-	-	-
Principal payments on debt	-	-	-	(181,710)
Payment for bond issue costs	-	-	-	(1,252)
Net cash used for capital and related financing activities	-	-	(114)	(358,244)
Cash flows from investing activities				
Interest received on investments	-	1,078	-	4,913
Purchases of investments	-	(103,157)	-	(655,558)
Proceeds from sale/maturity of investments	-	137,110	-	634,785
Net cash provided by (used for) investing activities	-	35,031	-	(15,860)
Net increase (decrease) in cash and cash equivalents	(3,688)	24,816	2,376	(32,618)
Cash and cash equivalents, beginning of year	6,485	10,019	165	337,374
Cash and cash equivalents, end of year	\$ 2,797	\$ 34,835	\$ 2,541	\$ 304,756
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (2,097)	\$ -	\$ (468)	\$ 139,922
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	113	106,526
Decommissioning	-	-	-	19,507
Advances for capacity and energy	-	-	-	2,480
Amortization of nuclear fuel	-	-	-	63,307
Pension expense	-	-	85	85
Changes in assets and liabilities				
Accounts receivable	-	-	-	(10,700)
Accounts payable and accruals	2,097	-	-	(5,183)
Other	-	-	-	33,217
Net cash provided by operating activities	\$ -	\$ -	\$ (270)	\$ 349,161
Cash and cash equivalents as stated in the Combined Statements of Net Position				
Cash and cash equivalents – restricted	\$ 2,797	\$ 34,835	\$ 2,541	\$ 235,743
Cash and cash equivalents – unrestricted	-	-	-	69,013
	\$ 2,797	\$ 34,835	\$ 2,541	\$ 304,756

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 municipal electric utilities and one irrigation district in 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 expiring in 2030 or such later date as all bonds and notes of the Authority and the interest thereon have been paid in full or adequate provision for payments have been made.

The Authority has interests in the following projects:

GENERATION 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 MW nuclear-fueled generating station near Phoenix, Arizona, a 5.44% ownership interest in the Arizona Nuclear Power Project High Voltage Switchyard (ANPP HVS), 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.

Since inception of the ANPP HVS capital additions, new terminations, and other events have successively changed the respective ownership interests in the ANPP HVS. In FYE 2011, the PVNGS fourth transformer became the 14th termination in the ANPP HVS, and caused the Authority's proportional ownership percentage to change from 5.56% to 5.44%. This change became effective on April 1, 2011.

Units 1, 2, and 3 each operated under a 40-year Full-Power Operating License from the Nuclear Regulatory Commission (NRC), expiring in 2025, 2026, and 2027, respectively. In April 2011, after a detailed, two-year process, the NRC approved the application to extend the operating licenses for all three units for an additional 20 years, allowing Unit 1 to operate through 2045, Unit 2 through 2046, and Unit 3 through 2047.

San Juan Project

On 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-MW unit, is one unit of a four-unit coal-fired power generating station in New Mexico.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

On July 31, 2015, the SCPA Board of Directors approved Resolution No. 2015-076 authorizing the San Juan Generating Station Restructuring Agreement (the “Restructuring Agreement”). The Restructuring Agreement obligates the SJGS owners to shut down SJGS Units 2 and 3 on December 31, 2017, per an agreement with the Environmental Protection Agency (EPA) and allows those SJGS owners wishing to divest coal ownership in Units 3 and 4, to transfer their ownership interests to the plant operator and largest SJGS owner Public Service Company of New Mexico (PNM).

To consummate the necessary transactions to enable the Authority and other SJGS owners to divest or terminate their ownership in the Project and allow other SJGS owners to retain or increase their ownership in the Project, the SJGS owners have negotiated and developed a comprehensive set of binding agreements collectively called SJGS Restructuring Agreements, including:

- Restructuring Agreement, whereby, among other things, the Authority and the SJGS owners divest their ownership interests in the Project and the other SJGS owners retain or increase their ownership in the Project;
- Amended and Restated Mine Reclamation and Trust Funds Agreement (the “Mine Reclamation Agreement”), whereby the Authority and the other SJGS owners agree to amend the current Mine Reclamation and Trust Funds Agreement to provide for additional trust funds by means of a trust arrangement wherein such funds shall be held in trust for the purpose of funding the mine reclamation costs;
- San Juan Decommissioning and Trust Funds Agreement (the “Decommissioning Agreement”), whereby the Authority and other SJGS owners agree to establish a methodology for planning and approving Decommissioning Work and funding and allocating the cost of Decommissioning Work;
- Restructuring Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (the “SJPPA Restructuring Amendment”) regarding rights and obligations in respect of the ownership and operation of the San Juan Project for the period prior to the divestiture on or after December 31, 2017; and
- Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (the “SJPPA Exit Date Amendment”), whereby the Authority and the other SJGS owners will amend certain provisions of the SJPPA regarding rights and obligations in respect of the ownership and operation of the San Juan Project for the period after the divestiture on or after December 31, 2017.

The SJGS Restructuring Agreements facilitate the Authority’s divestiture of its ownership interest in the SJGS and primarily serve restructuring and fiscal functions and do not commit the Authority to a project with potentially significant physical impact on the environment.

Magnolia Power Project

The Magnolia Power Project (MAG) consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 MW and was built on a site in 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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The City of Burbank, a Project participant, managed its construction and also serves as the operating agent for the Project. Commercial operations began on 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.
- **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 was renewed in February 2016 for an additional three years thereafter unless canceled by the Authority prior to February 1 of each year. SoGas provides transportation, storage, and balancing services of natural gas from the Southern California Border to the Magnolia Plant.
- **Parts and Special Services Agreement** – SCPPA entered into an 18-year agreement with General Electric International (GEI) 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.

Canyon Power Project

The Canyon Power Project (the Project) consists of a simple cycle natural gas-fired power generating plant, comprised of four combustion turbines with a combined nominally rated net base capacity of 200 MW, and auxiliary facilities, located in an industrial area of the city of Anaheim, California (Anaheim). The Project is owned by the Authority and constructed, operated, and maintained by Anaheim. The Project achieved full commercial operation in September 2011.

Apex Power Project

On March 26, 2014, the Authority acquired the Apex Power Project (the Project) pursuant to an Asset Purchase Agreement, dated as of October 17, 2013. The Project consists of a natural gas-fired, combined cycle generating facility (the “Facility”), nominally-rated at 531 MW, located in Clark County, Nevada, generator interconnection facilities, related assets and property, and interconnection and transmission contractual rights. The Facility is interconnected through a 3.13 mile 500 kV radial generation tie line owned by Nevada Power Company that connects the Facility to the Nevada Power Company’s transmission system at its Harry Allen 500 kV Substation. The Los Angeles Department of Water & Power (LADWP) serves as project manager and operating agent of the Project.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- **Operation and Maintenance Agreement** – The Facility is operated by EthosEnergy Power Operations (West), LLC (EthosEnergy), formerly Wood Group Power Operations (West), Inc., pursuant to an Operations and Maintenance Agreement dated February 12, 2007. Under the O&M Agreement, EthosEnergy provides all operations, routine maintenance, budget control, purchasing, billing, and reporting for the operation of the Facility, other than the maintenance provided by General Electric International (“GEI”), under a long-term service agreement. EthosEnergy currently employs 22 people at the Facility for operation and maintenance purposes. The O&M Agreement initially between the Seller and EthosEnergy was assumed and amended by the Authority. The term of the O&M Agreement, which expired on February 12, 2016, has been extended to February 12, 2020.
- **Large Generator Interconnection Agreement (LGIA)** – The LGIA between Nevada Power Company and the Seller, dated July 1, 2001, provides for the interconnection of the Facility, and firm transmission service for the Facility output through a Firm Point-to-Point Transmission Service Agreement by and between Nevada Power Company and LADWP as Agent for the Authority, dated in November 2015 with a point of delivery at the McCullough 500 kV Substation. The term of the Transmission Service Agreement extends to July 30, 2023. The Authority expects to renegotiate these agreements prior to their expiration date (with a term extension if it is economic) or to provide for alternative transmission service from the facility to the McCullough 500 kV Substation.
- **Long-Term Service Agreement** – Major maintenance, including parts supply, parts repair and labor for the Facility’s combustion turbine generators and the steam turbine are provided pursuant to a Long-Term Service Agreement (“LTSA”) between the Seller and GEI, dated June 16, 2004. It is not currently possible to determine when the LTSA will expire, but the Authority anticipates that it will not expire prior to six years after the Facility acquisition date.
- **Operational Balancing Authority Agreement and Letter Agreement** – The natural gas to fuel the Facility will be provided by LADWP and delivered by facilities owned by the Kern River Gas Transmission Company through an Operational Balancing Authority Agreement and Letter Agreement.
- **Water Agreement** – Water for the facility will be provided by Las Vegas Valley Water District pursuant to an agreement, dated June 5, 2001 and assigned to the Authority upon acquisition of the Facility. The Facility’s acquisition date was on March 26, 2014. Unless extended, the Water Agreement expires on June 5, 2038.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- **Transmission Service Agreements (TSAs)** – Under the TSAs, Nevada Power Company currently provides transmission services to deliver the output of the Facility to the McCullough 500 kV Substation. The rates, terms and conditions for such services are regulated by the Federal Energy Regulatory Commission pursuant to Nevada Power Company's open access transmission tariff. Changes to the rates are not accurately predictable and subject to numerous factors unrelated to the Apex Project.

LADWP, as the Operating Agent, will administer, supervise, monitor and enforce all the preceding agreements in accordance with the Agency Agreement.

GREEN POWER

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 Hoover Upgrading capacity and associated firm energy to the Authority in return for the Authority's agreement to provide for the advancement of funds for the upgrading to the United States Bureau of Reclamation (USBR) on behalf of such participants. The agreement expired on September 30, 2017.

On December 20, 2011, the Hoover Power Allocation Act, which extends the availability of Hoover Power to the existing contractors for an additional fifty years and creates a pool for new entrants, was signed into law. The participants entered into new agreements with the federal government for the capacity and energy, effective from October 1, 2017 through September 30, 2067. There is no SCPPA debt service related to Hoover, and the Authority has no contract with the federal government regarding the Project. Certain SCPPA members have requested the Authority to continue attending project meetings and monitoring activities at Hoover on their behalf. Participating members agreed to reimburse the Authority for all costs and expenses associated with the services.

Tieton Hydropower Project

On November 30, 2009, the Authority acquired the Tieton Hydropower Plant pursuant to an Asset Purchase Agreement, dated as of October 19, 2009. The Tieton Hydropower Project (the Project) consists of a 13.6 MW nameplate capacity "run-of-the-reservoir" hydroelectric generation facility, comprised of: a powerhouse located in Yakima County, Washington; a 21-mile 115 kV transmission line and other related assets, property, and contractual rights.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- **Contractor Service Agreement** – SCPPA entered into an agreement with Energy Northwest on July 1, 2014 to direct the operations of the Tieton Hydropower facility and to provide certain technical services with respect to the operation and maintenance of the facility. On July 1, 2016, the contract was extended to June 30, 2018.
- **Facilities Maintenance Agreement** – SCPPA entered into an agreement with PacifiCorp to provide supervision, labor, materials, and equipment necessary to perform routine non-emergency maintenance of the facilities and routine vegetation management. The agreement started on April 28, 2010 and will continue for as long as the Interconnection Agreement is in effect, unless terminated by mutual agreement.
- **Small Generator Interconnection Agreement** – SCPPA entered into an agreement with PacifiCorp to perform certain interconnection requests submitted under the Small Generator Interconnection Procedures. This agreement governs the terms and conditions under which SCPPA's Small Generating Facility will interconnect with PacifiCorp's Transmission System. The agreement became effective on November 30, 2009 and will remain in effect for a period of 10 years after which it will automatically renew for successive one-year periods, unless terminated by a 20-day written notice in accordance with this agreement.

Milford I Wind Project

On February 9, 2010, the Authority financed the prepayment of a specified supply of electricity from a wind farm located in Milford, Utah (the Facility). The Facility is a 203.5 MW nameplate capacity wind farm comprised of 97 wind turbines located near Milford, Utah, together with a 90-mile transmission line, and other related facilities. Under the related power purchase agreements by and between SCPPA and Milford Wind Corridor Phase I, LLC (the Seller), SCPPA will receive 6.7 million MW hours over a 20-year delivery term. SCPPA has also agreed to make monthly payments to the Seller for any energy delivered in each year that exceeds the guaranteed annual quantity of 338,215 MW hours. Commercial operation began on November 16, 2009.

Milford II Wind Energy Project

On August 25, 2011, the Authority financed the prepayment of a specified supply of energy from the Milford Wind Corridor Phase II Project (the Milford II Project), for a delivery term of 20 years (unless terminated earlier) pursuant to a Power Purchase Agreement dated March 1, 2010. The Authority also entered into power sales agreements with LADWP and the city of Glendale (Glendale) to sell 100% of its entitlement to capacity and energy in the Facility on a "take-or-pay basis." Through a separate layoff agreement, the city of Glendale has sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement. The Facility is a 102 MW nameplate capacity wind powered electric generating facility comprised of 68 1.5 MW wind turbines and related facilities located near Milford, Utah. The Milford II Project achieved commercial operation on May 2, 2011.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Linden Wind Energy Project

On September 15, 2010, the Authority acquired the Linden Wind Energy Project (the Project) pursuant to the terms of the Asset Purchase Agreement, dated as of June 23, 2009. The Project is an approximately 50 MW nameplate capacity wind farm comprised of 25 wind turbines and related facilities, located in Klickitat County, Washington, developed and constructed by Northwest Wind Partners, LLC. The Authority has also entered into power sales agreements with LADWP and Glendale to sell 100% of its entitlement to capacity and energy in the Project on a “take-or-pay” basis. Through a separate layoff agreement, the city of Glendale has sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement.

- **Operation and Maintenance Service Agreement** – SCPPA entered into a three-year agreement with Senvion Wind Energy Solutions (“Senvion”) (formally, REpower Systems AG) in February 2012. This agreement automatically renews for an additional two years unless either party provides written notice to the other party to cancel the contract. Senvion performs fixed fee services such as scheduled maintenances, periodic operational checks and tests, and regular preventive maintenance required on the wind turbine generators (WEC) in accordance with the maintenance manual. Senvion also performs remote monitoring services, repair services, and services related to the availability of the WEC. The agreement with Senvion remains in effect as of June 30, 2017.
- **Energy Exchange Agreement** – SCPPA entered into a two-year agreement with Powerex Corp. on November 27, 2012 for delivery of energy to Powerex for shaping and moving services. The delivery term may be renewed for up to five additional one-year terms commencing on January 1 of each successive calendar year, if the parties have confirmed in writing their agreement to extend this contract not less than ninety days prior to the commencement of each renewal term. The agreement with Powerex remains in effect as of June 30, 2017.
- **Balance of Plant Agreement** – Cannon Power Services Company, LLC assumed responsibility for operations of the Linden Wind Energy Project from EDF Renewable Energy (formerly EnXco Service Corporation) through an agreement with SCPPA that was executed on July 9, 2013 and was effective September 3, 2013. This agreement to operate, maintain, and repair the Wind Plant will continue for a period of three years and will automatically be extended for successive one-year periods unless either party provides written notice to terminate the contract. The agreement with Cannon Power Services Company, LLC remains in effect as of June 30, 2017.

Windy Point/Windy Flats Project

On September 9, 2010, the Authority financed the purchase of a supply of energy from the Windy Point/Windy Flats Project (the Project) for an initial delivery term of 20 years, pursuant to the terms of a power purchase agreement, dated June 24, 2009. The Authority also entered into power sales agreements with LADWP and the city of Glendale to sell 100% of its entitlement to capacity and energy in the Project on a “take-or-pay” basis.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Through a separate layoff agreement, the city of Glendale sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement.

The Project is a facility with a 262.2 MW nameplate capacity wind farm comprised of 114 wind turbines located in the Columbia Hills area of Klickitat County, Washington near the city of Goldendale. The Project is owned by Windy Flats Partners, LLC, a limited liability company organized and existing under the laws of the State of Delaware. The initial delivery term began on the commercial operation date of the first of two phases of the facility. The first phase commenced operations on January 25, 2010 and the second phase on March 1, 2010.

TRANSMISSION PROJECTS

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 between the Southern California and the Rocky Mountain regional markets, including long-term renewable resources such as Milford I Wind and Milford II Wind, from the Intermountain Generating Station located in Utah to Southern California. STS commenced commercial operations in July 1986. Construction to upgrade two AC/DC converter stations and increase their combined rating from 1,920 MW to 2,400 MW was completed in May 2011. The 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 – Authority Interest (Members)

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 project manager and operating agent of Mead-Adelanto.

Mead-Phoenix and Mead-Adelanto Projects – Authority Interest (LADWP)

On May 25, 2016 the Authority acquired all of M-S-R Public Power Agency's ("MSR PPA") ownership interests and associated participation share and related rights and interests in the Mead-Adelanto (MA) and the Mead-Phoenix (MP) Projects on behalf of LADWP.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The Authority Interest (LADWP) in Mead-Adelanto and in Mead-Phoenix, collectively the “Authority Interests” (LADWP), is separate and distinct from the Authority Interest (Members) and the Authority Interest (Western) in the existing MA and MP Projects. The acquisition represents an additional 17.5% ownership share in the MA Project and an additional 11.54% ownership share in the Westwing-Mead Component and an additional 8.10% ownership share in the Mead-Marketplace Component of the MP Project, pursuant to a Purchase and Sale Agreement dated August 31, 2015 between MSR PPA and the Authority. Pursuant to separate Transmission Service Contracts (LADWP), each dated as of March 17, 2016, LADWP is entitled to transmission services using 100% of the available capability of the Authority Interests (LADWP) in the MA and MP Projects.

NATURAL GAS PROJECTS

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. (“Ultra”). SCPPA pays the operator for SCPPA’s share of both operating and drilling/capital expenses on a monthly basis.

Ultra-Resources Inc., filed for Chapter 11 on April 29, 2016 after failing to reach a debt-restructuring agreement with its lenders and bondholders. Ultra continues as the Project Operator and has made no significant changes to the operation of the project. Currently, there is no effect on the participants of the Pinedale Project.

- **Gathering and processing agreements** – SCPPA’s purchase of Pinedale included underlying agreements with Jonah Gas Gathering Company, Tesoro Logistics, formerly Questar Gas Management Company, and Western Gas Resources, Inc. for gathering and processing of the natural gas.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Barnett Project

Natural gas resources in the Barnett shale geological formation in Texas were acquired from Collins and Young Holding, LLP (C&Y) for a total of \$84 million. 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.

- **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, LP SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

Prepaid Natural Gas Project

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 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.

- On October 22, 2009, the Prepaid Natural Gas Sales Agreements and certain other agreements were restructured to reduce risk, provide an acceleration of a portion of the long-term savings, reduce the remaining volumes of gas to be delivered from 135 billion to 90 billion cubic feet, and shorten the term of the agreements from 30 years to 27 years. As a result of the restructuring, the Natural Gas contracts will now expire in 2035 and \$165.5 million principal of the 2007 Natural Gas Project Bonds were terminated (see Note 7).

Southern California Public Power Authority Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

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

Project Participant	Average Daily Quantity (1)		Participant Percentage (%)
	Revised Volumes	Original Volumes	
City of Anaheim	1,467	2,000	16.5%
City of Burbank	2,924	4,000	33.0%
City of Colton	1,007	1,375	11.0%
City of Glendale	2,015	2,750	23.0%
City of Pasadena	1,464	2,000	16.5%
Total	8,877	12,125	100.0%

(1) The Average Daily Quantity is in MMBtu and is calculated over the term of the applicable Gas Supply Contracts. The contracts were restructured and volumes revised in October 2009.

Participant ownership interests

The Authority's participants may elect to participate in the projects. As of June 30, 2017, the members have the following participation percentages in the Authority's operating projects:

Participants	GENERATION					TRANSMISSION		
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Southern Transmission System	Mead-Phoenix	Mead-Adelanto
City of Los Angeles	67.0%	-	-	-	100.0%	59.5%	50.4%	48.9%
City of Anaheim	-	-	38.0%	100%	-	17.6%	15.7%	10.7%
City of Riverside	5.4%	-	-	-	-	10.2%	2.7%	10.7%
Imperial Irrigation District	6.5%	51.0%	-	-	-	-	-	-
City of Vernon	4.9%	-	-	-	-	-	-	-
City of Azusa	1.0%	14.7%	-	-	-	-	0.7%	1.8%
City of Banning	1.0%	9.8%	-	-	-	-	0.7%	1.1%
City of Colton	1.0%	14.7%	4.2%	-	-	-	0.7%	2.0%
City of Burbank	4.4%	-	31.0%	-	-	4.5%	10.2%	9.2%
City of Glendale	4.4%	9.8%	16.5%	-	-	2.3%	9.7%	8.8%
City of Cerritos	-	-	4.2%	-	-	-	-	-
City of Pasadena	4.4%	-	6.1%	-	-	5.9%	9.2%	6.8%
	<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>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Participants	GREEN POWER						NATURAL GAS		
	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Linden Wind Energy	Windy Point	Pinedale	Barnett	Prepaid Natural Gas
City of Los Angeles	-	-	92.5%	95.1%	90.0%	92.4%	-	-	-
City of Anaheim	42.6%	-	-	-	-	-	35.7%	45.4%	16.5%
City of Riverside	31.9%	-	-	-	-	-	-	-	-
Imperial Irrigation District	-	-	-	-	-	-	-	-	-
City of Vernon	-	-	-	-	-	-	-	-	-
City of Azusa	4.2%	-	-	-	-	-	-	-	-
City of Banning	2.1%	-	-	-	-	-	-	-	-
City of Colton	3.2%	-	-	-	-	-	7.1%	9.1%	11.0%
City of Burbank	16.0%	50.0%	5.0%	-	-	-	14.3%	27.3%	33.0%
City of Glendale	-	50.0%	-	4.9%	10.0%	7.6%	28.6%	-	23.0%
City of Cerritos	-	-	-	-	-	-	-	-	-
City of Pasadena	-	-	2.5%	-	-	-	14.3%	18.2%	16.5%
	<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
San Juan Project	2018
Magnolia Power Project	2036
Canyon Power Project	2040
Apex Power Project	2038
Hoover Uprating Project	2017
Tieton Hydropower Project	2040
Milford I Wind Project	2030
Milford II Wind Project	2031
Linden Wind Energy Project	2035
Windy Point Project	2030
Southern Transmission System Project	2027
Mead-Phoenix Project	2030
Mead-Adelanto Project	2030
Natural Gas Pinedale Project	2040
Natural Gas Barnett Project	2040
Prepaid Natural Gas Project	2038

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The Authority's interests or entitlements in natural gas, generation, and transmission projects are jointly owned with other utilities, except for the Magnolia Power Project, Canyon Power Project, Apex Power Project, Tieton Hydropower Project, and the Linden Wind Energy 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 position as part of operations and maintenance expenses.

POWER PURCHASE AGREEMENTS

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, and the agreements were amended to allow for excess capacity in May 2008. The city of Anaheim acts as the scheduling coordinator on behalf of the project participants. The term of the contract is 25 years.

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.

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. SCPA 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.

Ameresco Chiquita Energy Project

In March 2004, SCPA entered into a power purchase agreement with Ameresco Chiquita Energy LLC, subsequently amended in September 2006, for 100% of the electric generation from a landfill gas to energy facility located at the landfill site in Valencia, California (Ameresco Landfill Gas to Energy Project). The SCPA participants in the project include the cities of Burbank and Pasadena. This project will initially be for 10 MW with the right of first refusal on any increase in output. Operations began in November 2010. The term of the contract is 20 years from the commercial operation date.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Don A. Campbell/Wild Rose Geothermal Energy Project

On December 31, 2012 the Authority entered into a power purchase agreement with Ormat Nevada, Inc. to purchase renewable geothermal energy from the Don A. Campbell/Wild Rose Facility (the “Facility”) beginning December 31, 2013, for a 20-year term. The Facility is a geothermal power generating facility with a 16.2 MW nameplate capacity and a 95 percent capacity factor located in Mineral County, Nevada. The commercial operating date was December 31, 2013 but early delivery of energy began in November 2013. The two participants are LADWP and the city of Burbank. LADWP acts as project manager and has balancing authority at the point of delivery of energy at the Mead 230kV Substation in Southern Nevada. Electricity from the Project will be transmitted through Nevada Energy’s transmission system that includes the new 500 kV One Nevada Transmission Line.

Copper Mountain Solar 3 Project

On August 31, 2012, SCPPA entered into a power purchase agreement with Sempra U.S. Gas and Power to purchase certain renewable energy and associated environmental attributes from the Copper Mountain Solar 3 Facility. The Facility is a fixed tilt photovoltaic system with a capacity of 250 MW located near Boulder City, Nevada. Full commercial operation was achieved on December 31, 2015. The term of the contract is 20 years. LADWP is the scheduling coordinator on behalf of the participants.

Columbia 2 Solar Project

On September 19, 2013, SCPPA entered into a power purchase agreement with RE Columbia Two, LLC to purchase all of the output of the Columbia 2 Solar Project, and to acquire other rights and resources, including but not limited to the purchase option and the rights under other ancillary agreements associated with the project. The project is a photovoltaic solar power generating facility located in Kern County, California with an expected nameplate capacity of 15 MW. Commercial operation began on December 20, 2014. The term of the contract is 20 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

Don A. Campbell 2 Geothermal Energy Project

On December 18, 2014 the Authority entered into a power purchase agreement with ORNI 37 LLC to purchase renewable geothermal energy from the Don A. Campbell 2 Facility (DAC2) beginning December 31, 2016, for a 20-year term. The Facility is a geothermal power generating facility with a 16.2 MW nameplate capacity and a 95% capacity factor located in Mineral County, Nevada. The commercial operating date was September 17, 2015, but early delivery of energy began in August 2015. The LADWP acts as project manager and has balancing authority at the point of delivery of energy at the Mead 230kV Substation in Southern Nevada. Electricity from the Project will be transmitted through Nevada Energy’s Transmission System that includes the new 500 kV One Nevada Transmission Line. Consequently, the Don A. Campbell/Wild Rose Facility is now called Don A. Campbell 1 to distinguish from the expansion, DAC2.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Heber-1 Geothermal Energy Project

On May 31, 2013, the Authority entered into a power purchase agreement with Heber Geothermal Company for 45 MW of generating capacity. The Facility is a geothermal power generating facility with a 62.5 MW gross nameplate capacity located in Imperial County, California. The project began deliveries of energy under the power purchase agreement on February 2, 2016. The term of the contract is 10 years. Global is the third party scheduling coordinator on behalf of the participants.

Kingbird Solar B Project

On September 19, 2013, the Authority entered into a power purchase agreement with Kingbird Solar B, LLC for 20 MW of generating capacity. The project is a solar photovoltaic power generating facility located near Rosamond, California. The commercial operation date for the project was declared on April 30, 2016. The term of the contract is 20 years. The city of Riverside is the scheduling coordinator on behalf of the participants.

Springbok 1 Solar Farm Project

On August 21, 2014, SCPA on behalf of LADWP, entered into a power purchase agreement with 62 SK 8me, LLC for 100 MW of solar energy with all associated environmental attributes, and photovoltaic generating capacity from the Springbok 1 Solar Farm located in western Kern County, California. The commercial operation began on July 2016, starting a term of 25 years. SCPA has an Early Buy Out option at the end of the 15th, 20th, and 25th Contract Years. The project is expected to have a measured initial generation capacity factor up to 34% with a 0.7% annual degradation. LADWP serves as the Project Manager on behalf of SCPA.

Astoria 2 Solar Project

On July 23, 2014, SCPA on behalf of Azusa, Banning, Colton and Vernon, entered into a power purchase agreement with Recurrent Energy for solar energy from the Astoria 2 Solar Project. SCPA is entitled to 35 MW of photovoltaic generating capacity from commercial operation to December 31, 2021 and 45 MW of generating capacity from January 1, 2022 until the expected expiration date of December 31, 2036. The commercial operation date was December 2016. Power and Water Resources Pooling Authority, Lodi, Corona, Moreno Valley, and Rancho Cucamonga, are each buying the output of a separate portion of the facility, which is located in Kern County, California. SCPA has purchase options in the 10th, 15th, and 20th Contract Years.

The project is forecasted to start at a capacity factor of 31% with a 0.5% annual degradation. ACES Power Marketing is the Scheduling Coordinator for the Project.

Summer Solar Project

On November 15, 2012, SCPA on behalf of Azusa, Pasadena and Riverside, entered into a power purchase agreement with Sustainable Power Group (“sPower”) for 20 MW of solar photovoltaic generating capacity from the Summer Solar Facility for a term of 25 years from January 1, 2017. The facility is located in Lancaster, California, and was commercial in July 2016. The project is forecasted to start at a capacity factor of 28% with a 0.5% annual degradation. SCPA does not have purchase options on this project. Riverside serves as the Scheduling Coordinator for the project.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Springbok 2 Solar Farm Project

On August 28, 2015, SCPA on behalf of LADWP, entered into a power purchase agreement with 63SU 8me, LLC for 150 MW of solar photovoltaic generating capacity from the Springbok 2 Solar Farm located 70 miles north of Los Angeles in Kern County, California. The commercial operation began on September 2016, starting a term of 27 years, with an option for a three-year extension. SCPA has an Early Buy Out option at the end of the 15th, 20th, 27th, and 30th Contract Years. The project is expected to start at a capacity factor of 33% with a 0.7% annual degradation. LADWP serves as the Project Manager on behalf of SCPA.

Antelope Big Sky Ranch Solar Project

On November 15, 2012, SCPA on behalf of Azusa, Pasadena and Riverside, entered into a power purchase agreement with sPower for 20 MW of solar photovoltaic generating capacity from the Antelope Big Sky Ranch Facility. The facility is located near Lancaster, California, and commercial operation occurred in late August 2016 for a term of 25 years from January 1, 2017. The project is expected to start at a capacity factor of 28% with a 0.5% annual degradation. SCPA has purchase options in the 10th, 15th, and 20th Contract Years. Pasadena is the Scheduling Coordinator for the project.

Antelope DSR 1 Solar Project

On July 16, 2015, the Authority, on behalf of Riverside and Vernon, entered into a power purchase agreement with Antelope DSR 1, LLC for 50 MW solar photovoltaic generating capacity from the Antelope DSR 1 Solar Facility. The facility is located near Lancaster, California, and commercial operation occurred on December 16, 2016 for a term of 20 years. The city of Riverside is the scheduling coordinator on behalf of the participants.

Antelope DSR 2 Solar Project

On July 16, 2015, the Authority, on behalf of Azusa and Colton, entered into a power purchase agreement with Antelope DSR 2, LLC for 5 MW solar photovoltaic generating capacity from the Antelope DSR 2 Solar Facility. The facility is located near Lancaster, California, and commercial operation occurred on December 6, 2016 for a term of 20 years. The city of Riverside is the scheduling coordinator on behalf of the participants.

Puente Hills Landfill Gas-to-Energy Project

On June 25, 2014, the Authority entered into a power purchase agreement with County Sanitation District No. 2 of Los Angeles County for 46 MW of the electric generation from a landfill gas to energy facility, located at Whittier, California. The project began deliveries to the Authority on January 1, 2017 for a term of 10 years.

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.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Participant Ownership Interests

Participants	Power Purchase Agreements																	
	Ormat Geothermal Energy	Pebble Springs Wind	MWD Small Hydro	Ameresco Chiquita Landfill Gas	Don A. Campbell/Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Don A. Campbell 2 Geothermal	Heber-1 Geothermal	Kingbird Solar	Summer Solar	Springbok 1	Springbok 2	Astoria 2 Solar	Antelope Big Sky Ranch Solar	Antelope DSR 1 Solar	Antelope DSR 2 Solar	Puente Hills Landfill Gas
City of Los Angeles	-	69.6%	-	-	84.6%	84.0%	-	100.0%	66.7%	-	-	100.0%	100.0%	-	-	-	-	-
City of Anaheim	60.0%	-	56.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Imperial	-	-	-	-	-	-	-	-	33.3%	-	-	-	-	-	-	-	-	-
City of Vernon	-	-	-	-	-	-	-	-	-	-	-	-	-	57.1%	-	50.0%	-	23.3%
City of Riverside	-	-	-	-	-	-	74.3%	-	-	70.0%	50.0%	-	-	-	50.0%	50.0%	-	-
City of Azusa	-	-	21.8%	-	-	-	8.6%	-	-	15.0%	17.5%	-	-	5.7%	17.5%	-	60.0%	2.3%
City of Banning	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	22.9%	-	-	-	20.9%
City of Colton	-	-	21.8%	-	-	-	-	-	-	15.0%	-	-	-	14.3%	-	-	40.0%	23.3%
City of Burbank	-	10.1%	-	16.7%	15.4%	16.0%	-	-	-	-	-	-	-	-	-	-	-	-
City of Glendale	15.0%	20.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Pasadena	15.0%	-	-	83.3%	-	-	17.1%	-	-	-	32.5%	-	-	-	32.5%	-	-	30.2%
	<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>	<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>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

As of June 30, 2017, the Authority' power purchase agreements are summarized as follows:

Project Name	Location	Capacity	Agreement Date	Commercial Operations Date	Project Manager	Contract Expiration
Ormat Geothermal Energy Project	Heber, California	17.0 MW	December 2005	January 2006	SCPPA	2031
Pebble Springs Wind Project	Gilliam County, Oregon	98.7 MW	December 2007	January 2009	LADWP	2025
MWD Small Hydro Project	Southern California	17.04 MW	November 2008	November 2008	SCPPA	2023
Ameresco Chiquita Landfill Gas Project	Valencia, California	10.0 MW	March 2006	November 2010	SCPPA	2030
Don A. Campbell 1 Project	Mineral County, Nevada	16.2 MW	December 2012	December 2013	LADWP	2033
Copper Mountain Solar 3 Project	Clark County, Nevada	250.0 MW	August 2012	December 2012	LADWP	2040
Columbia 2 Solar Project	Kern County, California	15.0 MW	September 2013	December 2014	SCPPA	2033
Don A. Campbell 2 Project	Mineral County, Nevada	16.2 MW	December 2014	September 2015	LADWP	2035
Heber-1 Geothermal Project	Imperial Valley, California	46.0 MW	May 2013	February 2016	LADWP	2025
Kingbird Solar Project	Kern County near Rosamund, California	20.0 MW	July 2013	February 2016	SCPPA	2036
Summer Solar Project	Los Angeles County	20.0 MW	November 2012	July 2016	SCPPA	2042
Springbok 1 Solar Project	Kern County, California	100.0 MW	April 2015	July 2016	LADWP	2040
Springbok 2 Solar Project	Kern County, California	150.0 MW	April 2015	October 2016	LADWP	2045
Astoria 2 Solar Project	Kern County, California	45.0 MW	July 2014	December 2016	SCPPA	2036
Antelope Big Sky Ranch Solar Project	Los Angeles County	20.0 MW	November 2012	August 2016	SCPPA	2036
Antelope DSR 1 Solar Project	Los Angeles County	50.0 MW	September 2015	December 2016	SCPPA	2036
Antelope DSR 2 Solar Project	Los Angeles County	5.0 MW	September 2015	August 2016	SCPPA	2036
Puente Hills Landfill Gas-to-Energy Project	Whittier, California	46.0 MW	June 2014	January 2017	SCPPA	2030

MISCELLANEOUS FUNDS

Project Development Fund

Holds funds related to projects in the development phase.

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.

SCPPA Fund

In June 2011, the Authority acquired an 11,500 sq. ft. building located in the city of Glendora to be used as SCPPA office facilities. Acquisition and construction costs were financed by contributions from SCPPA members and the building was put into service during fiscal year 2012. All costs associated with the management, administration, and ongoing operations of the SCPPA Office Building are deemed to be SCPPA overhead costs and will be budgeted and paid in accordance with the projects annual budgets pursuant to SCPPA's traditional budgetary process. On July 18, 2013, the SCPPA Board authorized the installation of Solar Voltaic Equipment and Carports at the SCPPA Glendora Office Building. The estimated cost was financed by the SCPPA Members in accordance with their ownership interests in the SCPPA Building.

On January 21, 2016, the SCPPA Board of Directors approved Resolution No. 2016-003 authorizing the purchase and renovation of the building adjacent to the office building that SCPPA currently owns. The acquisition will be allocated to each member based on the methodology that was used to fund the purchase of the current SCPPA Office Building which was acquired in June 2011 (see Note 3).

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. Revenues are recognized when earned and expenses are recognized when incurred. The format of the Statement of Net Position follows the inverted approach which is consistent with the Federal Energy Regulatory Commission (FERC).

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for years beginning after June 15, 2015. This statement clarifies the definition of fair value, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. This statement establishes a three-level hierarchy to the valuation techniques used to measure fair value. Disclosure is required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. SCPPA implemented this statement during fiscal year 2017 and reports its assets and liabilities accordingly in Note 6.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for financial statement periods beginning after June 15, 2014. This statement is an amendment of GASB Statement No. 27 and provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The Authority adopted this guidance as of and for the year ended June 30, 2015. The specific accounts impacting the Authority are included within the SCPPA Fund and are detailed in Note 11.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement for periods beginning after December 15, 2011. In addition to assets and liabilities, the combined financial statements include deferred outflows and deferred inflows or resources, and reports net position instead of net assets (deficit). Other than the change in presentation, there was no impact to the financial statements as a result of this implementation.

Net position: The Authority's net position is classified as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation, 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

- **Restricted** – This component consists of net position 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 position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 combined 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 Pinedale Project and the Natural Gas Barnett Project (together the Natural Gas Projects), Canyon Power, Tieton Hydropower, Linden Wind Energy, and the Apex Power Projects are included as utility plant and recorded at cost. Utility plant also includes the SCPPA Building. 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 35 years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto; 30 years for Magnolia and Canyon Power Project; 50 years for the Tieton Hydropower Project; 25 years for Linden Wind Energy Project; 24 Years for the Apex Power Project; and 35 years for the SCPPA Building Fund. In June 2017 due to the Authority’s divestiture from the SJ Project, the Authority decided to write down the utility plant (see Notes 1 and 2).

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 proven producing wells, estimated at 50 years for the Natural Gas Pinedale Project and 50 years for the Natural Gas Barnett Project. The estimate is based on site specific studies prepared by independent consultants as of December 2016 for both projects. The depletion rate for the Natural Gas Pinedale Project was \$5.17/MMBtu and \$3.68/MMBtu; and the estimated total net revenue volume was 7,333,092 MMBtu and 10,685,101 MMBtu, for fiscal years 2017 and 2016, respectively.

The depletion rate for the Natural Gas Barnett Project was \$2.78/MMBtu and \$4.86/MMBtu; and the estimated total net revenue volume was 16,039,014 MMBtu and 9,538,994 MMBtu, for fiscal years ended June 30, 2017 and 2016, respectively.

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 MW hour of nuclear generation. The Authority records this charge as a current year expense. See Note 12 for information about spent nuclear fuel disposal.

Nuclear decommissioning

Decommissioning of PVNGS is expected to commence subsequent to the year 2046. The total cost to decommission the Authority's interest in PVNGS is estimated to be \$142.4 million in 2014 dollars (\$730.4 million in 2042 dollars). This estimate is based on an updated site specific study prepared by an independent consultant in 2013. 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 \$18.0 million in fiscal years 2017 and 2016. The decommissioning liability is included as a component of accumulated depreciation and was \$286.3 million and \$268.3 million at June 30, 2017 and 2016, 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, 2017, decommissioning funds totaled approximately \$174.6 million, including approximately \$0.3 million of interest receivable.

San Juan reclamation and decommission obligation

The Authority has certain obligations relating to its ownership interests in the SJGS Unit 3, to participate in the development of plans and arrangements for the eventual demolition of SJGS and reclamation of the San Juan Coal Mine after the expiration in December 2017 of the Underground Coal Sales Agreement dated August 31, 2001.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

To meet the 2017 deadline, a legal review commenced to determine whether a full dismantling of the plant was required by State laws or contracts. Prior to this review, a full dismantling and remediation were assumed to occur, in which SCPPA's share would be approximately \$80.0 million. However, it was determined that the dismantling is not required by the State or Federal laws, thereby, causing a significant reduction to decommissioning obligation.

As a result of the foregoing, the Authority recognized \$3.7 million decommissioning liability and reported it under noncurrent liabilities in the statements of net position. The Authority wrote down the \$56.9 million demolition liability, included as a component of accumulated depreciation, as a special item in the statements of revenues, expenses, and changes in net position.

Based upon the agreement, the Demolition Trust Fund is required to be funded by 2022. However, the Authority has decided that the Demolition Trust Fund will be fully funded by December 31, 2017 using the reserves already on hand.

The Authority also recognized \$25.9 million reclamation liability and reported it under noncurrent liabilities in the statements of net position. The \$10.1 million reclamation obligation adjustment, which is included as a component of accumulated depreciation, was recognized as a special item in the statements of revenues, expenses, and changes in net position.

The Authority contributes to a Reclamation Trust Fund set up in accordance with the Mine Reclamation Trust Funds Agreement among the San Juan Participants, dated June 1, 2012. As of June 30, 2017, reclamation funds totaled \$11.9 million. The Reclamation Trust Fund will be fully funded on December 2017.

San Juan asset retirement obligation write-down

Due to the termination of the Authority's ownership of SJGS plant, the Authority also decided to write down the Project's Net utility plant to \$3.9 million in the statements of net position. As a result, the Authority recognized \$108.6 million asset retirement obligation write down as a special item in the statements of revenues, expenses, and changes of net position. The remaining net utility plant will be fully amortized on December 31, 2017.

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 position 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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

The Bond Indentures for the Projects 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

SCPPA entered into a prepaid gas contract with a 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. The prepaid contracts were subsequently restructured and the term of the agreements were shortened to 27 years. SCPPA has also entered into 20-year term prepaid contracts for all of the energy generated by the Milford I Wind, Milford II Wind, and the Windy Point/Windy Flats Facilities, with corresponding power sales contracts with each project participant (see Note 1).

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 Position.

Advance to IPA

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

Unamortized premiums and discounts

Unamortized premiums and discounts are recorded as part of long-term debt and amortized over the life of the related debt issue.

Cash and cash equivalents

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

Restricted cash and investments

Restricted cash and investments are set aside to meet externally imposed legal and contractual obligations. Restricted cash and investments are used in accordance with their requirements and include certain proceeds of the Authority's revenue bonds, as well as resources set aside for their repayment, and participant advances restricted for costs of certain capital projects.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred outflow and inflow of resources

Losses on refunding related to bonds redeemed by refunding bonds are reported as deferred outflows of resources and are amortized over the shorter life of the refunding bonds, or the remaining term of bonds in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

In addition, the accumulated decrease in the fair value of effective hedging derivative instruments are reported as deferred outflow of resources. Under hedge accounting, the changes in the fair value of an effective hedging derivative instrument, in asset or liability positions, are reported as a deferred inflow of resources or deferred outflow of resources, respectively, on the Statements of Net Position.

See Note 11 for a description of the deferred outflows of resources and the deferred inflows of resources related to the pension.

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.

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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of SCPPA's California Public Employees' Retirement System (CalPERS), Miscellaneous plans (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported to CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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. As of June 30, 2017, the funds held in the reserve account has been fully utilized.

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, 2017 and 2016, transportation costs were approximately \$95,700 and \$147,000, respectively, for the Natural Gas Pinedale Project.

Non-exchange contribution

Each participant of the Magnolia Power Plant is responsible for its 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.

Non-exchange 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, 2017 and 2016, the participants' contribution in kind was approximately 8.8 MMBtu and 10.1 MMBtu and was valued at approximately \$28.3 million and \$25.5 million, respectively.

Build America Bonds (BABs)

These are taxable municipal bonds that were created under the American Recovery and Reinvestment Act of 2009, and carry special tax credits and federal subsidies for either the bond issuer or the bondholder. BABs provide for a subsidy payment from the Department of the Treasury to be paid directly to the issuer (Direct Payment) or the bondholder (Tax Credit BABs) in an amount equal to 35% of the bond's interest. On June 9, 2010, SCPPA issued \$191 million of Canyon Power 2010 Series B, Direct Payment BABs. \$41.5 million of the Linden Wind 2010 Series B, Direct Payment BABs, were issued on September 28, 2010.

The budget sequestration or automatic spending cuts of the United States Government that went into effect in 2013 resulted in a 7.2% decrease of the BABs subsidies received by the Authority for the related bonds. BABs subsidy received for the debt service payments made on July 1, 2015 was reduced by 7.3% and by 6.8% for the payments made on January 1, 2016.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 3 – Utility Plant (continued)

The SCPPA Board of Directors approved Resolution No. 2015-076, authorizing the divestiture of the Authority's ownership interest in San Juan Project effective January 2018. Consequently, the Authority decided to write down its net utility plant and recognized reclamation and decommissioning obligation.

At June 30, 2016, Utility Plant, net consisted of the following (amounts in thousands):

	June 30, 2016							
	GENERATION					GREEN POWER		
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Linden Wind Energy
Utility plant								
Production	\$ 734,333	\$ 259,977	\$ 287,203	\$ 252,468	\$ 292,124	\$ -	\$ 48,304	\$ 123,082
Transmission	17,718	-	15,247	31,853	-	-	-	23,432
General	3,981	6,784	15,495	488	5,026	21	11	-
Natural gas reserves	-	-	-	-	-	-	-	-
	756,032	266,761	317,945	284,809	297,150	21	48,315	146,514
Less accumulated depreciation	793,294	216,188	120,281	45,763	27,518	21	9,373	33,671
	(37,262)	50,573	197,664	239,046	269,632	-	38,942	112,843
Construction work in progress	28,290	2,617	2,033	-	-	-	-	-
Nuclear fuel, at amortized cost	43,927	-	-	-	-	-	-	-
Net utility plant	<u>\$ 34,955</u>	<u>\$ 53,190</u>	<u>\$ 199,697</u>	<u>\$ 239,046</u>	<u>\$ 269,632</u>	<u>\$ -</u>	<u>\$ 38,942</u>	<u>\$ 112,843</u>
	TRANSMISSION			NATURAL GAS		OTHERS		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	SCPPA Fund	Total	
Utility plant								
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,997,491	
Transmission	770,498	81,659	206,330	-	-	-	1,146,737	
General	44,400	3,105	509	4,093	-	4,386	88,299	
Natural gas reserves	-	-	-	73,175	84,868	-	158,043	
	814,898	84,764	206,839	77,268	84,868	4,386	3,390,570	
Less accumulated depreciation	598,639	29,685	91,570	36,285	38,546	460	2,041,294	
	216,259	55,079	115,269	40,983	46,322	3,926	1,349,276	
Construction work in progress	-	555	-	5	118	343	33,961	
Nuclear fuel, at amortized cost	-	-	-	-	-	-	43,927	
Net utility plant	<u>\$ 216,259</u>	<u>\$ 55,634</u>	<u>\$ 115,269</u>	<u>\$ 40,988</u>	<u>\$ 46,440</u>	<u>\$ 4,269</u>	<u>\$ 1,427,164</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, 2016	Additions	Disposals	Write down of plant	Transfers	Balance June 30, 2017
Nondepreciable utility plant						
Land	\$ 56,102	\$ -	\$ -	\$ -	\$ -	\$ 56,102
Construction work in progress	33,838	15,979	(1,827)	(1,037)	(16,160)	30,793
Construction work in progress – gas	123	-	-	-	-	123
Nuclear fuel*	43,927	15,905	(14,190)	-	-	45,642
Total nondepreciable utility plant	133,990	31,884	(16,017)	(1,037)	(16,160)	132,660
Depreciable utility plant						
Production						
Nuclear generation (Palo Verde Project)	733,419	(766)	(3,283)	-	15,131	744,501
Coal-fired plant (San Juan Unit 3 Project)	262,550	2,171	(659)	(257,572)	-	6,490
Gas-fired plant	829,217	-	(65)	-	658	829,810
Green power	156,844	3,862	-	-	-	160,706
Transmission	1,111,334	1,482	(180)	-	-	1,112,636
General	80,223	1,120	(90)	(6,753)	248	74,748
Natural gas reserves	160,880	-	-	-	123	161,003
Total depreciable utility plant	3,334,467	7,869	(4,277)	(264,325)	16,160	3,089,894
Less accumulated depreciation	(2,041,293)	(136,088)	3,432	233,093	-	(1,940,856)
Total utility plant, net	\$ 1,427,164	\$ (96,335)	\$ (16,862)	\$ (32,269)	\$ -	\$ 1,281,698

*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, and 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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

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.

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 San Juan Project Bonds, the Magnolia Power Project Bonds, the Pinedale Project Bonds, the Barnett Project Bonds, Prepaid Natural Gas Project Bonds, the Canyon Power Project Bonds, the Milford Wind Phase I Project Bonds, the Milford Wind Phase II Project Bonds, the Linden Wind Project Bonds, the Tieton Project Bonds, the Windy Point/Windy Flats Bonds, and the Apex Power Project Bonds. 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;
- Bankers' 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; and
- 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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

As of June 30, 2017, the Authority held the following as cash and cash equivalents and investments:

Investment Type	Fair Value (in thousands)	Weighted Average Maturity (Years)	Percent of Portfolio
U.S. Agency Securities	\$ 456,003	0.48	47.2%
Guaranteed Investment Contracts	19,630	14.12	2.0%
Money Market Funds	65,018	0.08	6.7%
Commercial Paper	21,472	0.14	2.2%
Negotiable CDs	1,988	3.12	0.2%
Agency Discount Notes	23,503	0.10	2.4%
Bankers Acceptance	377,694	0.07	39.1%
Total	\$ 965,308	0.56	100.0%

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, 2017 are as follows (amounts in thousands):

	GENERATION					GREEN POWER					TRANSMISSION				POWER PURCHASE AGREEMENTS		NATURAL GAS		MISCELLANEOUS			Total	
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Combined	Pinedale	Barnett	Prepaid Natural Gas	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund		
U.S. agencies	\$ 182,307	\$ 15,481	\$ 44,160	\$ 8,029	\$ 29,124	\$ 2,256	\$ 3,455	\$ 21,292	\$ 3,142	\$ 9,226	\$ 2,317	\$ 11,693	\$ -	\$ 1,990	\$ -	\$ -	\$ 21,947	\$ -	\$ -	\$ 99,584	\$ -	\$ 456,003	
Agency discount notes	42,568	29,465	33,774	15,100	15,700	2,295	2,300	15,697	11,100	32,200	7,588	62,201	7,100	23,300	37,057	5,997	10,982	1,300	-	21,970	-	377,694	
Negotiable CDs	2,400	-	7,408	-	1,000	-	1,530	1,700	1,200	4,400	-	1,065	-	2,800	-	-	-	-	-	-	-	23,503	
Commercial paper	2,987	1,998	2,500	-	1,600	-	-	-	-	-	-	1,499	-	-	-	998	2,994	-	-	6,896	-	21,472	
GICs	-	-	-	-	-	-	-	-	-	-	-	7,789	-	-	-	-	-	11,841	-	-	-	19,630	
Bankers acceptance	1,988	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,988	
Money market funds	2,106	219	6,052	1,610	1,613	91	1,490	347	351	566	1,070	5,542	2,366	1,985	15,932	5,998	6,852	3,441	-	505	5,252	1,630	65,018
Total	\$ 234,356	\$ 47,163	\$ 93,894	\$ 24,739	\$ 49,037	\$ 4,642	\$ 8,775	\$ 39,036	\$ 15,793	\$ 46,392	\$ 10,975	\$ 89,789	\$ 9,466	\$ 30,075	\$ 52,989	\$ 12,993	\$ 42,775	\$ 16,582	\$ 505	\$ 133,702	\$ 1,630	\$ 965,308	
Restricted investments	\$ 198,917	\$ 19,608	\$ 66,130	\$ 18,129	\$ 41,325	\$ 3,153	\$ 6,385	\$ 30,792	\$ 9,343	\$ 31,027	\$ 5,607	\$ 62,348	\$ 5,400	\$ 18,390	\$ -	\$ 1,000	\$ 31,930	\$ 11,841	\$ -	\$ 116,506	\$ -	\$ 677,831	
Unrestricted investments	16,199	23,455	-	-	-	499	-	-	1,200	2,100	1,000	2,000	-	-	14,373	1,999	-	-	-	-	-	62,825	
Cash and cash equivalents	19,240	4,100	27,764	6,610	7,712	990	2,390	8,244	5,250	13,265	4,368	25,441	4,066	11,685	38,616	9,994	10,845	4,741	505	17,196	1,630	224,652	
Total	\$ 234,356	\$ 47,163	\$ 93,894	\$ 24,739	\$ 49,037	\$ 4,642	\$ 8,775	\$ 39,036	\$ 15,793	\$ 46,392	\$ 10,975	\$ 89,789	\$ 9,466	\$ 30,075	\$ 52,989	\$ 12,993	\$ 42,775	\$ 16,582	\$ 505	\$ 133,702	\$ 1,630	\$ 965,308	

Investments at June 30, 2016 are as follows (amounts in thousands):

	GENERATION					GREEN POWER					TRANSMISSION				POWER PURCHASE AGREEMENTS		NATURAL GAS		MISCELLANEOUS			Total
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Combined	Pinedale	Barnett	Prepaid Natural Gas	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
U.S. agencies	\$ 173,919	\$ 9,141	\$ 45,852	\$ 19,729	\$ 6,089	\$ 1,701	\$ 4,997	\$ 16,613	\$ 3,227	\$ 10,293	\$ 2,324	\$ 7,672	\$ -	\$ 2,000	\$ -	\$ -	\$ 16,215	\$ -	\$ -	\$ 54,216	\$ -	\$ 373,988
Agency discount notes	26,599	25,008	10,200	14,099	18,593	1,199	1,070	9,000	10,893	22,697	5,925	41,409	3,300	17,800	17,987	1,100	11,499	1,000	-	37,769	-	277,147
Negotiable CDs	-	5,006	-	-	4,003	-	-	-	-	-	-	7,400	-	-	-	1,500	-	-	-	8,001	-	25,910
Commercial paper	-	7,469	2,350	-	8,795	-	-	3,400	-	-	-	16,995	-	2,497	-	-	4,194	-	-	12,742	-	58,442
GICs	7,444	-	-	-	-	-	-	-	-	-	-	7,789	-	-	-	-	-	11,739	-	-	-	26,972
Bankers acceptance	-	-	-	-	2,004	561	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,565
Money market funds	36,306	3,797	30,402	8,668	9,494	1,094	2,064	14,721	4,088	14,559	3,738	13,165	3,815	6,746	21,307	8,533	11,271	3,798	2,797	34,835	2,541	237,739
Total	\$ 244,268	\$ 50,421	\$ 88,804	\$ 42,496	\$ 48,978	\$ 4,555	\$ 8,131	\$ 43,734	\$ 18,208	\$ 47,549	\$ 11,987	\$ 94,430	\$ 7,115	\$ 29,043	\$ 39,294	\$ 11,133	\$ 43,179	\$ 16,537	\$ 2,797	\$ 147,563	\$ 2,541	\$ 1,002,763
Restricted investments	\$ 196,774	\$ 26,797	\$ 52,802	\$ 31,128	\$ 38,184	\$ 3,461	\$ 4,997	\$ 25,813	\$ 8,227	\$ 23,592	\$ 5,999	\$ 41,155	\$ 2,300	\$ 17,497	\$ -	\$ 1,100	\$ 31,908	\$ 11,739	\$ -	\$ 112,728	\$ -	\$ 636,201
Unrestricted investments	25,657	20,870	-	-	-	-	-	-	3,793	2,498	-	-	-	-	8,988	-	-	-	-	-	-	61,806
Cash and cash equivalents	21,837	2,754	36,002	11,368	10,794	1,094	3,134	17,921	6,188	21,459	5,988	53,275	4,815	11,546	30,306	10,033	11,271	4,798	2,797	34,835	2,541	304,756
Total	\$ 244,268	\$ 50,421	\$ 88,804	\$ 42,496	\$ 48,978	\$ 4,555	\$ 8,131	\$ 43,734	\$ 18,208	\$ 47,549	\$ 11,987	\$ 94,430	\$ 7,115	\$ 29,043	\$ 39,294	\$ 11,133	\$ 43,179	\$ 16,537	\$ 2,797	\$ 147,563	\$ 2,541	\$ 1,002,763

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

Interest rate risk

The Authority's investment policy limits the maturity of its investments to a maximum of five 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; five years for medium term corporate notes; 270 days for commercial paper; 180 days for bankers' 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.

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 \$500 million. As of June 30, 2017, money market funds in the portfolios with Bank of New York Mellon have attained the following ratings: AA+ by Standard and Poor's, and Aaa-mf by Moody's Investors Service; while bank deposits in the portfolios with US Bank have attained ratings of A-1+ by Standard and Poor's, P-1 by Moody's Investors Service, and F1+ 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, 2017 and 2016, the U.S. government agency securities in the portfolio carried the highest possible credit ratings by the NRSRO 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, Baa1 by Moody's Investors Service and BBB+ by Fitch Rating.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

The Investment Agreement Contract with American General Life consists of securities issued by corporations and carries a rating of A+ by Standard and Poor's, A2 by Moody's and A+ by Fitch Ratings.

The Investment Agreement Contract in the portfolio with Assured Guaranty (formerly Financial Security Assurance) consists of securities issued by corporations and carries a rating of AA by Standard and Poor's, and A3 by Moody's Investors Service.

Concentration of credit risk

The Authority's investment policy does not provide a percentage limitation on the amount that can be invested in U.S. government agency securities.

Of the Authority's total investments as of June 30, 2017, \$292.8 million (30.3%) was invested in securities issued by the Federal Home Loan Bank; \$69.6 million (7.2%) was invested with Farm Credit Bank; \$134.1 million (13.9%) was invested in securities issued by the Federal National Mortgage Association; \$337.2 million (34.9%) was invested with Federal Home Loan Mortgage; \$23.5 million (2.4%) was invested in Certificates of Deposit; \$1.99 million (0.2%) was invested in Medium Term Corporate Notes; \$21.5 million (2.2%) was invested in Commercial Paper; and \$19.6 million (2.0%) was invested in GICs.

Of the Authority's total investments as of June 30, 2016, \$197 million (20%) was invested in securities issued by the Federal Home Loan Bank; \$93 million (9%) was invested with Farm Credit Bank; \$196 million (19%) was invested in securities issued by the Federal National Mortgage Association; \$165 million (16%) was invested with Federal Home Loan Mortgage; \$3 million (0.3%) was invested in US Treasuries; \$26 million (3%) was invested in Certificates of Deposit; \$58 million (6%) was invested in Commercial Paper; and \$27 million (3%) was invested in GICs.

Note 5 – Derivative Instruments

Objective of the swaps

SCPPA uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps and also to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts. 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 separate pay-fixed, receive-variable interest rate swaps and four 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.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

The Authority has adopted Statement No. 53 of the GASB, *Accounting and Financial Reporting for Derivative Instruments (GASB 53)*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. In accordance with GASB 53, SCPA recognizes the changes in fair values of effective hedging derivative instruments as either deferred inflows or outflows of resources on the Authority's Statements of Net Position and includes changes in the fair value of an ineffective derivative instrument in earnings.

For fiscal year ended June 30, 2017, the balance for the swaps deemed to qualify for effective hedge accounting under GASB 53 was a net liability and corresponding deferred outflows of resources of \$24.7 million. It is a decrease of \$13.2 million from the liability balance of \$37.9 million at June 30, 2016.

For the swaps that were deemed ineffective derivative instruments under GASB 53, the changes were reported in the statements of revenues, expenses and changes in net position. The net liability balance for the ineffective derivative instruments at June 30, 2017 was \$14.1 million, a decrease of \$7.5 million from the liability balance of \$21.6 million at June 30, 2016.

For fiscal year ended June 30, 2016, the balance for the swaps deemed to qualify for effective hedge accounting under GASB 53 was a net liability and corresponding deferred outflows of resources of \$37.9 million. It is an increase of \$14.8 million from the liability balance of \$23.1 million at June 30, 2015.

For the swaps that were deemed ineffective derivative instruments under GASB 53, the changes were reported in the statements of revenues, expenses and changes in net position. The net liability balance for the ineffective derivative instruments at June 30, 2016 was \$21.6 million an increase of \$10.2 million from the liability balance of \$11.4 million at June 30, 2015.

Note 5 – Derivative Instruments

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, 2017, are included in the table on the following page. 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.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

	Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (in thousands)	Swap Termination Date	Counterparty Credit Rating*
MAG 2010-1 Swap (Barclays)	\$ 100,000	5/11/2010	SIFMA	80.4% of 3-month LIBOR	\$ (156)	7/1/2036	A-/A1/A
MAG 2010-2 Swap (RBC)	100,000	5/12/2010	SIFMA	81% of 3-month LIBOR	0	7/1/2036	AA-/A1/AA
MAG 2009-1 Swap (BNYMellon)	109,380	5/1/2012	3.125%	SIFMA	(14,999)	7/1/2036	AA-/Aa2/AA
MAG 2009-2 Swap (JPMorgan)	109,270	8/21/2012	3.139%	SIFMA	(15,159)	7/1/2036	A+/Aa3/AA-
MA 2007 Swap (J. Aron)	100,000	6/1/2018	1-month LIBOR	100% of 10-yr LIBOR CMS rate less .414%	1,171	9/15/2030	A+/Aa3/AA-
PNG 2007 Swap (JPMorgan)	<u>36,000</u>	5/1/2009	5.0475%	67% of 3-Month LIBOR plus 1.47%	<u>(9,704)</u>	11/1/2035	BBB+/A3/A
	<u>\$ 554,650</u>				<u>\$ (38,847)</u>		

* S&P/Moody's/Fitch ratings

- MAG 2010-1 Swap** – In May 2010, SCPPA executed \$100 million Securities Industry and Financial Markets Association Swap Index (SIFMA)/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-1. SCPPA pays the 6-month average of the weekly reset SIFMA Municipal Swap Index semi-annually on an Actual/Actual basis in exchange for receiving 80.4% of average 3-Month LIBOR, reset quarterly and paid semi-annually on an Actual/360 day basis. The swap expires on July 1, 2036.
- MAG 2010-2 Swap** – In May 2010, SCPPA executed \$100 million SIFMA/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-2. SCPPA pays the 6-month average of the weekly reset SIFMA Municipal Swap Index semi-annually on an Actual/Actual basis in exchange for receiving 81.0% of average 3-Month LIBOR, reset quarterly and paid semi-annually on an Actual/360 day basis. The swap expires on July 1, 2036.
- MAG 2009-1 Swap (restated/novated)** – This swap transaction amends the MAG 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 SIFMA on a notional amount of \$110.0 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 re-coupon the swaps, change the collateral posting requirements, and to move to uninsured swaps. In May 2012, the swap was novated to a new counterparty and the swap documents were amended to raise the collateral threshold.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

- **MAG 2009-2 Swap (amended/restated)** – This swap transaction amends the MAG 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 3.139% in exchange for receiving 100% of the SIFMA Index on a notional amount of \$109.9 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 re-coupon the swaps, change the collateral posting requirements, and to move to uninsured swaps. In August 2012, the swap documents were amended to raise the collateral threshold.
- **MA 2007 Swap (amended)** – In January 2007, the Authority entered into a Constant Maturity Swap (CMS) in connection with its outstanding Mead-Adelanto Project bonds. 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 one 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, 2011. As part of the novation, the credit terms of the existing swap agreements were 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.

In June 2010, the MA 2007 CMS Agreement was amended to extend the suspension period from November 1, 2011 to June 1, 2018. SCPPA received \$5 million as compensation for the suspension of the cash flows of the swap, which was deferred and is being amortized over the suspension term. The credit terms of the existing swap agreements remains unchanged.

- **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 three-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, 2035.

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 30-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 swaps became effective on July 1, 2008 and will all expire on September 30, 2035.

Fair value

The Authority reports its derivative instruments in accordance with GASB 53 and records its fair values in accordance with GASB 72 (See Note 6).

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.

Interest-rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of SCPPA's financial instruments or cash flows. SCPPA is exposed to interest-rate risk on its pay-fixed, receive variable interest rate swaps. As the LIBOR or the SIFMA swap index decreases, SCPPA's net payment on swaps increases. In addition, SCPPA is exposed to interest rate risk if the counterparty to the swap defaults or if the swap is terminated.

Market access risk

Market access risk is the risk that SCPPA will not be able to enter credit markets or that credit will become more costly. SCPPA's financial rating is tied to the credit strength of the major participants of the specific project for which each financial instrument is issued. SCPPA is also exposed to market access risks caused by disruptions in the municipal bond market.

Credit risk

As of June 30, 2017, the net fair values of the Authority's applicable swaps for which payments were made were negative for each counterparty except for the MA 2007 swap. 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.

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 MA 2007 Swaps; A/A2 for the PNG 2007 Commodity Swap; and A-/A3 for the MAG 2010-1, MAG 2010-2, MAG 2009-1, and MAG 2009-2. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

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 the counterparty, and the risk that both legs of a basis swap are not exactly equal. With the exception of the PNG 2007 Swap, the Authority bears basis risk on each of its swaps. The PNG 2007 Swap is 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 following is a summary of interest rates paid to and received from the counterparties as of June 30, 2017:

	MAG 2009-1 Swap	MAG 2009-2 Swap	MAG 2010-1 Swap	MAG 2010-2 Swap	PNG 2007 Swap
Payments to counterparty	3.125%	3.139%	0.803%	0.803%	5.048%
Less, variable payments from counterparty	0.803%	0.803%	0.923%	0.930%	1.170%
Net interest-rate swap payments	2.322%	2.336%	-0.120%	-0.127%	3.878%
Add, variable-rate bond coupon payments	0.860%	0.850%	N/A	N/A	1.170%
Synthetic interest rate on bonds	3.182%	3.186%	-0.120%	-0.127%	5.048%

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. 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.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

Rollover risk

Rollover risk is the risk that the swap contract is not co-terminus with the related bonds. In the event that this type of swap terminates, the Authority would be exposed to variable interest rates on the underlying bonds.

Swap payments and associated debt

Using rates as of June 30, 2017, 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.

Fiscal Year Ending June 30,	(amounts in thousands)			
	Variable-Rate Bonds		Interest-Rate Swaps, Net	Total
	Principal	Interest		
2018	\$ 785	\$ 2,156	\$ 5,621	\$ 7,777
2019	815	2,149	5,602	7,751
2020	850	2,142	5,582	7,724
2021	885	2,135	5,562	7,697
2022	920	2,127	5,540	7,667
2023–2027	97,635	9,614	24,988	34,602
2028–2032	119,855	6,850	17,899	24,749
2033–2037	267,055	3,294	8,904	12,198
	<u>\$ 488,800</u>	<u>\$ 30,467</u>	<u>\$ 79,698</u>	<u>\$ 110,165</u>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

The following table shows the changes in fair value of derivative instruments (amounts in thousands):

Description	June 30, 2016	Change in Fair Value	June 30, 2017
Assets			
Mead Adelanto – Derivative instruments	\$ 3,731	\$ (2,560)	\$ 1,171
	\$ 3,731	\$ (2,560)	\$ 1,171
Deferred outflows of resources			
Magnolia – Deferred outflows	\$ 24,797	\$ (9,798)	\$ 14,999
Prepaid Natural Gas – Deferred outflows	13,172	(3,468)	9,704
	\$ 37,969	\$ (13,266)	\$ 24,703
Liabilities			
Magnolia – Derivative instruments	\$ 50,241	\$ (19,927)	\$ 30,314
Prepaid Natural Gas – Derivative instruments	13,172	(3,468)	9,704
	\$ 63,413	\$ (23,395)	\$ 40,018

Note 6 – Fair Value Measurement

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for years beginning after June 15, 2015. This statement clarifies the definition of fair value, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. This statement establishes a three-level hierarchy to the valuation techniques used to measure fair value. Disclosure is required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

In accordance with GASB 72, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair Value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement (continued)

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different Levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The Authority's fair value measurements are performed on a recurring basis. Because investing is not a core part of the Authority's mission, the Authority determines that the disclosures related to these investments only need to be disaggregated by major type. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of SCPPA's swaps reflect the nonperformance risk of their client counterparty relating to that liability, and the nonperformance risk of the bank counterparty relating to that asset. The tables on pages 86 and 87 present fair value balances and their levels within the fair value hierarchy as of June 30, 2017 and 2016. The investment balances presented exclude amounts related to Government Money Market Funds and Guaranteed Investment Contracts.

Fair value of SCPPA's investments under GASB 72

Debt and other securities classified in Level 1 of the fair value hierarchy are valued through the evaluation of information obtained from live data sources, including active market makers and inter-dealer brokers and the use of prices quoted in active markets for those securities. Level 2 Securities are valued using a multi-dimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes.

Fair value of SCPPA's swaps under GASB 72

Fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of a given transaction. The expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement (continued)

The Authority has the following fair value measurements at June 30, 2017:

	Fair Value Using			
	June 30, 2017	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. government securities	\$ -	\$ -	\$ -	\$ -
U.S. agencies	833,697	-	833,697	-
Total debt securities	833,697	-	833,697	-
Other				
Commercial paper	21,472	-	21,472	-
Certificate of deposit	23,503	-	23,503	-
Corporate notes	1,988	-	1,988	-
Total other	46,963	-	46,963	-
Total investments by fair value level	<u>\$ 880,660</u>	<u>\$ -</u>	<u>\$ 880,660</u>	<u>\$ -</u>
Derivative instruments by fair value level				
Investment derivative	\$ (14,144)	\$ -	\$ (14,144)	\$ -
Effective hedge	(24,703)	-	(24,703)	-
Total derivative Instruments by fair value level	<u>\$ (38,847)</u>	<u>\$ -</u>	<u>\$ (38,847)</u>	<u>\$ -</u>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement (continued)

The Authority has the following fair value measurements at June 30, 2016:

	Fair Value Using			
	June 30, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. government securities	\$ 2,565	\$ 2,565	\$ -	\$ -
U.S. agencies	651,136	-	651,136	-
Total debt securities	653,701	2,565	651,136	-
Other				
Commercial paper	58,442	-	58,442	-
Certificate of deposit	25,908	-	25,908	-
Banker's acceptances	-	-	-	-
Total other	84,350	-	84,350	-
Total investments by fair value level	<u>\$ 738,051</u>	<u>\$ 2,565</u>	<u>\$ 735,486</u>	<u>\$ -</u>
Derivative instruments by fair value level				
Investment Derivative	\$ (21,712)	\$ -	\$ (21,712)	\$ -
Effective hedge	(37,969)	-	(37,969)	-
Total derivative Instruments by fair value level	<u>\$ (59,681)</u>	<u>\$ -</u>	<u>\$ (59,681)</u>	<u>\$ -</u>

Note 7 – Long-Term Debt

Long-term debt outstanding at June 30, 2017, consisted of “new money” bonds, refunding bonds, and subordinate refunding bonds due in varying annual amounts through July 1, 2040. 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 refunding and subordinate refunding bonds were issued to refund specified new money bonds.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

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 as follows:

- Southern Transmission System - 1992 Series A, 2008 Series A, 2009 Series A, 2011 Series A, 2012 Series A, 2013 Series A, 2015 Series A and B, portions of the 2015 Series C Subordinate Refunding bonds;
- Mead-Phoenix and Mead-Adelanto – portions of 2012 Series A and 2016 Series A Revenue bonds;
- Prepaid Natural Gas - 2007 Series A and B Revenue bonds;
- Canyon Power - 2010 Series A and 2016 Series A Refunding Revenue bonds;
- Milford I Wind - portions of the 2010-1 Revenue bonds;
- Milford II Wind - portions of the 2011-1 Revenue bonds;
- Linden Wind - portions of the 2010 Series A Revenue bonds; and
- Windy Point/Windy Flats - portions of the 2010-1 Revenue bonds.

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

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

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

	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind
Total long-term debt at June 30, 2016	\$ 12,410	\$ -	\$ 306,949	\$ 306,876	\$ 313,479	\$ 2,141	\$ 48,997	\$ 194,400	\$ 141,967	\$ 437,630	\$ 123,062
Total debt due within one year at June 30, 2016	12,030	21,345	11,470	6,735	9,375	2,030	870	9,175	5,795	20,145	3,820
Total debt at June 30, 2016	24,440	21,345	318,419	313,611	322,854	4,171	49,867	203,575	147,762	457,775	126,882
Principal payments	(12,030)	(21,345)	(11,470)	(6,735)	(9,375)	(2,030)	(870)	(9,175)	(5,795)	(20,145)	(3,820)
Revenue bonds issued	-	-	-	-	-	-	-	-	-	-	-
Bonds refunded/defeased	-	-	-	(191,009)	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	232,200	-	-	-	-	-	-	-
Change in unamortized premiums & discounts	-	-	(832)	(2,223)	(747)	(5)	(65)	(1,024)	(1,652)	(4,813)	(792)
Total debt at June 30, 2017	12,410	-	306,117	345,844	312,732	2,136	48,932	193,376	140,315	432,817	122,270
Total debt due within one year at June 30, 2017	(12,410)	-	(7,230)	(7,185)	(9,435)	(2,135)	(910)	(9,615)	(6,065)	(21,045)	(3,970)
Total long-term debt at June 30, 2017	\$ -	\$ -	\$ 298,887	\$ 338,659	\$ 303,297	\$ 1	\$ 48,022	\$ 183,761	\$ 134,250	\$ 411,772	\$ 118,300

	TRANSMISSION				NATURAL GAS		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto	Pinedale	Barnett	Prepaid Natural Gas	Total
Total long-term debt at June 30, 2016	\$ 603,434	\$ 50,656	\$ 112,098	\$ 20,240	\$ 47,570	\$ 303,858	\$ 3,025,767
Total debt due within one year at June 30, 2016	53,650	5,515	17,985	2,249	5,266	4,275	191,730
Total debt at June 30, 2016	657,084	56,171	130,083	22,489	52,836	308,133	3,217,497
Principal payments	(53,650)	(5,515)	(17,985)	(2,249)	(5,266)	(4,275)	(191,730)
Revenue bonds issued	-	-	-	-	-	-	-
Bonds refunded/defeased	(80,280)	-	-	-	-	-	(271,289)
Refunding bonds issued	67,010	-	-	-	-	-	299,210
Change in unamortized premiums & discounts	654	(1,134)	(3,228)	-	-	(245)	(16,106)
Total debt at June 30, 2017	590,818	49,522	108,870	20,240	47,570	303,613	3,037,582
Total debt due within one year at June 30, 2017	(54,315)	(6,850)	(19,820)	(1,980)	(4,640)	(4,605)	(172,210)
Total long-term debt at June 30, 2017	\$ 536,503	\$ 42,672	\$ 89,050	\$ 18,260	\$ 42,930	\$ 299,008	\$ 2,865,372

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Palo Verde Project

Debt consists of subordinate refunding series bonds with variable interest rates and final maturity occurring on July 1, 2017.

San Juan Project

Debt consists of refunding series bonds with final maturity on January 1, 2017.

On December 19, 2014, SCPPA issued \$42,935,000 of San Juan Unit 3 Power Project 2014 Series A Refunding Bonds. These fixed rate bonds were issued for the purpose of refunding the outstanding 2005 Refunding Series A bonds and to pay the costs of issuance related to the 2014 bonds. The transaction generated 7% or over \$4.96 million in net present value savings. The transaction resulted in a net loss for accounting purposes of approximately \$111,000.

Magnolia Power Project

Debt consists of revenue and refunding series bonds with variable and fixed interest rates between 3.125% and 5.00% with final maturities occurring in 2036.

Of the outstanding Magnolia Power Project Revenue Bonds, \$124 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.

Canyon Power Project

As of June 30, 2017, debt consists of revenue bonds with variable and fixed interest rates ranging from 2.00% to 5.00% and final maturity occurring in 2040.

Canyon Power Project Refunding Revenue Bonds – On April 13, 2016, SCPPA issued \$79,635,000 of tax-exempt Canyon Power Project 2016 Series A Refunding Bonds (the "2016 Series A Bonds"). These fixed rate bonds were issued to advance refund certain maturities of the outstanding CPP 2010 Series A Bonds and to pay the costs of issuance relating to the 2016 Series A Bonds. The refunding transaction generated a net present value savings of \$4.2 million, a combined true interest cost of 2.53% and an average life of 7.981 years. This transaction resulted in a net loss for accounting purposes of \$6.4 million.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

On January 26, 2017, SCPPA issued \$232,200,000 of Canyon Power Project 2017 Series A Refunding Bonds (the “2017 Series A Bonds”). These bonds were issued for the purpose of refunding the outstanding CPP 2010 Refunding Series B Revenue Bonds (the 2010 “BABs” Bonds) and to pay the costs of issuance relating to the 2017 Series A Bonds. As such, the refunding resulted in the termination of the BABs subsidy from the US Treasury. The refunding transaction was accomplished through a direct purchase index floater from Bank of America for a term of three years, bearing interest at a rate of 70% of 1-month LIBOR plus 55 basis points.

Apex Power Project

Debt consists of revenue bonds with fixed interest rates between 1.145% and 5.00% and final maturity occurring in 2038.

Hoover Upgrading Project

Debt consists of refunding series bonds with fixed interest rates of 5.25% and a final maturity occurring on October 1, 2017.

Tieton Hydropower Project

As of June 30, 2017, debt consists of revenue bonds with fixed interest rates between 4.507% and 5.798% and a final maturity occurring in 2040.

Milford I Wind Project

As of June 30, 2017, debt consists of revenue bonds with fixed interest rates ranging from 3.50% to 5.00% and final maturity occurring in 2030.

Milford II Wind Project

As of June 30, 2017, debt consists of revenue bonds with fixed interest rates ranging from 4.00% to 5.25% and final maturity occurring in 2031.

Linden Wind Energy Project

As of June 30, 2017, debt consists of revenue bonds with fixed interest rates between 5.00% and 5.92% and final maturity occurring in 2035.

Linden Wind Energy Project Revenue Bonds – On September 28, 2010, SCPPA issued \$138.3 million of the Linden Wind Energy Project Revenue Bonds, consisting of \$96.8 million of 2010 Series A Tax Exempt Bonds and \$41.5 million of the Series B Taxable Build America Bonds, together the 2010 Bonds.

The 2010 Series B Bonds were issued as Build America Bonds that are “qualified bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. The interest on these bonds will not be excluded from gross income for federal income purposes, but will be exempt from the State of California personal income taxes. As such, the Authority receives a cash subsidy from the United States Treasury up to 35% of the interest payable on the 2010 Series B Bonds which is applied to offset the interest costs of the 2010 Series B Bonds.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Southern Transmission System Project

Debt consists of refunding and subordinate refunding series bonds with fixed interest rates ranging from 0.847% to 6.125% and final maturities occurring in 2027.

STS Project Refunding Bonds – On March 4, 2015, SCPA issued \$84,640,000 Transmission Project Revenue Bonds, 2015 Subordinate Refunding Series A and \$28,925,000 Subordinate Series B (Taxable Bonds), together the \$113,565,000 2015 A&B bonds. These fixed rate bonds were issued to redeem all of the outstanding \$102,000,000 Transmission Project Subordinate Refunding Bonds, 2000 Series A; to terminate the 2000 Swap/Swaption; and to pay the costs of issuance of the STS 2015 A&B bonds. The refunding transaction generated a net present value savings of \$954,453. This transaction resulted in a net loss for accounting purposes of \$31.5 million.

In addition, on March 25, 2015, SCPA issued \$116,535,000 Transmission Project Revenue Bonds, 2015 Subordinate Refunding Series C Bonds. These fixed rate bonds were issued to advance refund all of the outstanding \$125,000,000 Transmission Project Subordinate Refunding Bonds, 2008 Series B and to pay the costs of issuance of the STS 2015 Series C bonds. The refunding transaction generated a net present value savings of approximately \$20.7 million. This transaction resulted in a net loss for accounting purposes of \$20.8 million.

On March 14, 2017, SCPA successfully closed \$67,010,000 of tax-exempt Southern Transmission Project 2017 Series A Refunding Bonds (the “2017 Series A Bonds”). These fixed rate bonds were issued to advance refund a portion of the outstanding STS 2009 Refunding Series A, and to pay the cost of issuance relating to the 2017 Series A Bonds. The transaction exceeded savings targets set by the STS Participants, generating a net present value savings of \$7.9 million, and an escrow efficiency of 90%. This transaction resulted in a net loss for accounting purposes of \$9.9 million.

Windy Point/Windy Flats Project

As of June 30, 2017, debt consists of revenue bonds with fixed interest rates between 3.00% and 5.00% and final maturity occurring in 2030.

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 2.81% and 5.00% with final maturities occurring in 2030.

Mead Phoenix (LADWP)/Mead Adelanto (LADWP) Revenue Bonds – On May 25, 2016, SCPA issued \$27,415,000 of Mead-Adelanto Project, Authority Interest (LADWP) 2016 Series A Revenue Bonds and \$22,610,000 of Mead-Phoenix Project, Authority Interest (LADWP) 2016 Series A Revenue Bonds in an aggregate principal amount of \$50,025,000, together the “2016 Series A Bonds”. These tax-exempt fixed rate bonds were issued to provide funds to pay the costs of acquisition of an additional ownership interest in the Mead-Adelanto and Mead-Phoenix Projects. The 2016 Series A Bonds were priced at a combined true interest cost of 1.98% and an average life of 8.336 years.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Natural Gas Projects

Debt consists of revenue bonds with fixed interest rates ranging from 5.03% to 6.03% and final maturities occurring in 2032.

Prepaid Natural Gas Project

Debt consists of revenue bonds with variable and fixed interest rates ranging from 5.00% to 5.25% and final maturity occurring in 2035.

Premiums / Discounts

Unamortized premiums and discounts, net, which are included in the statements of net position as a component of long-term debt, are as follows (amounts in thousands):

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Unamortized (Premium) Discount, Net	June 30, 2017 (Premium) Discount
Magnolia Power Project	\$ (2,042)
Canyon Power Project	(12,003)
Apex Power Project	(12,582)
Hoover Uprating Project	(1)
Tieton Hydropower Project	(972)
Milford I Wind Project	(6,176)
Milford II Wind Project	(8,745)
Windy Point Project	(25,577)
Linden Wind Energy Project	(4,260)
Southern Transmission System Project	(50,097)
Mead-Phoenix Project	(4,732)
Mead-Adelanto Project	(8,346)
Prepaid Natural Gas Project No. 1	(2,348)
	\$ (137,881)
Unamortized (Premium) Discount, Net	June 30, 2016 (Premium) Discount
Magnolia Power Project	\$ (2,874)
Canyon Power Project	(14,226)
Apex Power Project	(13,329)
Hoover Uprating Project	(6)
Tieton Hydropower Project	(1,037)
Milford I Wind Project	(7,200)
Milford II Wind Project	(10,397)
Windy Point Project	(30,390)
Linden Wind Energy Project	(5,052)
Southern Transmission System Project	(49,443)
Mead-Phoenix Project	(5,866)
Mead-Adelanto Project	(11,574)
Prepaid Natural Gas Project No. 1	(2,593)
	\$ (153,987)

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

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.

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, 2017 and 2016, \$478.1 million and \$511.6 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 on the following page. The variable rates used for the PV 2008 Subordinate Refunding Series A and B Bonds were both 0.890%. The variable rates used for the MAG 2009-1 and MAG 2009-2 were 0.860% and 0.850%, respectively. All of the preceding variable rates were the rates at June 30, 2017. 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 7 – Long-Term Debt (continued)

Future principal and interest payments are as follows (amounts in thousands):

FISCAL YEAR	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	
2018 Principal	\$ 12,410	\$ -	\$ 7,230	\$ 7,185	\$ 9,435	\$ 2,135	\$ 910	\$ 9,615	\$ 6,065	\$ 21,045	
2018 Interest	155	-	10,242	9,924	12,453	56	2,429	9,022	6,646	19,513	
2019 Principal	-	-	7,560	7,540	9,545	-	950	10,085	6,370	22,020	
2019 Interest	-	-	9,903	9,981	12,316	-	2,385	8,545	6,346	18,515	
2020 Principal	-	-	7,925	7,835	9,710	-	1,000	10,570	6,665	23,040	
2020 Interest	-	-	9,539	9,656	12,128	-	2,336	8,040	6,030	17,462	
2021 Principal	-	-	8,305	10,275	9,920	-	1,050	11,090	7,000	24,125	
2021 Interest	-	-	9,151	9,251	11,892	-	2,284	7,508	5,691	16,362	
2022 Principal	-	-	8,715	10,750	10,185	-	1,105	11,635	7,345	25,240	
2022 Interest	-	-	8,745	8,781	11,609	-	2,226	6,955	5,335	15,186	
2023 - 2027 Principal	-	-	55,885	60,875	56,180	-	8,230	67,285	42,820	146,230	
2023 - 2027 Interest	-	-	38,172	36,049	52,531	-	9,958	25,407	20,368	55,345	
2028 - 2032 Principal	-	-	72,515	73,235	68,165	-	8,840	66,920	55,305	145,540	
2028 - 2032 Interest	-	-	27,691	23,224	40,032	-	7,617	6,894	7,555	14,997	
2033 - 2037 Principal	-	-	135,940	82,750	86,195	-	11,280	-	-	-	
2033 - 2037 Interest	-	-	14,097	13,750	21,399	-	5,114	-	-	-	
2038 - 2042 Principal	-	-	-	73,396	40,815	-	14,595	-	-	-	
2038 - 2042 Interest	-	-	-	3,538	2,066	-	1,747	-	-	-	
Principal	\$ 12,410	\$ -	\$ 304,075	\$ 333,841	\$ 300,150	\$ 2,135	\$ 47,960	\$ 187,200	\$ 131,570	\$ 407,240	
Interest	\$ 155	\$ -	\$ 127,540	\$ 124,154	\$ 176,426	\$ 56	\$ 36,096	\$ 72,371	\$ 57,971	\$ 157,380	

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

FISCAL YEAR	TRANSMISSION			NATURAL GAS			Total
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto	Pinedale	Barnett	Prepaid Natural Gas	
2018 Principal	\$ 54,315	\$ 6,850	\$ 19,820	\$ 1,980	\$ 4,640	\$ 4,605	\$ 172,210
2018 Interest	23,578	1,740	4,359	1,104	2,596	15,228	125,130
2019 Principal	56,100	7,185	20,705	1,770	4,150	5,385	163,535
2019 Interest	21,557	1,471	3,381	1,003	2,357	14,978	118,641
2020 Principal	49,005	7,365	21,565	1,627	3,818	6,445	160,905
2020 Interest	19,014	1,214	2,347	907	2,134	14,675	111,193
2021 Principal	61,315	5,990	17,110	1,522	3,573	7,725	173,555
2021 Interest	16,664	949	1,441	819	1,926	14,303	103,752
2022 Principal	79,310	1,415	1,695	1,427	3,353	8,940	175,850
2022 Interest	13,643	798	1,024	736	1,732	13,865	95,943
2023 - 2027 Principal	209,390	8,035	9,840	6,058	14,242	64,265	776,745
2023 - 2027 Interest	28,496	2,997	3,725	2,584	6,097	60,530	364,941
2028 - 2032 Principal	31,286	7,950	9,789	4,948	11,652	109,220	700,345
2028 - 2032 Interest	731	819	1,009	988	2,331	38,440	187,212
2033 - 2037 Principal	-	-	-	908	2,142	94,680	447,750
2033 - 2037 Interest	-	-	-	27	64	8,440	66,995
2038 - 2042 Principal	-	-	-	-	-	-	128,806
2038 - 2042 Interest	-	-	-	-	-	-	7,351
Principal	\$ 540,721	\$ 44,790	\$ 100,524	\$ 20,240	\$ 47,570	\$ 301,265	\$ 2,899,701
Interest	\$ 123,683	\$ 9,988	\$ 17,286	\$ 8,168	\$ 19,237	\$ 180,459	\$ 1,181,158

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 8 – Notes Payable and Other Liabilities

Notes payable and other liabilities consist mainly of Palo Verde participants' overbillings from prior periods; an allowance for future major maintenance expenses for the Magnolia Power Project; swap-related transaction fees received in the Mead Adelanto Project; and the Authority's net pension liability. The notes payable held in the Palo Verde Project were invested in a guaranteed investment contract (GIC) that matured in June 2017.

The three-year suspension of the Mead Adelanto 2007 CMS (the CMS Swap) in November 2008 netted a compensation of \$4.1 million. In June 2010, the suspension was extended to June 2018 for a net compensation of \$5.0 million. The total deferred balance of the CMS Swap is \$0.6 million as of June 30, 2017. (See Note 5).

Notes payable and other liabilities rollforward (amounts in thousands):

Description	June 30, 2016	Additions	Payments/ Amortization	Amortization of Surplus Fund	June 30, 2017
PV prior year overbillings	\$ 7,047	\$ -	\$ (7,443)	\$ 396	\$ -
MPP major maintenance	17,797	3,709	(7,349)	-	14,157
Mead Adelanto 2007 Swap suspension	1,220	-	(628)	-	592
Net pension liability	1,011	253	-	-	1,264
	<u>\$ 27,075</u>	<u>\$ 3,962</u>	<u>\$ (15,420)</u>	<u>\$ 396</u>	<u>\$ 16,013</u>

Note 9 – Advances from Participants

Advances from participants consist mainly of billings to participants related to acquisition, capital drilling, inventory and working capital reserves 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, and are for their share of operating costs and capital expenditures pursuant to their respective Agency Agreements.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 9 – Advances from Participants (continued)

Advances from participants' rollforward (amounts in thousands):

Description	June 30, 2016	Activity	June 30, 2017
San Juan advances from participants	\$ 23,346	\$ (3,392)	\$ 19,954
Magnolia advances from participants	27,106	(844)	26,262
Canyon Power advances from participants	2,225	(595)	1,630
Apex advances from participants	-	1,451	1,451
Tieton advances from participants	202	-	202
Milford I advances from participants	250	-	250
Milford II advances from participants	250	-	250
Windy Point advances from participants	1,000	-	1,000
Linden Wind Energy advances from participants	2,004	-	2,004
NG Pinedale advances from participants	21,470	411	21,881
NG Barnett advances from participants	9,060	150	9,210
Ormat advances from participants	857	525	1,382
MWD advances from participants	500	-	500
Ameresco advances from participants	400	-	400
PDF advances from participants	2,797	(2,292)	505
SCPPA Building advances from participants	2,509	(911)	1,598
Don A. Campbell/ Wild Rose advances from participants	1,629	(669)	960
Columbia 2 Solar advances from participants	405	-	405
Don A. Campbell 2 advances from participants	400	560	960
Kingbird Solar advances from participants	404	(233)	171
Heber 1 advances from participants	400	-	400
Springbok 1 Solar advances from participants	-	2,000	2,000
Springbok 2 Solar advances from participants	-	2,000	2,000
Summer Solar advances from participants	-	600	600
Astoria 2 Solar advances from participants	-	800	800
Antelope Big Sky Ranch advances from participants	-	300	300
Antelope DSR 1 advances from participants	-	900	900
Antelope DSR 2 advances from participants	-	90	90
Puente Hills advances from participants	-	420	420
	<u>\$ 97,214</u>	<u>\$ 1,271</u>	<u>\$ 98,485</u>

Note 10 – Net Position

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 Position. 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 10 – Net Position (continued)

Net position is comprised of the following (in thousands):

	June 30, 2015	Fiscal Year 2016 Activity	June 30, 2016	Fiscal Year 2017 Activity	June 30, 2017
GAAP items not included in billings to participants					
Depreciation of plant	\$ (1,726,920)	\$ (106,526)	\$ (1,833,446)	\$ (108,708)	\$ (1,942,154)
Nuclear fuel amortization	(5,860)	-	(5,860)	-	(5,860)
Decommissioning expense	(235,367)	(21,214)	(256,581)	(27,381)	(283,962)
Amortization of bond discount, debt issue costs, and loss on refundings	(815,585)	7,277	(808,308)	6,573	(801,735)
Interest expense	(54,895)	(5)	(54,900)	-	(54,900)
Loss on defeasance of bonds	(85,827)	-	(85,827)	(1,682)	(87,509)
Derivatives and related charges	(11,148)	(10,238)	(21,386)	7,569	(13,817)
Pension expense	(730)	(85)	(815)	(243)	(1,058)
Bond requirements included in billings to participants					
Operations and maintenance, net of investment income	19,136	(50,643)	(31,507)	(30,607)	(62,114)
Costs of acquisition of capacity	3,413	(1,519)	1,894	(1,630)	264
Billings to amortize costs recoverable	382,050	-	382,050	-	382,050
Reduction in debt service billings due to transfer of excess funds	(90,020)	(3,863)	(93,883)	(660)	(94,543)
Principal repayments	2,129,948	191,761	2,321,709	182,747	2,504,456
Withdrawal of funds	(24,821)	-	(24,821)	-	(24,821)
Other	300,588	14,520	315,108	(46,544)	268,564
	(216,038)	19,465	(196,573)	(20,566)	(217,139)
Projects' Stabilization Fund net position	156,587	(8,965)	147,622	(13,681)	133,941
	<u>\$ (59,451)</u>	<u>\$ 10,500</u>	<u>\$ (48,951)</u>	<u>\$ (34,247)</u>	<u>\$ (83,198)</u>

Note 11 – Pension Plans

Plan descriptions

All qualified permanent and probationary employees are eligible to participate in SCPPA's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and SCPPA resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension Plans (continued)

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.5%
Required employer contribution rates	19.6%	6.7%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SCPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plans were \$229,160.

Pension liabilities, pension expenses and deferred outflows / inflows of resources related to pensions

As of June 30, 2017, SCPA reported a net pension liability of \$1,263,624 for its proportionate share of the net pension liability. SCPA's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. SCPA's proportion of the net pension liability was based on a projection of SCPA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. SCPA's proportionate share of the net pension liability for the Plans was 0.03779% and 0.03604% as of the June 30, 2016 and 2015 measurement dates, respectively.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension Plans (continued)

For the year ended June 30, 2017, SCPPA recognized pension expense of \$293,832. At June 30, 2017, SCPPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 229,160	\$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	100,280	-
Differences between actual and expected experience	8,975	-
Changes in assumptions	-	(84,908)
Net differences between projected and actual earnings on plan investments	441,917	(2,056)
Total	<u>\$ 780,331</u>	<u>\$ (86,964)</u>

\$229,160 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

For the Period Ended June 30,	\$ 21,231
2018	69,668
2019	238,563
2020	134,745
2021	<u>464,207</u>
	<u>\$ 464,207</u>

Southern California Public Power Authority Notes to Combined Financial Statements

Note 11 – Pension Plans (continued)

Actuarial assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry -Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
	Derived using CalPERS' Membership Data
Mortality	

(1) Net pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount rate

The discount rate used to measure the total pension liability was 7.65% for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension Plans (continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Southern California Public Power Authority Notes to Combined Financial Statements

Note 11 – Pension Plans (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents SCPPA's proportionate share of the net pension liability for the Plans, calculated using the discount rate for each Plan, as well as what SCPPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$ 2,045,274
Current Discount Rate	7.65%
Net Pension Liability	\$ 1,263,624
1% Increase	8.65%
Net Pension Liability	\$ 707,407

Pension plan fiduciary net position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the pension plan

At June 30, 2017, SCPPA did not have an outstanding amount of contributions payable to the pension plan for the year ended June 30, 2017.

Note 12 – Commitments and Contingencies

Public benefits

The members continue to collect the public benefit charge through existing rate structures and have instituted programs to benefit their customers including conservation and energy efficiency programs, public educational programs, research and development, and low income rate subsidies, totaling a combined \$2.0 billion since their inception in 1997. The decisions on how these funds are allocated are made by the local governing authority, in most cases this is the city council.

Executive action and state legislation

A number of bills affecting the electric industry have been introduced or enacted by the California Legislature. In general, these bills regulate greenhouse gas emissions and provide for greater investment in energy efficiency and environmentally friendly generation and storage alternatives through more stringent renewable resource portfolio standard requirements. The following is a brief summary of certain of these bills that have been enacted:

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

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 emission 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 EPA 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. In addition, Executive Order S-06-06 directs the State of California to meet a 20% biomass utilization target within the renewable generation targets of 2010 and 2020 for the contribution to greenhouse gas emission reduction. Executive Order B-30-15 was issued on April 29, 2015 setting a new interim statewide greenhouse gas emissions reduction target to 40% below 1990 levels by 2030 to ensure achieving the 2050 emissions reduction target. The interim goal was since incorporated into pending legislation, SB 32 (Pavley), currently being considered in the California State Assembly.

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 an annual mandatory reporting program for all investor-owned utilities (IOUs), local publicly-owned electric utilities (“POUs”), and other load-serving utilities (electric utilities providing energy to end-use customers) 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. CARB adopted a “scoping plan” to reduce greenhouse gas emissions which included a mixed approach of market structures, regulation, fees and voluntary measures. The scoping plan included a cap-and-trade system that covers 85% of all California greenhouse gas emissions. In August 2011, CARB revised the scoping plan in response to litigation. The revised scoping plan continued to include a cap-and-trade program. The scoping plan is required to be updated every five years and the updated scoping plan was approved on May 22, 2014.

On October 20, 2011, CARB adopted a regulation, which was approved on December 13, 2011, implementing a cap-and-trade system. The cap-and-trade regulation became effective on January 1, 2012, and emission compliance obligations under the cap-and-trade regulation began on January 1, 2013. The cap-and-trade program is the largest of its type in the United States and covers sources accounting for 85% of California’s greenhouse gas emissions.

The cap-and-trade program is being implemented in phases. The first phase of the program was implemented from January 1, 2013 to December 31, 2014 and introduced a hard emissions cap that covered emissions from electricity generators, electricity importers, and large industrial sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases (CDE) per year.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

In 2015, the program was expanded to cover emissions from transportation fuels, natural gas, propane, and other fossil fuels. The cap will decline each year until the end of the program, which is currently scheduled for December 2020 unless otherwise extended.

The cap-and-trade program includes the distribution of carbon allowances equal to the annual emissions cap. Each allowance is equal to one metric ton of CDE. Initially, as part of the transition process, most of the carbon allowances were distributed for free. Quarterly auctions for additional allowances began in November 2012. IOUs, as well as POUs that sell electricity into the ISO markets (including some Project Participants), will be required to auction their allowances. They will then need to purchase allowances to meet their compliance obligations, and use the remaining from the sale of their allocated allowances for the benefit of their rate payers.

On January 1, 2014, the California cap and trade program was linked to the equivalent program in Quebec, Canada, as part of the Western Climate Initiative. The Western Climate Initiative is a regional effort consisting of California and four Canadian provinces (Quebec, British Columbia, Ontario, and Manitoba), which have established a greenhouse gas reduction trading framework.

On April 25, 2014, CARB adopted various changes to the cap-and-trade program, including provisions relating to the electricity sector such as “safe harbor” provisions under the “resource shuffling” prohibition. These changes became effective on July 1, 2014.

On July 12, 2016, CARB released proposed amendments to the cap-and-trade program to extend major provisions of the program to 2030. Four stated objectives were identified by CARB for the proposed amendments: (i) to extend the program beyond 2020; (ii) to improve programmatic efficiencies (including for auctions and data reporting); (iii) to incorporate updates to better reflect the latest technical data on global warming potential and experiences with other emissions trading programs; and (iv) to maintain the environmental and market integrity of California's program. Under the proposed amendments, the linkage of California's cap-and-trade program to the equivalent Quebec cap-and-trade system would continue, and a new linkage with the province of Ontario would be established beginning in 2018.

On December 21, 2016, CARB released certain modifications to the text of the proposed amendments. Subsequently, on April 13, 2017, CARB announced a substantially revised post-2020 cap-and-trade proposal that included significantly more favorable allowance allocations to utilities; the methodology proposed removing the “cap adjustment factor” for electric utilities along with other programmatic improvements for utilities. The amendments to the cap-and-trade program were approved by CARB on July 27, 2017 and filed with the OAL on August 4, 2017. The OAL has until September 18, 2017 to make a determination for approval.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

While CARB was moving forward in developing regulations for the program beyond 2020, a decision was released by the California Third District Court of Appeal in a long-running lawsuit, first filed by the California Chamber of Commerce in 2012, which sought review of the constitutionality of the State of California's sale of allowances in the cap-and-trade auctions, alleging that the system constituted an illegal business tax since the legislation authorizing cap-and-trade (the GWSA) was not passed with a two-thirds supermajority vote of the California Legislature. The Third District Court of Appeal released its decision on April 6, 2017, ruling in favor of CARB and upholding the program. The California State Supreme Court denied the petitioners' appeal of the appellate court's decision on June 28, 2017.

On July 17, 2017, the California State Legislature passed Assembly Bill 398 ("AB 398"), extending the cap-and-trade program. AB 398 extends the cap-and-trade program until 2030 and continues the distribution of free carbon allowances for certain industrial sectors. Under AB 398, CARB will set a ceiling on the price of allowances in the auctions. In conjunction with the passage of AB 398, the California State Legislature also passed Assembly Bill 617 ("AB 617") creating a new community air monitoring program. AB 617 requires new monitoring protocols of criteria pollutants at existing sources located in or near disadvantaged communities. AB 398 was signed into law on July 25, 2017 and AB 617 was signed into law on July 26, 2017.

The Authority and the Project Participants are unable to predict at this time the full impact of the cap-and-trade program on the Project Participants' respective electric utilities or on the electric utility industry in general. However, the Project Participants could be adversely affected if the carbon emissions of their respective resource portfolios are in excess of the allowances administratively allocated to them, and they are required to purchase allowances on the market to cover their emissions.

Emissions performance standards

Senate Bill 1368 (SB 1368) became effective as law on January 1, 2007. It provides for an emission performance standard, restricting new investments in baseload fossil fuel electric generating resources that exceed the rate of greenhouse gas emissions for existing combined-cycle natural gas baseload generation. SB 1368 allows the California Energy Commission (CEC) to establish a regulatory framework to enforce the greenhouse gas emission performance standard for POUs such as the Project Participants. In January 2012, the CEC initiated a review of these regulations to ensure there is adequate review of investments in facilities that do not meet the emission performance standard.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

On March 19, 2014, the CEC issued its Final Conclusions in the EPS proceeding. The CEC proposed to expand the public notice requirement so that a publicly-owned utility would have to post a notice of a public meeting at which its governing board would consider any expenditures over \$2.5 million to meet environmental regulatory requirements at a non-EPS compliant baseload facility. The CEC further proposed to require each POU to file an annual notice identifying all investments over \$2.5 million that it anticipates making during the subsequent 12 months on non-EPS compliant baseload facilities to comply with environmental regulatory requirements. This requirement would be waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. The CEC did not propose to lower the EPS. Further, by letter from the CPUC to the CEC, the CPUC expressed its view that the EPS not be lowered.

A final regulatory package was unanimously adopted at the CEC's June 18, 2014 business meeting. The adopted regulations had limited changes to the proposed POU reporting requirements. CEC staff has also since confirmed that the \$2.5 million threshold applies to an individual investment by each utility – not the combined investment of all participants in a project. These changes and any future changes to the EPS regulations may impact Authority members.

Energy procurement and efficiency reporting

Senate Bill 1037, which was signed into law on September 29, 2005, requires that each POU, including the Project 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, then report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. Each Project Participant has complied with such reporting requirements.

Assembly Bill 2021, signed on September 29, 2006, requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets every three years for a ten-year horizon since 2007. A subsequent bill has changed the time interval for establishing annual targets to every four years. Each of the Project Participants has complied with this reporting requirement.

Assembly Bill 802, signed into law on October 8, 2015 allows savings, in conjunction with the established targets for reduction, to bring buildings up to code to count (rather than only “above code” savings to count) towards energy efficiency and demand reduction targets while setting new benchmarking requirements for California utilities.

Pending legislation in the California State Legislature, most notably AB 1330 (Bloom), would set individual utility energy efficiency procurement targets.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Renewable Portfolio Standard (RPS)

Senate Bill X1 2 (SBX1 2), the “California Renewable Energy Resources Act,” was signed into law on April 12, 2011. SBX1 2 codifies the RPS target for retail electricity sellers to serve 33% of their loads with eligible renewable energy resources by 2020 as provided in Executive Order S-14-08. As enacted, SBX 1 2 makes the requirements of the RPS program applicable to POU. The governing boards of POU are responsible for implementing the requirements, rather than the CPUC, as in the case of the IOUs, and each POU is required to adopt and implement a renewable energy resources procurement plan. The plan must require the utility to procure a minimum quantity of electricity product from eligible renewable energy resources, including renewable energy certificates (“RECs”), as a specified percentage of total kilowatt hours sold to the utility’s retail end-use customers to achieve specific targets. Certain enforcement authority with respect to POU is given to the CEC and CARB is given the authority to impose penalties.

SBX1 2 grandfathers any facility approved by the governing board of a POU prior to June 1, 2010 for procurement to satisfy renewable energy procurement obligations adopted under prior law if the facility is a “renewable electrical generation facility” as defined in the bill (subject to certain restrictions). The CEC has developed detailed rules to implement SBX1 2 and on June 12, 2013, the CEC adopted regulations for the enforcement of the RPS program requirements for POU.

In connection with the implementation of SBX1 2, the CEC is responsible for certifying the electric generation facilities as “eligible renewable energy resources” for purposes of the RPS program and has adopted guidelines for this purpose that identifies the requirements, conditions and process for certification of facilities as eligible renewable energy resources. These guidelines are revised periodically including to reflect changes in statute and market conditions and were most recently updated on June 10, 2015. Certain amendments to the RPS Enforcement Procedure regulations were approved by the CEC on October 14, 2015 that clarify and expand certain eligibility definitions. The current guidelines identify bio-methane as an eligible renewable energy resource. Under these guidelines adopted on April 30, 2013, utilities that procure bio-methane were required to reapply for certification of the generating facilities that use bio-methane.

On January 5, 2015, Governor Jerry Brown proposed three major climate goals to be completed within the next 15 years: 1) increase 33% to 50% California’s electricity derived from renewables; 2) reduce current petroleum use in cars and trucks by up to 50%; and 3) increase by 50% the efficiency of existing buildings and make heating fuels cleaner. A number of bills were subsequently introduced in the State Legislature that, if adopted, would, among other things, implement the climate goals announced by the Governor. As expected, the proposed bills would increase the State’s Renewables Portfolio Standard from 33% to 50% (SB 350 (de Leon) and AB 645 (Williams)). The Authority and the Project Participants are unable to predict the outcome or potential impacts of any possible legislation at this time.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Clean Energy and Pollution Reduction Act of 2015 – SB 350, the Clean Energy and Pollution Reduction Act of 2015, was signed into law on October 7, 2015. SB 350, as enacted, establishes an RPS target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POUs, including certain interim targets. It requires each seller to provide a renewable energy procurement plan on an annual basis, and to file an integrated resource plan (IRP), and a schedule for periodic updates to the plan, for approval. The governing body of the POU is responsible for adopting the IRP, subject to review by the CEC, which can recommend modifications to correct any shortcomings. The CEC adopted an order instituting a new rulemaking proceeding on January 13, 2016 to implement the RPS and IRP provisions of SB 350.

SB 350 specifically requires the CPUC to identify a “balanced portfolio of resources” to ensure “reliability” and “optimal integration” of renewables, and requires that utilities include in their procurement plans a “strategy for procuring best-fit and least cost resources” to meet the portfolio needs that CPUC identifies.

SB 350 further requires the CEC to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030. The CPUC is required to establish energy efficiency targets for electrical and gas corporations consistent with this goal, and specifies programs that may be used to achieve the goal. POUs are required to establish annual targets for energy efficiency savings and demand reduction consistent with the goal and to report those targets to the CEC every four years for the next 10-year period. The bill provides guidance as to what measures qualify and requires an evaluation of feasibility and cost effectiveness in setting annual targets for those savings. SB 350 also requires the CEC to adopt a responsible contractor policy and establish consumer protection guidelines.

SB 350 requires the ISO to prepare proposed governance modifications to facilitate the transformation of the ISO into a regional organization but provides that such governance modifications will not take effect prior to completion of a specified process for review and study of the impacts of a regional market and the enactment by the Legislature of future legislation implementing the proposed governance changes by 2019.

A delay was announced in presenting a legislative proposal in August 2016 to provide for more stakeholder and public review of the study results and potential governance structure.

In October 2016, the ISO released a revised set of proposed principles for regional governance of the ISO. The principles, if approved, could then be incorporated into state legislation that, if enacted, would provide for the proposed changes to the ISO governance structure necessary prior to any transformation of the ISO to a regional organization.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

In addition, in furtherance of the potential transformation of the ISO into a regional organization, the ISO and PacifiCorp undertook a study of the feasibility, costs and benefits of full participation by PacifiCorp in the ISO. Approval from the California Legislature and Governor for the ISO to become a regional organization as described above would be required before full integration of the PacifiCorp and ISO balancing authority areas could occur.

The California State Legislature is currently considering legislation, Senate Bill 100, which would accelerate the State's RPS target as established by SB 350 and set a 100% "clean energy" goal by the year 2045.

Solar power

Senate Bill 1 (also known as the California Solar Initiative), which was signed into law on August 21, 2006, requires POUs, including the Project Participants, to establish a program supporting the stated goal of the legislation to install 3,000 MW of photovoltaic energy in California. POUs are also required to establish eligibility criteria in collaboration with the CEC for the funding of solar energy systems receiving ratepayer-funded incentives. Certain reporting requirements also have to be met by the POUs. Each of the Project Participants has established programs in accordance with the requirements of the California Solar Initiative.

The electric industry is subject to continuing legislative and administrative reforms. States routinely consider changes to the way they regulate the electric industry. Historically, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. While there is no current proposal to further the industry, there still are additional regulations or legislative mandates being proposed or considered for the industry such as higher reliance on renewable energy and tighter regulations for greenhouse gas emission reductions. The Authority and the Project Participants are unable to predict at this time the impact any such proposals will have on the operations and finances of the Project Participant's electric utility or the electric utility industry generally.

The effect of these developments in the California energy markets on the Project Participants cannot be fully ascertained at this time. 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 Project Participant's financial condition. Each Project Participant undertakes resource planning, risk management activities, and manages its resource portfolio to mitigate such price volatility and spot market rate exposure.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Federal policy on cybersecurity

Executive Order “Improving Critical Infrastructure Security” was issued on February 13, 2013. Among other things, the Executive Order calls for improved information sharing and processing of security clearances for owners and operators of critical infrastructures. It also required the development of a framework (“Framework”), led by the National Institute of Standards and Technology), to reduce cyber risks to critical infrastructure.

The Executive Order could result in substantive changes to policy, regulatory, and compliance issues that will affect the electric industry. The Authority and the Project Participants will continue to monitor this issue in order to help ensure that the Framework continues to recognize the existing cybersecurity efforts in the electric sector, and does not undermine them by creating duplicative or inconsistent processes.

The “Cybersecurity Information Sharing Act of 2015” was signed into law on December 18, 2015. It creates an industry-supported, voluntary cybersecurity information sharing program that will encourage both public and private sector entities to share cyber-related threat information.

Federal energy legislation

Under the federal Energy Policy Act of 2005 (EPAAct 2005), FERC was given refund authority over municipal utilities if they sell into short-term markets, like the ISO markets, and sell eight million MWhs or more of electric energy on an annual basis. In addition, FERC was given authority over the behavior of market participants, where it can impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or transmission service. The EPAAct 2005 authorized FERC to issue permits to construct or modify transmission facilities located in a national interest electric transmission corridor if FERC determines that the statutory conditions are met. EPAAct 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.

NERC reliability standards

EPAAct 2005 required FERC to certify an ERO to develop mandatory and enforceable reliability standards, subject to FERC review and approval. On February 3, 2006, FERC issued Order 672, which certified the North American Electric Reliability Corporation (NERC) as the ERO. Many reliability standards have since been approved by FERC. Such standards pertain not only to the planning, operations, and maintenance of Bulk-Power System facilities, but also to the cyber and physical security of certain critical facilities.

FERC Order 693 further provided ERO and Regional Entities (entities to which NERC has delegated enforcement authority through an agreement approved by FERC) with the discretion to calculate a penalty without collecting the penalty if circumstances warrant.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Federal regulation of transmission access

EPAAct 2005 authorizes FERC to compel “open access” to the transmission systems of certain utilities that are not generally regulated by FERC, including municipal utilities if the utility sells more than four million MWhs of electricity per year. Under open access, a transmission provider must allow all customers to use the system under standardized rates, terms and conditions of service.

FERC Order No. 888 requires the provision of open access transmission services on a nondiscriminatory basis by all “jurisdictional utilities” (which, by definition, does not include municipal entities like the Project Participants) by requiring all such utilities to file Open Access Transmission Tariffs (“OATTs”). Order No. 888 also requires “non-jurisdictional utilities” (which, by definition, does include the Project Participants) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the non-jurisdictional utility provides itself.

On February 16, 2007, FERC issued Order 890, which concluded that reform of its pro forma OATT was necessary to reduce the potential for undue discrimination and provide clarity in the obligations of transmission providers and customers.

On July 21, 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Under EPAAct 2005, FERC may not require municipal utilities to join regional transmission organizations, in which participating utilities allow an independent entity to oversee operation of the utilities’ transmission facilities. FERC has stated, however, that FERC expects such utilities to participate in the regional processes for transmission planning and that FERC will pursue associated complaints against such utilities on a case-by-case basis.

Other legislation

Congress has considered and is considering numerous bills addressing domestic energy policies and various environmental matters, including bills relating to energy supplies and development (such as a federal energy efficiency standard and expedited permitting for natural gas drilling projects), global warming, and water quality. Many of these bills, if enacted into law, could have a material impact on the Authority, the Project Participants, and the electric utility industry in general. The Authority and the Project Participants are unable to predict the outcome or potential impacts of any possible legislation at this time.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Environmental issues

Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. There is no assurance that any Authority or Project Participant facility or project will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations, or will always be able to obtain all required operating permits. In addition, the election of new administrations, including the President of the United States, could impact substantially the current environmental standards and regulations and other matters described herein. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Greenhouse gas regulations under the Clean Air Act

The United States Environmental Protection Agency (the “EPA”) has taken steps to regulate greenhouse gas emissions under existing law. In 2009, the EPA issued a final “endangerment finding,” in which it declared that the weight of scientific evidence requires a finding that six identified greenhouse gases, namely, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride, cause global warming, and that global warming endangers public health and welfare. The final rule for the “endangerment finding” was published in the Federal Register on December 15, 2009. As a result of this finding, the EPA considered it was authorized to issue regulations limiting carbon dioxide emissions from, among other things, stationary sources such as electric generating facilities, under the federal Clean Air Act.

The “Tailoring Rule,” published in the Federal Register on June 3, 2010, states that greenhouse gas emissions will be regulated from large stationary sources, including electric generating facilities, if the sources emit more than the specified threshold levels of tons per year of carbon dioxide.

Large sources, with the potential to emit in excess of the applicable threshold, will be subject to the major source permitting requirements under the Clean Air Act, including the EPA’s Prevention of Significant Deterioration (“PSD”) and its Title V operating permit program. Permits would be required in order to construct, modify, and operate facilities exceeding the emissions threshold. The endangerment finding and the Tailoring Rule have been challenged in court, but were upheld on June 26, 2012. The appealed petition for rehearing was denied on December 2012. In October 2013 several petitions for review relating to these findings were consolidated in a United States Supreme Court case and on June 23, 2014 the Court issued its decision on the US EPA’s Tailoring Rule. The decision invalidated substantial portions of the Tailoring Rule, governing when PSD and Title V permitting would be triggered, while preserving various aspects of the EPA’s ability to regulate greenhouse gas emissions from most major new sources.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Pursuant to a December 23, 2010 settlement agreement, the EPA proposed on April 13, 2012 to establish New Source Performance Standards limiting carbon dioxide emissions from fossil-fuel fired electric generating units. In response to a June 25, 2013 Presidential Memorandum, the EPA rescinded the April 13, 2012 proposal and re-proposed standards that they stated would apply only to new facilities, not reconstructed or modified facilities. The EPA is required by the Presidential Memorandum to propose by June 1, 2014, and finalize by June 1, 2015, standards, regulations, or guidelines that address carbon pollution from modified, reconstructed and existing power plants.

On June 2, 2014, the EPA released its “Clean Power Plan” proposal for both existing and modified or reconstructed power plants as contemplated by a Presidential Memorandum. The proposed rule is designed to reduce carbon (CO₂) emissions from the power sector by 30% on average nationwide by 2030, as compared to 2012 levels. Under the proposal, the EPA will set different interim (2024) and final (2030) emissions targets for each state based on overall CO₂ emissions and the amount of electricity generated in the state. It was proposed that state emission targets may be met in a combination of ways, including through a “Best System of Emissions Reduction,” which may include coal plant efficiency upgrades, switching from coal to natural gas, and by improving energy efficiency or promoting renewable energy. In the event a state fails to develop a satisfactory implementation plan, the EPA may impose a federal implementation plan instead.

On August 3, 2015, the EPA announced the final version of the Clean Power Plan for existing power plants, effective December 22, 2015. The EPA further released its final new source performance standards for emissions of carbon dioxide for newly constructed, modified, and reconstructed power plants effective October 23, 2015.

A number of lawsuits have been filed challenging final rules and seeking to prevent the EPA from moving forward to implement the Clean Power Plan. The Authority and the Project Participants are unable to predict the outcome of these challenges to the EPA’s endangerment finding and subsequent rulemaking or the effect that any final rules promulgated by the EPA regulating greenhouse gas emissions from electric generating units and other stationary sources would have on the Authority’s projects or the Project Participants and their respective electric systems.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

National Ambient Air Quality Standards

The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards (NAAQS) for certain air pollutants. Once NAAQS have been established, each state must identify areas that do not meet the EPA standard (“non-attainment areas”) and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an “attainment area”. A proposal to lower the NAAQS for ozone was submitted and withdrawn and the EPA resumed the process of issuing non-attainment designations for the ozone NAAQS under the standard set in 2008. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions. On May 29, 2013, the EPA proposed a rule to implement the 2008 ozone NAAQ and solicited public comments on the proposal. On October, 2015, the EPA issued its final rule, lowering the ozone standard to 70 parts per billion. The final rule was published in the Federal Register on October 6, 2015 and became effective on December 28, 2015. Legal challenges have been filed by several states and industry groups.

Mercury and Air Toxic Standards (“MATS”)

On December 16, 2011, the EPA signed a rule establishing new standards to reduce air pollution from coal- and oil-fired power plants under sections 111 (new source performance standards) and 112 (toxics program) of the Clean Air Act. The EPA updated the MATS emission limits on November 30, 2012 and again on March 28, 2013 and is currently reconsidering certain aspects of the regulation. Power plants have up to four years to meet these standards. While many plants meet some or all of these new standards, some plants will be required to install new equipment to meet the standards. The Supreme Court has since remanded the rulemaking back to a lower court because the EPA misinterpreted Clean Air Act Section 112 when it failed to consider compliance costs in regulating mercury from power plants. The EPA issued a final finding on April 14, 2016. The Project Participants purchase power from coal-fired power stations that may be affected by these new rules, and may be exposed to increased costs. In April 2017 the D.C. appellate court was requested to delay oral arguments that were to be held in May 2017 challenging the MATS rule. In the event the MATS standards are ultimately upheld, the Project Participants that purchase power from coal-fired power stations may be exposed to increased costs.

Other proposals

The EPA released its final rule relating to the Coal Combustion Residuals (CCR) such as ash on December 19, 2014, adopting the industry-preferred alternative regulation classifying CCRs as nonhazardous solid waste. The definition of “CCR landfill” now includes “coal” (so other non-coal mines that receive utility coal ash may qualify as CCR landfills), and clarifies that when groundwater contamination from an unlined CCR surface impoundment exceeds an applicable water standard, the owner/operator may choose to retrofit the unit instead of closing it. Congress is considering legislation that would make further refinements to the rule. The legislation was signed into law on December 16, 2016.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

On May 16, 2014, the EPA released a final regulation on Cooling Water Intake Structures at certain existing power plants. The regulation was established in order to reduce the number of fish and other aquatic organisms that are trapped against intake screens or drawn into the generating unit; the regulation became effective on October 14, 2014 and is expected to increase the cost of power the Project Participants purchase from certain fossil fuel-fired units.

On June 7, 2013, the EPA proposed setting technology-based effluent limitations guidelines and standards for metals and other pollutants in wastewater discharged from steam electric power plants. The EPA is also considering best management practices for surface impoundments containing CCRs. On September 30, 2015, the EPA announced its final Steam Electric Effluent Limitation Guidelines to update the federal limits on toxic metals in discharge wastewater. On June 6, 2017, the new Administration announced that it was postponing certain compliance dates in the effluent limitation guidelines and standards for the new, more stringent steam electric point source category under the Clean Water Act until EPA completes reconsideration of the 2015 Rule; the new rulemaking is currently ongoing. The regulation could increase the cost of power that the Project Participants purchase from steam electric power plants.

Other factors

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. Such factors, including those discussed above, could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The Authority is unable to predict what impact such factors will have on the business operations and financial condition of its members but the impact could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the 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. DOE collected a fee of 0.1 cents/kwh of electric generation from the nuclear plant operators to fund the development and operation of the disposal facility.

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 the 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, and delays in submitting the construction application to the NRC, the operation date of the repository was pushed back several times.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

In June 2008, the DOE submitted to the NRC a license application to construct the repository. In 2009, the federal government, under the new administration, decided to cut off all the appropriated funds for the development of the repository at the Yucca Mountain, at the urging of the Congress, except a small budget allocation for the closing of the project.

The DOE subsequently submitted a request to the NRC to withdraw the license application. The withdrawal request was denied by the NRC due to a lack of valid reasons. Concurrently, an independent commission was formed by the DOE to find a solution for the nuclear waste disposition that would include Yucca Mountain among the different options. There are questions among utilities, as well as public utility commissions nationwide, about the continued collection of disposal fees by the DOE for the Nuclear Waste Fund recognizing that there is a lack of spent fuel disposal policy from the federal government. After further contest by the Public Utility Commissions of several states as well as the nuclear operators, the DOE suspended the collection of the 0.1 cents/kwh nuclear waste fee effective May 16, 2014.

The Palo Verde Operating Agent, on behalf of the co-owners, has litigated the DOE to recover the costs of storing spent fuel at Palo Verde because the DOE failed to honor the contract to remove and dispose of spent fuel as scheduled. In 2010, the federal court ruled in favor of Palo Verde and granted a compensation of \$30.2 million which covered costs incurred up to 2006. The Authority's share of the settlement was \$1.8 million. Palo Verde continues to pursue cost recovery through the DOE as additional spent fuel related expenses are accumulated for the continued operation of the plant. In 2012, Palo Verde filed a claim of \$59 million for costs associated with the storage of spent fuel at the plant site for the period 2007-2011.

Settlement was reached with the DOE for \$57.4 million of which the Authority's share is expected at \$3.4 million. As of June 30, 2017, the Authority has received total payments amounting to \$3.9 million for its share of the settlement with the DOE.

The spent fuel storage in the wet pool at Palo Verde exhausted its capacity in 2003. A Dry Cask Storage Facility (the Facility), also called the Independent Spent Fuel Storage Installation (ISFSI), 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 include 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 Palo Verde plant until 2027. To date, over 152 casks, each containing 24 spent fuel assemblies were placed in the Facility. The original plan called for the annual transfer of about 240 fuel assemblies from the wet pool to the Facility. In the aftermath of the nuclear incident at Fukushima Daiichi Nuclear Station in Japan, following the strong earthquake and subsequent tsunami in 2011, Palo Verde decided to accelerate its campaign to transfer spent fuel from the spent fuel pool to the Facility to relieve the congestion within the pool. Beginning in 2018, PVNGS is expected to use the newly designed "Magnastor" casks that contain 36 spent fuel assemblies allowing the dry cask storage facility to accept more spent fuel. The new cask design is currently in fabrication. Storing spent fuel at Palo Verde is now considered indefinite with undetermined costs until spent fuel is removed from the plant site.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

The Senate Energy and Natural Resources Committee is currently considering bipartisan legislation to address both interim and long-term spent fuel storage. The bill sponsors include California's Senator Dianne Feinstein.

The Department of Energy indicated to nuclear operators that it intends to restart collection of the spent fuel disposal fee in the year 2020. The plant still intends to continue petitioning for reimbursement for the indefinite future.

Nuclear insurance

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities share in the payment for liability claims resulting from a nuclear incident. The Act limits liability from third-party claims to approximately \$13.4 billion per incident. Participants in the Palo Verde Nuclear Generating Station (PVNGS) currently insure potential claims and liability through commercial insurance with a \$450 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 \$127.3 million per operating reactor for each licensee (there are about 102 operating reactors in the U.S.) for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$26.9 million per reactor, per incident, per year to be indexed for inflation every five years. Based on the Authority's 5.91% interest in Palo Verde, the Authority would be responsible for a maximum assessment of \$22.6 million per incident for all three units, limited to payments of \$4.5 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 \$2.75 million.

Other commitments

The major capital projects that are currently in progress include the cyber security upgrade, digital upgrade of the Generex generator excitation system, the life extension of the Water Reclamation Facility's circulating water intake structures, the spray pond concrete replacement, the Nuclear Administrative and Technical Manual replacement. These, along with other regulatory plant modifications, are currently estimated at \$235 million which translates to approximately \$13.9 million for the Authority. Also anticipated in the long-range plan are \$240 million (\$14.2 million for the Authority) worth of capital projects which include the cooling tower life extension, upgrades to the high-pressure turbines and electro-hydraulic controls, the replacement of the reactor coolant pumps, Control Element Drive Mechanism Control System (CEDMCS), plant cooling water pipelines, the Site Work Management System (SWMS), and main generator stator rewinds for each unit.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

In response to the nuclear event in Fukushima, Japan, the NRC has required PVNGS to implement the following: increase the redundancy in its power supply to emergency cooling systems, reinforce its spent fuel pool, accelerate the transfer of spent fuel from the pool to the dry cask storage, add pipelines and associated equipment necessary for supplying additional cooling water to the reactors, and upgrade the communication and control system to allow remote access to the plant. To date, the station has purchased additional diesel generators, pumps, hoses, fire trucks and stages at the plant site. It also has access to other emergency equipment stored by the nuclear industry in two facilities in Memphis, Tennessee and Phoenix, Arizona. In addition to these, Palo Verde allotted approximately \$82 million (approximately \$4.8 million for the Authority) for Fukushima initiatives which include fuel building modifications, an emergency equipment storage facility, temporary power connections, seismic and flood hazards validation, and corresponding mitigating strategies, among several others. All Fukushima upgrade-related activities were successfully implemented by the end of 2016. Additional NRC-mandated requirements are anticipated but the costs associated with these future projects are unknown at this time.

As a result of, among other things, the anticipated costs of environmental compliance at SJGS and the California laws that may limit the ability of SCPA to enter into certain life extension projects for coal-fired power plants, including SJGS, the authority and other SJGS owners entered discussions with respect to the restructuring of their respective rights and obligations in the Project. A proposal including the shutdown of Units 2 and 3 by December 2017 and the California owners possibly exiting the project was finally approved by the EPA on October 9, 2014 and the EPA rule became effective November 10, 2014. The owners continued to meet to negotiate terms to allow the California owners to exit the project and after extensive mediated negotiations, five related agreements (SJGS Restructuring Agreements) were reached that restructured the ownership of the San Juan Project and addressed other related issues. On July 16, 2015, the Authority's Board of Directors approved the SJGS Restructuring Agreements which facilitated the Authority's divestiture of its ownership interest in the SJGS on or about December 31, 2017. (See Notes 1 and 2).

Other legal matters

Claims and a lawsuit for damages have been filed with the Authority, Intermountain Power Authority (the IPA), and LADWP seeking in excess of \$500 million in 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 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. Phase 1 of the trial, limited to the owners of six dairies, began on September 30, 2013, but after 20 trial days ended in a mistrial. The plaintiffs then filed a motion for a change of venue, which the trial court denied. Plaintiffs appealed that ruling to the Utah Court of Appeals and the Utah Supreme Court, both of which affirmed the trial court's decision.

The case is back in the trial court, which has set a new trial date for March 13, 2017. In April 2017, the parties entered into a final settlement agreement, the terms of which present no material financial impact on the Authority. As a result, an outcome adverse to the Authority is now highly remote.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

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.

Note 13 – Subsequent Events

Ormat Northern Nevada Geothermal Portfolio Project

The Authority, on behalf of LADWP, entered into a power purchase agreement for 150 MW of generating capacity. The anticipated start for deliveries of energy under the power purchase agreement is December 31, 2017. The agreement is expected to expire on December 31, 2043.

Ormesa Geothermal Complex Energy Project

The Authority, on behalf of LADWP and IID, entered into a power purchase agreement for 58 MW of generating capacity. The anticipated start for deliveries of energy under the power purchase agreement is January 1, 2018. The agreement is expected to expire on January 1, 2043.

Springbok 3 Solar Farm Project

The Authority, on behalf of LADWP, entered into a power purchase agreement for 85 MW of generating capacity. The commercial operation date is currently expected to be January 31, 2019, in which case the agreement will expire on January 30, 2046, unless a one-time three year extension is exercised.

San Juan Project

On July 20, 2017, the SCPPA Board of Directors approved Resolution No. 2017-073 authorizing the final closing of San Juan Unit 3 on December 31, 2017. To complete the divestiture of SCPPA's SJGS ownership under the Restructuring Agreement, SCPPA is required to execute nine agreements (collectively called SJGS Divestiture Agreements) prior to the closing of Units 2 and 3, terminating some related agreements, and approving the basic template for the decommissioning trust fund agreements which are required between each Owner and their respective trustees. The SJGS Divestiture Agreements facilitate the Authority's divestiture of its ownership interest in the SJGS and do not commit the Authority to a project with potentially significant impact on the environment.

Magnolia Power Project A, Refunding Revenue Bonds 2009-1

On August 2, 2017, SCPPA successfully extended the US Bank Letter of Credit (LOC) and converted the Magnolia 2009-1 Variable Rate Demand Obligations from weekly to daily mode. The LOC was extended for three years at a fee of 40.0 basis points per annum. The new LOC expires on July 31, 2020.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 13 – Subsequent Events (continued)

Magnolia Power Project A, Refunding Revenue Bonds 2009-2

On August 17, 2017, the SCPA Board of Directors approved Resolution No. 2017-077 authorizing the conversion of the existing Magnolia 2009-2 bonds from weekly interest rate period to a term interest rate period. The 2009-2 bonds are currently secured in part by an LOC that will terminate on January 14, 2018, unless extended. The members believe that the costs relating to the bonds will be reduced by not extending the LOC, and refund the Magnolia 2009-2 bonds by the issuance of the Magnolia 2017-1 Refunding Bonds, having an initial fixed rate for three years.

On August 30, 2017, SCPA successfully priced the Magnolia Power Project A Refunding Revenue Bonds, Series 2017-1 (Mandatory Put Bonds) with \$44 million of the swap notional was terminated and the remainder of the swap was successfully reversed. The expected closing is on September 22, 2017.

Required Supplementary Information

Southern California Public Power Authority
Schedule of Proportionate Share of the Net Pension Liability
as of June 30, 2017
Last Ten Years*

	2017	2016
Proportion of the net pension liability	0.03779%	0.03604%
Proportionate share of the net pension liability	\$ 1,263,624	\$ 1,010,974
Covered - employee payroll	\$ 2,373,992	\$ 2,258,941
Proportionate Share of the net pension liability as percentage of covered-employee payroll	53.23%	44.75%
Plan's fiduciary net position	\$ 24,705,532	\$ 24,907,306
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.32%

Notes to Schedule

Changes in assumptions

In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

Southern California Public Power Authority
Schedule of Contributions
as of June 30, 2017
Last Ten Years*

	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 251,133	\$ 265,844
Contributions in relation to the actuarially determined contribution	<u>(229,160)</u>	<u>(278,896)</u>
Contribution deficiency (excess)	<u>\$ 21,973</u>	<u>\$ (13,052)</u>
Covered-employee payroll	\$ 2,373,992	\$ 2,258,941
Contributions as a percentage of covered-employee payroll	10.58%	11.77%

Notes to Schedule

Valuation date: 6/30/2015 6/30/2014

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

Supplemental Information

Southern California Public Power Authority
Power Purchase Agreements
Combining Statements of Net Position
June 30, 2017
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS																			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	Totals
ASSETS																			
Noncurrent assets																			
Investments – unrestricted	\$ -	\$ -	\$ 3,187	\$ -	\$ -	\$ 6,987	\$ -	\$ 4,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,373
Total noncurrent assets	-	-	3,187	-	-	6,987	-	4,199	-	-	-	-	-	-	-	-	-	-	14,373
Current assets																			
Cash and cash equivalents – unrestricted	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168	5,368	1,372	2,941	993	2,899	259	3,362	38,616
Interest receivable	-	-	-	-	-	2	-	-	-	-	-	1	-	-	-	-	-	-	3
Accounts receivable	2,022	-	-	9	997	378	88	-	128	875	2,295	-	121	-	109	273	29	11	7,335
Prepaid and other assets	4	2	6	2	5	13	3	12	3	30	3	3	-	-	-	-	-	-	86
Total current assets	2,057	719	3,022	704	1,839	5,403	1,082	6,124	1,155	1,728	4,466	5,372	1,493	2,941	1,102	3,172	288	3,373	46,040
Total assets	\$ 2,057	\$ 719	\$ 6,209	\$ 704	\$ 1,839	\$ 12,390	\$ 1,082	\$ 10,323	\$ 1,155	\$ 1,728	\$ 4,466	\$ 5,372	\$ 1,493	\$ 2,941	\$ 1,102	\$ 3,172	\$ 288	\$ 3,373	\$ 60,413
LIABILITIES																			
Current liabilities																			
Advances from participants due within one year	\$ 1,382	\$ 500	\$ -	\$ 400	\$ 960	\$ -	\$ 405	\$ 400	\$ 171	\$ 960	\$ 2,000	\$ 2,000	\$ 600	\$ 800	\$ 300	\$ 900	\$ 90	\$ 420	\$ 12,288
Accounts payable and accruals	675	219	6,204	304	878	12,379	677	9,911	984	768	2,466	3,372	893	2,141	802	2,272	198	2,953	48,096
Total current liabilities	2,057	719	6,204	704	1,838	12,379	1,082	10,311	1,155	1,728	4,466	5,372	1,493	2,941	1,102	3,172	288	3,373	60,384
Total liabilities	2,057	719	6,204	704	1,838	12,379	1,082	10,311	1,155	1,728	4,466	5,372	1,493	2,941	1,102	3,172	288	3,373	60,384
NET POSITION																			
Unrestricted	-	-	5	-	1	11	-	12	-	-	-	-	-	-	-	-	-	-	29
Total net position	-	-	5	-	1	11	-	12	-	-	-	-	-	-	-	-	-	-	29
Total liabilities and net position	\$ 2,057	\$ 719	\$ 6,209	\$ 704	\$ 1,839	\$ 12,390	\$ 1,082	\$ 10,323	\$ 1,155	\$ 1,728	\$ 4,466	\$ 5,372	\$ 1,493	\$ 2,941	\$ 1,102	\$ 3,172	\$ 288	\$ 3,373	\$ 60,413

Southern California Public Power Authority
Power Purchase Agreements
Combining Statements of Net Position
June 30, 2016
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										Totals
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	
ASSETS											
Noncurrent assets											
Investments – unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,988	\$ -	\$ -	\$ -	\$ -	\$ 8,988
Total noncurrent assets	-	-	-	-	-	8,988	-	-	-	-	8,988
Current assets											
Cash and cash equivalents – unrestricted	601	1,735	3,821	615	123	14,753	1,014	5,615	732	1,297	30,306
Interest receivable	-	-	1	-	-	1	-	-	-	-	2
Accounts receivable	695	-	-	47	2,597	-	58	-	142	-	3,539
Prepaid and other assets	5	3	4	3	5	30	17	-	-	77	144
Total current assets	1,301	1,738	3,826	665	2,725	14,784	1,089	5,615	874	1,374	33,991
Total assets	\$ 1,301	\$ 1,738	\$ 3,826	\$ 665	\$ 2,725	\$ 23,772	\$ 1,089	\$ 5,615	\$ 874	\$ 1,374	\$ 42,979
LIABILITIES											
Current liabilities											
Advances from participants due within one year	\$ 857	\$ 500	\$ -	\$ 400	\$ 1,629	\$ -	\$ 405	\$ 400	\$ 404	\$ 400	\$ 4,995
Accounts payable and accruals	444	1,238	3,826	265	1,095	23,761	684	5,215	470	974	37,972
Total current liabilities	1,301	1,738	3,826	665	2,724	23,761	1,089	5,615	874	1,374	42,967
Total liabilities	1,301	1,738	3,826	665	2,724	23,761	1,089	5,615	874	1,374	42,967
NET POSITION											
Unrestricted	-	-	-	-	1	11	-	-	-	-	12
Total net position	-	-	-	-	1	11	-	-	-	-	12
Total liabilities and net position	\$ 1,301	\$ 1,738	\$ 3,826	\$ 665	\$ 2,725	\$ 23,772	\$ 1,089	\$ 5,615	\$ 874	\$ 1,374	\$ 42,979

Southern California Public Power Authority
Power Purchase Agreements
Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2017
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS																				
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia Solar 2	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	Totals	
Operating revenues																				
Sales of electric energy	\$ 10,434	\$ 3,073	\$ 19,172	\$ 3,333	\$ 16,657	\$ 58,230	\$ 4,091	\$ 25,029	\$ 5,414	\$ 13,763	\$ 30,184	\$ 22,658	\$ 4,573	\$ 5,990	\$ 4,208	\$ 5,005	\$ 599	\$ 13,324	\$ 245,737	
Total operating revenues	10,434	3,073	19,172	3,333	16,657	58,230	4,091	25,029	5,414	13,763	30,184	22,658	4,573	5,990	4,208	5,005	599	13,324	245,737	
Operating expenses																				
Operations and maintenance	10,434	3,073	19,191	3,333	16,663	58,304	4,091	25,056	5,414	13,769	30,197	22,678	4,883	5,990	4,208	5,210	623	13,324	246,441	
Total operating expenses	10,434	3,073	19,191	3,333	16,663	58,304	4,091	25,056	5,414	13,769	30,197	22,678	4,883	5,990	4,208	5,210	623	13,324	246,441	
Operating income (loss)	-	-	(19)	-	(6)	(74)	-	(27)	-	(6)	(13)	(20)	(310)	-	-	(205)	(24)	-	(704)	
Non operating revenues (expenses)																				
Investment and other income	-	-	24	-	6	74	-	39	-	6	13	20	310	-	-	205	24	-	721	
Net non operating revenues (expenses)	-	-	24	-	6	74	-	39	-	6	13	20	310	-	-	205	24	-	721	
Change in net position	-	-	5	-	-	-	-	12	-	-	-	-	-	-	-	-	-	-	17	
Net position – beginning of year	-	-	-	-	1	11	-	-	-	-	-	-	-	-	-	-	-	-	12	
Net position – end of year	\$ -	\$ -	\$ 5	\$ -	\$ 1	\$ 11	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	

Southern California Public Power Authority
Power Purchase Agreements
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2016
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia Solar 2	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Totals
Operating revenues											
Sales of electric energy	\$ 8,987	\$ 2,150	\$ 21,652	\$ 3,239	\$ 16,865	\$ 58,602	\$ 4,228	\$ 15,466	\$ 343	\$ 11,850	\$ 143,382
Total operating revenues	8,987	2,150	21,652	3,239	16,865	58,602	4,228	15,466	343	11,850	143,382
Operating expenses											
Operations and maintenance	8,988	2,151	21,658	3,239	16,866	58,644	4,228	15,470	1,410	11,852	144,506
Total operating expenses	8,988	2,151	21,658	3,239	16,866	58,644	4,228	15,470	1,410	11,852	144,506
Operating income (loss)	(1)	(1)	(6)	-	(1)	(42)	-	(4)	(1,067)	(2)	(1,124)
Non operating revenues (expenses)											
Investment and other income	1	1	6	-	2	53	-	4	1,067	2	1,136
Net non operating revenues (expenses)	1	1	6	-	2	53	-	4	1,067	2	1,136
Change in net position	-	-	-	-	1	11	-	-	-	-	12
Net position – beginning of year	-	-	-	-	-	-	-	-	-	-	-
Net position – end of year	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 12

Southern California Public Power Authority
Power Purchase Agreements
Statement of Cash Flows
June 30, 2017
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS																				
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	Totals	
Cash flows from operating activities																				
Receipts from participants	\$ 9,107	\$ 2,162	\$ 21,580	\$ 3,371	\$ 18,737	\$ 46,095	\$ 2,174	\$ 29,672	\$ 3,064	\$ 13,358	\$ 29,889	\$ 25,089	\$ 3,133	\$ 5,541	\$ 2,884	\$ 5,074	\$ 1,228	\$ 9,397	\$ 231,555	
Receipts from sale of oil and gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to operating managers	(10,203)	(3,180)	(19,222)	(3,292)	(18,028)	(57,907)	(3,112)	(25,023)	(3,873)	(13,840)	(35,938)	(19,741)	(3,088)	(2,600)	(2,637)	(3,141)	(1,080)	(6,035)	(231,940)	
Other disbursements and receipts	1	-	1	(1)	1	(4)	915	9	1,101	3	8,203	-	1,017	-	746	966	111	-	13,069	
Net cash flows from operating activities	(1,095)	(1,018)	2,359	78	710	(11,816)	(23)	4,658	292	(479)	2,154	5,348	1,062	2,941	993	2,899	259	3,362	12,684	
Cash flows from noncapital financing activities																				
Advances (withdrawals) by participants, net	525	-	-	-	-	-	-	-	-	-	-	-	310	-	-	-	-	-	-	835
Cash flows from investing activities																				
Interest received on investments	-	-	18	-	4	44	-	23	-	5	14	20	-	-	-	-	-	-	128	
Purchases of investments	-	-	(3,182)	-	-	(11,971)	-	(7,184)	-	-	-	-	-	-	-	-	-	-	(22,337)	
Proceeds from sale/maturity of investments	-	-	-	-	-	14,000	-	3,000	-	-	-	-	-	-	-	-	-	-	17,000	
Net cash provided by (used for) investing activities	-	-	(3,164)	-	4	2,073	-	(4,161)	-	5	14	20	-	-	-	-	-	-	(5,209)	
Net increase (decrease) in cash and cash equivalents	(570)	(1,018)	(805)	78	714	(9,743)	(23)	497	292	(474)	2,168	5,368	1,372	2,941	993	2,899	259	3,362	8,310	
Cash and cash equivalents, beginning of year	601	1,735	3,821	615	123	14,753	1,014	5,615	732	1,297	-	-	-	-	-	-	-	-	30,306	
Cash and cash equivalents, end of year	\$ 31	\$ 717	\$ 3,016	\$ 693	\$ 837	\$ 5,010	\$ 991	\$ 6,112	\$ 1,024	\$ 823	\$ 2,168	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 38,616	
Reconciliation of operating income (loss) to net cash provided by operating activities																				
Operating income (loss)	\$ -	\$ -	\$ (19)	\$ -	\$ (6)	\$ (74)	\$ -	\$ (27)	\$ -	\$ (6)	\$ (13)	\$ (20)	\$ (310)	\$ -	\$ -	\$ (205)	\$ (24)	\$ -	\$ (704)	
Changes in assets and liabilities																				
Accounts receivable	(1,327)	-	-	39	1,600	(378)	(30)	-	14	(874)	(2,295)	-	(121)	-	(109)	(273)	(29)	(11)	(3,794)	
Accounts payable and accruals	232	(1,019)	2,378	39	(685)	(11,382)	(6)	4,697	281	354	4,466	5,373	1,493	2,941	1,102	3,377	312	3,373	17,126	
Other	-	1	-	-	1	18	13	(12)	(3)	47	(4)	(5)	-	-	-	-	-	-	56	
Net cash provided by operating activities	\$ (1,095)	\$ (1,018)	\$ 2,359	\$ 78	\$ 710	\$ (11,816)	\$ (23)	\$ 4,658	\$ 292	\$ (479)	\$ 2,154	\$ 5,348	\$ 1,062	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 12,684	
Cash and cash equivalents as stated in the Combined Statements of Net Position																				
Cash and cash equivalents – restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents – unrestricted	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168	5,368	1,372	2,941	993	2,899	259	3,362	38,616	
	\$ 31	\$ 717	\$ 3,016	\$ 693	\$ 837	\$ 5,010	\$ 991	\$ 6,112	\$ 1,024	\$ 823	\$ 2,168	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 38,616	

Southern California Public Power Authority
Power Purchase Agreements
Statement of Cash Flows
June 30, 2016
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Totals
Cash flows from operating activities											
Receipts from participants	\$ 8,418	\$ 2,659	\$ 21,773	\$ 2,636	\$ 12,476	\$ 60,655	\$ 1,514	\$ 18,978	\$ 1,178	\$ 12,340	\$ 142,627
Receipts from sale of oil and gas	-	-	-	-	-	-	-	-	-	-	-
Payments to operating managers	(9,637)	(2,265)	(21,718)	(3,441)	(16,873)	(63,954)	(3,440)	(13,367)	(1,721)	(11,045)	(147,461)
Other disbursements and receipts	2	1	(2)	2	-	12	1,055	-	208	-	1,278
Net cash flows from operating activities	(1,217)	395	53	(803)	(4,397)	(3,287)	(871)	5,611	(335)	1,295	(3,556)
Cash flows from noncapital financing activities											
Advances (withdrawals) by participants, net	-	-	-	-	1,149	-	-	-	1,067	-	2,216
Cash flows from investing activities											
Interest received on investments	1	1	7	-	2	26	-	4	-	2	43
Purchases of investments	-	-	-	-	-	(23,968)	-	-	-	-	(23,968)
Proceeds from sale/maturity of investments	-	-	1,000	-	-	25,000	-	-	-	-	26,000
Net cash provided by (used for) investing activities	1	1	1,007	-	2	1,058	-	4	-	2	2,075
Net increase (decrease) in cash and cash equivalents	(1,216)	396	1,060	(803)	(3,246)	(2,229)	(871)	5,615	732	1,297	735
Cash and cash equivalents, beginning of year	1,817	1,339	2,761	1,418	3,369	16,982	1,885	-	-	-	29,571
Cash and cash equivalents, end of year	\$ 601	\$ 1,735	\$ 3,821	\$ 615	\$ 123	\$ 14,753	\$ 1,014	\$ 5,615	\$ 732	\$ 1,297	\$ 30,306
Reconciliation of operating income (loss) to net cash provided by operating activities											
Operating income (loss)	\$ (1)	\$ (1)	\$ (6)	\$ -	\$ (1)	\$ (42)	\$ -	\$ (4)	\$ (1,067)	\$ (2)	\$ (1,124)
Changes in assets and liabilities											
Accounts receivable	(555)	255	-	(47)	(2,597)	-	(21)	-	(142)	-	(3,107)
Accounts payable and accruals	(656)	143	60	(754)	(1,800)	(3,220)	(833)	5,615	874	1,377	806
Other	(5)	(2)	(1)	(2)	1	(25)	(17)	-	-	(80)	(131)
Net cash provided by operating activities	\$ (1,217)	\$ 395	\$ 53	\$ (803)	\$ (4,397)	\$ (3,287)	\$ (871)	\$ 5,611	\$ (335)	\$ 1,295	\$ (3,556)
Cash and cash equivalents as stated in the Combined Statements of Net Position											
Cash and cash equivalents – restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents – unrestricted	601	1,735	3,821	615	123	14,753	1,014	5,615	732	1,297	30,306
	\$ 601	\$ 1,735	\$ 3,821	\$ 615	\$ 123	\$ 14,753	\$ 1,014	\$ 5,615	\$ 732	\$ 1,297	\$ 30,306

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2017
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS

	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1	Springbok 2	Summer Solar	Astoria 2 Solar	Antelope Big Sky Ranch	Antelope DSR 1 Solar	Antelope DSR 2 Solar	Puente Hills Landfill Gas	Total	
Agency discount notes	\$ -	\$ -	\$ 6,185	\$ -	\$ 799	\$ 11,883	\$ -	\$ 10,295	\$ -	\$ 799	\$ 2,099	\$ 4,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,057
Money market funds	31	717	18	693	38	114	991	16	1,024	24	69	371	1,372	2,941	993	2,899	259	3,362	15,932	
Total	\$ 31	\$ 717	\$ 6,203	\$ 693	\$ 837	\$ 11,997	\$ 991	\$ 10,311	\$ 1,024	\$ 823	\$ 2,168	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 52,989	
Unrestricted investments	\$ -	\$ -	\$ 3,187	\$ -	\$ -	\$ 6,987	\$ -	\$ 4,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,373
Cash and cash equivalents	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168	5,368	1,372	2,941	993	2,899	259	3,362	38,616	
Total	\$ 31	\$ 717	\$ 6,203	\$ 693	\$ 837	\$ 11,997	\$ 991	\$ 10,311	\$ 1,024	\$ 823	\$ 2,168	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 52,989	

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2016
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS

	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Total
Agency discount notes	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 13,987	\$ -	\$ -	\$ -	\$ 1,000	\$ 17,987
Money market funds	601	1,735	821	615	123	9,754	1,014	5,615	732	297	21,307
Total	\$ 601	\$ 1,735	\$ 3,821	\$ 615	\$ 123	\$ 23,741	\$ 1,014	\$ 5,615	\$ 732	\$ 1,297	\$ 39,294
Unrestricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,988	\$ -	\$ -	\$ -	\$ -	\$ 8,988
Cash and cash equivalents	601	1,735	3,821	615	123	14,753	1,014	5,615	732	1,297	30,306
Total	\$ 601	\$ 1,735	\$ 3,821	\$ 615	\$ 123	\$ 23,741	\$ 1,014	\$ 5,615	\$ 732	\$ 1,297	\$ 39,294

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, 2017
(Amounts in Thousands)

	Debt Service Fund	Decommissioning Trust Fund	Escrow Account	General Reserve Account	Issue Account	Operating Account	Reserve & Contingency	Revenue Fund	Total
Balance at June 30, 2016	\$ -	\$ 174,519	\$ 136,071	\$ 1,305	\$ 13,652	\$ 37,194	\$ 17,352	\$ -	\$ 380,093
Additions									
Investment earnings	-	1,784	188,199	15	3	304	118	3	190,426
Discount on investment purchases	-	9	-	-	20	52	5	-	86
Distribution of investment earnings	-	-	-	(15)	(23)	(155)	(123)	316	-
Revenue from power sales	-	-	-	-	-	-	-	73,005	73,005
Distribution of revenue	-	-	-	-	11,004	47,877	14,444	(73,325)	-
Other receipts	-	-	-	-	-	665	-	-	665
Transfer from escrow	34,953	-	(303,183)	-	268,229	-	-	1	-
Total additions	34,953	1,793	(114,984)	-	279,233	48,743	14,444	-	264,182
Deductions									
Construction expenditures	-	-	-	-	-	-	14,120	-	14,120
Operating expenditures	-	3	-	-	-	41,452	-	-	41,455
Fuel costs	-	-	-	-	-	16,249	-	-	16,249
Payment of principal	-	-	-	-	12,030	-	-	-	12,030
Interest paid - non-escrow	-	-	-	-	128	-	-	-	128
Payment of principal and interest – escrow	34,953	-	-	-	268,229	-	-	-	303,182
Total deductions	34,953	3	-	-	280,387	57,701	14,120	-	387,164
Balance at June 30, 2017	\$ -	\$ 176,309	\$ 21,087	\$ 1,305	\$ 12,498	\$ 28,236	\$ 17,676	\$ -	\$ 257,111

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$47 and \$45 held in the revolving fund at June 30, 2017 and 2016, 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, 2017
(Amounts in Thousands)

	Debt Service Fund	General Reserve Account	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Mine Reclamation Fund	Total
Balance at June 30, 2016	\$ 10,504	\$ 25	\$ -	\$ 22,875	\$ 10,233	\$ 6,671	\$ 50,308
Additions							
Investment earnings	1	-	1	57	31	77	167
Discount on investments	61	-	-	66	16	-	143
Distribution of investment earnings	(62)	-	232	(123)	(47)	-	-
Revenue from power sales	-	-	74,662	-	-	-	74,662
Distribution of revenues	11,010	-	(74,895)	64,083	(198)	-	-
Other	-	-	-	(5,250)	-	5,250	-
Total additions	11,010	-	-	58,833	(198)	5,327	74,972
Deductions							
Operating expenses	-	-	-	56,396	-	-	56,396
Construction expenses	-	-	-	-	247	-	247
Payment of principal	21,345	-	-	-	-	-	21,345
Interest paid	169	-	-	-	-	-	169
Total deductions	21,514	-	-	56,396	247	-	78,157
Balance at June 30, 2017	\$ -	\$ 25	\$ -	\$ 25,312	\$ 9,788	\$ 11,998	\$ 47,123

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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 or \$50 and \$60 held in the revolving fund at June 30, 2017 and 2016, 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, 2017
(Amounts in Thousands)

	Debt Service Account	Debt Service Reserve Account	Operating Reserve Fund	Reserve & Contingency	Operating Fund	Revenue Fund	General Reserve Fund	Fuel Reserve Fund	GHG Reserve Fund	Total
Balance at June 30, 2016	\$ 16,293	\$ 24,964	\$ 215	\$ 35,075	\$ 3,088	\$ -	\$ 90	\$ 6,091	\$ 2,907	\$ 88,723
Additions										
Investment earnings	6	210	5	211	20	17	-	48	21	538
Discount on investment purchases	18	5	8	4	19	-	-	-	-	54
Distribution of investment earnings	(24)	(215)	(14)	(214)	(39)	506	-	-	-	-
Transfer of funds for debt service payment	-	-	-	-	-	-	-	-	-	-
Receipt from participants	-	-	-	-	-	51,513	-	-	-	51,513
Distribution of revenues	17,652	-	4,720	324	23,963	(52,036)	-	5,377	-	-
Other	-	-	62	(7,399)	12,676	-	-	(5,339)	-	-
Total additions	17,652	-	4,781	(7,074)	36,639	-	-	86	21	52,105
Deductions										
Construction expenses	-	-	-	540	803	-	-	-	-	1,343
Operating expenses	-	-	-	(216)	23,561	-	-	-	-	23,345
Payment of principal	11,470	-	-	-	-	-	-	-	-	11,470
Interest paid	10,578	-	-	-	-	-	-	-	-	10,578
Premium and interest on investment purchases	-	-	-	2	-	-	-	2	8	12
Total deductions	22,048	-	-	326	24,364	-	-	2	8	46,748
Balance at June 30, 2017	\$ 11,897	\$ 24,964	\$ 4,996	\$ 27,675	\$ 15,363	\$ -	\$ 90	\$ 6,175	\$ 2,920	\$ 94,080

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$28 and \$30 held in the revolving fund at June 30, 2017 and 2016, 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, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Project Fund	U.S. Treasury Direct Subsidy	Cost of Issuance Fund	Escrow Fund	Total
Balance at June 30, 2016	\$ -	\$ 644	\$ 15,971	\$ 19,721	\$ 4,247	\$ 1,847	\$ 28	\$ -	\$ 42,458
Additions									
Investment earnings	1	3	5	85	4	-	1	-	99
Discount on investment purchases	-	-	23	-	-	-	-	-	23
Distribution of investment earnings	169	(2)	(26)	(140)	-	-	(1)	-	-
Receipt from participants	22,454	-	-	-	-	-	-	-	22,454
Distribution of revenues	(22,624)	3,975	22,340	-	-	(3,691)	-	-	-
Bond Proceeds 2017A	-	-	(1,855)	(12,436)	-	-	502	245,989	232,200
Other	-	-	(2,077)	842	28	-	(28)	-	(1,235)
Total additions	-	3,976	18,410	(11,649)	32	(3,691)	474	245,989	\$ 253,541
Deductions									
Construction expenses	-	(44)	-	-	157	-	-	-	113
Operating expenses	-	3,531	-	-	-	-	-	-	3,531
Principal payment	-	-	6,735	-	-	-	-	-	6,735
Interest paid	-	-	16,235	-	-	(1,844)	-	-	14,391
Debt Issue Costs	-	-	-	-	-	-	496	-	496
2010B Bond Redemption-Escrow	-	-	-	-	-	-	-	245,989	245,989
Total deductions	-	3,487	22,970	-	157	(1,844)	496	245,989	271,255
Balance at June 30, 2017	\$ -	\$ 4,620	\$ 34,381	\$ 8,072	\$ 4,279	\$ (1,844)	\$ 502	\$ 245,989	\$ 295,999

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$7 and \$6 held in the revolving fund at June 30, 2017 and 2016, respectively.

Southern California Public Power Authority
Apex Power Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Revenue Fund	Depository Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Reserve & Contingency Fund	General Reserve	Project Fund	Total
Balance at June 30, 2016	\$ -	\$ -	\$ 726	\$ 15,659	\$ 5,488	\$ 5	\$ 58	\$ 26,980	\$ 48,916
Additions									
Investment earnings	1	-	8	2	40	1	-	163	215
Discount on investment purchases	-	-	2	27	1	-	-	18	48
Distribution of investment earnings	79	-	(8)	(29)	(41)	(1)	-	-	-
Receipt from participants	60,536	-	-	-	-	-	-	-	60,536
Distribution of revenues	(61,636)	1,959	36,109	21,942	-	1,626	-	-	-
Other transfers	1,020	36,716	(35,923)	-	-	(1,630)	-	(183)	-
Other receipts	-	-	4	-	-	-	-	-	4
Total additions	-	38,675	192	21,942	-	(4)	-	(2)	60,803
Deductions									
Acquisition costs	-	-	-	-	-	-	-	-	-
Operating expenses	-	38,675	-	-	-	-	-	-	38,675
Payment of principal	-	-	-	9,375	-	-	-	-	9,375
Interest paid	-	-	-	12,537	-	-	-	-	12,537
Total deductions	-	38,675	-	21,912	-	-	-	-	60,587
Balance at June 30, 2017	\$ -	\$ -	\$ 918	\$ 15,689	\$ 5,488	\$ 1	\$ 58	\$ 26,978	\$ 49,132

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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 and unrealized gain (loss) on investments, or \$12 held in the revolving fund at June 30, 2017 and 2016.

Southern California Public Power Authority
Hoover Upgrading Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Debt Service Fund	General Reserve Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2016	\$ 1,574	\$ 1,700	\$ 1,277	\$ -	\$ 4,551
Additions					
Investment earnings	2	19	6	-	27
Discount on investments	2	-	1	-	3
Distribution of investment earnings	(3)	(19)	(7)	29	-
Revenue from power sales	-	-	-	2,389	2,389
Distribution of revenue	2,251	-	167	(2,418)	-
Total additions	2,252	-	167	-	2,419
Deductions					
Operating expenses	-	-	134	-	134
Payment of principal	2,030	-	-	-	2,030
Interest paid	165	-	-	-	165
Total deductions	2,195	-	134	-	2,329
Balance at June 30, 2017	\$ 1,631	\$ 1,700	\$ 1,310	\$ -	\$ 4,641

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$2 and \$3 held in the revolving fund at June 30, 2017 and 2016, respectively.

Southern California Public Power Authority
Tieton Hydropower Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Reserve & Contingency Fund	General Reserve Fund	Total
Balance at June 30, 2016	\$ -	\$ 561	\$ 2,114	\$ 5,008	\$ 419	\$ 24	\$ 8,126
Additions							
Investment earnings	-	2	3	38	2	-	45
Distribution of investment earnings	45	(2)	(3)	(38)	(2)	-	-
Receipt from participants	6,265	-	-	-	-	-	6,265
Distribution of revenues	(6,334)	2,975	3,359	-	-	-	-
Other transfers	24	-	-	-	-	(24)	-
Total additions	-	2,975	3,359	-	-	(24)	6,310
Deductions							
Acquisition costs	-	185	-	-	-	-	185
Operating expenses	-	2,125	-	-	-	-	2,125
Payment of principal	-	-	870	-	-	-	870
Interest paid	-	-	2,468	-	-	-	2,468
Total deductions	-	2,310	3,338	-	-	-	5,648
Balance at June 30, 2017	\$ -	\$ 1,226	\$ 2,135	\$ 5,008	\$ 419	\$ -	\$ 8,788

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$3 held in the revolving fund at June 30, 2017 and 2016.

Southern California Public Power Authority
Milford 1 Wind Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Operating Reserve Fund	Total
Balance at June 30, 2016	\$ -	\$ 5,270	\$ 14,024	\$ 18,874	\$ 2,520	\$ 3,000	\$ 43,688
Additions							
Investment earnings	1	7	1	165	25	15	214
Discount on investments	-	7	26	-	-	-	33
Distribution of investment earnings	250	(14)	(27)	(165)	(25)	(15)	4
Receipt from participants	31,645	-	-	-	-	-	31,645
Distribution of revenues	(31,896)	13,026	18,870	-	-	-	-
Other transfers	-	3,000	-	-	-	(3,000)	-
Total additions	-	16,026	18,870	-	-	(3,000)	31,896
Deductions							
Operating expenses	-	17,827	-	-	-	-	17,827
Payment of principal	-	-	9,175	-	-	-	9,175
Interest paid	-	-	9,476	-	-	-	9,476
Total deductions	-	17,827	18,651	-	-	-	36,478
Balance at June 30, 2017	\$ -	\$ 3,469	\$ 14,243	\$ 18,874	\$ 2,520	\$ -	\$ 39,106

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$8 and \$9 held in the revolving fund at June 30, 2017 and 2016, respectively.

Southern California Public Power Authority
Milford 2 Wind Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	<u>Revenue Fund</u>	<u>Operating Fund</u>	<u>Debt Service Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Total</u>
Balance at June 30, 2016	\$ -	\$ 5,629	\$ 9,330	\$ 3,216	\$ 18,175
Additions					
Investment earnings	-	6	1	46	53
Discount on investments	-	13	13	8	34
Distribution of investment earnings	87	(19)	(14)	(54)	-
Receipt from participants	19,347	-	-	-	19,347
Distribution of revenues	(19,434)	6,571	12,863	-	-
Total additions	-	6,571	12,863	-	19,434
Deductions					
Operating expenses	-	9,039	-	-	9,039
Payment of principal	-	-	5,795	-	5,795
Interest paid	-	-	6,934	-	6,934
Total deductions	-	9,039	12,729	-	21,768
Balance at June 30, 2017	<u>\$ -</u>	<u>\$ 3,161</u>	<u>\$ 9,464</u>	<u>\$ 3,216</u>	<u>\$ 15,841</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$5 and \$6 held in the revolving fund at June 30, 2017 and 2016, respectively.

Southern California Public Power Authority
Windy Point Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Total
Balance at June 30, 2016	\$ -	\$ 6,621	\$ 30,594	\$ 10,262	\$ 47,477
Additions					
Investment earnings	1	10	2	131	144
Discount on investments	-	8	42	-	50
Distribution of investment earnings	193	(18)	(44)	(131)	-
Receipt from participants	82,590	-	-	-	82,590
Distribution of revenue	(82,784)	41,739	41,045	-	-
Total additions	-	41,739	41,045	-	82,784
Deductions					
Operating expenses	-	43,324	-	-	43,324
Payment of principal	-	-	20,145	-	20,145
Interest paid	-	-	20,449	-	20,449
Total deductions	-	43,324	40,594	-	83,918
Balance at June 30, 2017	\$ -	\$ 5,036	\$ 31,045	\$ 10,262	\$ 46,343

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$18 and \$9 held in the revolving fund at June 30, 2017 and 2016, respectively.

Southern California Public Power Authority
Linden Wind Energy Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Project Fund	U.S. Treasury Direct Subsidy	Total
Balance at June 30, 2016	\$ -	\$ 1,759	\$ 6,853	\$ 2,324	\$ 48	\$ 587	\$ 401	\$ 11,972
Additions								
Investment earnings	-	2	3	23	-	-	-	28
Discount on investments	-	4	8	-	-	1	-	13
Distribution of investment earnings	40	(6)	(11)	(23)	-	-	-	-
Revenue from power sales	15,316	-	-	-	-	-	-	15,316
Distribution of revenue	(15,992)	6,897	9,095	-	-	-	-	-
Other transfers	636	-	802	-	(48)	(588)	(802)	-
Other receipts	-	-	-	-	-	-	802	802
Total additions	-	6,897	9,897	-	(48)	(587)	-	16,159
Deductions								
Operating expenses	-	7,087	-	-	-	-	-	7,087
Payment of principal	-	-	3,820	-	-	-	-	3,820
Interest paid	-	-	6,261	-	-	-	-	6,261
Total deductions	-	7,087	10,081	-	-	-	-	17,168
Balance at June 30, 2017	\$ -	\$ 1,569	\$ 6,669	\$ 2,324	\$ -	\$ -	\$ 401	\$ 10,963

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$2 and \$3 held in the revolving fund at June 30, 2017 and 2016, respectively.

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, 2017
(Amounts in Thousands)

	General Reserve Fund	Issue Fund	Operating Fund	Revenue Fund	Escrow Fund	Total
Balance at June 30, 2016	\$ 7,895	\$ 82,273	\$ 2,950	\$ -	\$ -	\$ 93,118
Additions						
Investment earnings	26	642	7	5	-	680
Discount on investment purchases	23	53	2	-	-	78
Distribution of investment earnings	(44)	(695)	(9)	748	-	-
Revenue from transmission sales	-	-	-	111,176	-	111,176
Distribution of revenue	2,462	80,185	29,902	(112,549)	-	-
Bond proceeds 2017A	-	557	-	-	78,499	79,056
Transfer (from) / to escrow fund for principal and interest payment	(7,308)	6,793	-	-	515	-
Other	-	-	-	620	-	620
Total additions	(4,841)	87,535	29,902	-	79,014	191,610
Deductions						
Construction expenses	-	-	-	-	-	-
Operating expenses	-	-	28,537	-	-	28,537
Payment of principal	-	53,650	-	-	-	53,650
Interest paid	-	34,595	-	-	-	34,595
Debt issuance costs	-	533	-	-	-	533
2009A Bond Redemption - Escrow	-	-	-	-	79,014	79,014
Total deductions	-	88,778	28,537	-	79,014	196,329
Balance at June 30, 2017	\$ 3,054	\$ 81,030	\$ 4,315	\$ -	\$ -	\$ 88,399

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$39 and \$42 held in the revolving fund at June 30, 2017 and 2016, 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, 2017
(Amounts in Thousands)

	Revenue Fund	Debt Service Account	Operating Fund	Reserve & Contingency Fund	Project Fund	Surplus Fund	Cost of Issuance Fund	Total
Balance at June 30, 2016	\$ -	\$ 6,464	\$ 485	\$ 9	\$ -	\$ 119	\$ 29	\$ 7,106
Additions								
Investment earnings	1	5	3	1	-	1	-	11
Discount on investment earnings	-	5	-	-	-	-	-	5
Distribution of investment earnings	13	(8)	(3)	(1)	-	(1)	-	-
Transmission revenue	10,948	-	-	-	-	-	-	10,948
Distribution of revenues	(11,077)	8,449	2,311	317	-	-	-	-
Other	115	-	(120)	69	5	-	-	69
Total additions	-	8,451	2,191	386	5	-	-	11,033
Deductions								
Operating expenses	-	-	1,366	-	-	-	-	1,366
Construction expenses	-	-	-	179	5	-	-	184
Principal payment	-	5,515	-	-	-	-	-	5,515
Debt issue costs	-	1,604	-	-	-	-	-	1,604
Interest paid	-	-	-	-	-	-	23	23
Total deductions	-	7,119	1,366	179	5	-	23	8,692
Balance at June 30, 2017	\$ -	\$ 7,796	\$ 1,310	\$ 216	\$ -	\$ 119	\$ 6	\$ 9,447

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$3 held in the revolving fund at June 30, 2017 and 2016.

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, 2017
(Amounts in Thousands)

	Revenue Fund	Debt Service Account	Operating Fund	Reserve & Contingency	Project fund	Cost of Issuance	Surplus Fund	Total
Balance at June 30, 2016	\$ -	\$ 20,418	\$ 638	\$ 352	\$ -	\$ 38	\$ 7,556	\$ 29,002
Additions								
Investment earnings	3	24	2	1	-	-	32	62
Discount on investment earnings	-	6	-	-	-	-	23	29
Distribution of investment earnings	88	(30)	(2)	(1)	-	-	(55)	-
Transmission revenue	27,408	-	-	-	-	-	-	27,408
Distribution of revenues	(27,499)	24,586	2,798	115	-	-	-	-
Other	-	-	1,194	-	6	-	(1,200)	-
Total additions	-	24,586	3,992	115	6	-	(1,200)	27,499
Deductions								
Construction expenses	-	-	3,748	-	-	-	-	3,748
Operating expenses	-	-	-	68	6	-	-	74
Principal payment	-	17,985	-	-	-	-	-	17,985
Debt issue costs	-	4,642	-	-	-	-	-	4,642
Interest paid	-	-	-	-	-	25	-	25
Total deductions	-	22,627	3,748	68	6	25	-	26,474
Balance at June 30, 2017	\$ -	\$ 22,377	\$ 882	\$ 399	\$ -	\$ 13	\$ 6,356	\$ 30,027

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$12 held in the revolving fund at June 30, 2017 and 2016.

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, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2016	\$ -	\$ 5,451	\$ 2,889	\$ 38	\$ 2,705	\$ 19	\$ 11,102
Additions							
Investment earnings	-	18	1	1	6	4	30
Discount on investment purchases	-	6	1	-	-	-	7
Distribution of investment earnings	5	-	(5)	-	-	-	-
Receipt from participants	3,760	6,635	-	-	-	-	10,395
Sales of natural gas	520	5,245	-	-	-	-	5,765
Distribution of revenues	(4,285)	1,541	3,137	-	-	(393)	-
Other transfer	-	-	-	-	(7)	7	-
Total additions	-	13,445	3,134	1	(1)	(382)	16,197
Deductions							
Construction expenses	-	-	-	-	-	68	68
Operating expenses	-	10,786	-	-	-	-	10,786
Payment of principal	-	-	2,249	-	-	-	2,249
Interest paid	-	-	1,214	-	-	-	1,214
Total deductions	-	10,786	3,463	-	-	68	14,317
Balance at June 30, 2017	\$ -	\$ 8,110	\$ 2,560	\$ 39	\$ 2,704	\$ (431)	\$ 12,982

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$3 and \$30 held in the revolving fund at June 30, 2017 and 2016, respectively.

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, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2016	\$ -	\$ 1,891	\$ 6,762	\$ 22	\$ 39,707	\$ (5,263)	\$ 43,119
Additions							
Investment earnings	1	7	6	-	246	3	263
Discount on investment purchases	-	-	5	-	40	-	45
Distribution of investment earnings	11	-	(11)	-	-	-	-
Receipt from participants	8,260	141	-	-	-	-	8,401
Sales of natural gas	1,732	385	-	-	-	-	2,117
Distribution of revenues	(10,004)	2,646	7,358	-	(83)	83	-
Other receipts	-	-	-	-	-	-	-
Total additions	-	3,179	7,358	-	203	86	10,826
Deductions							
Construction expenses	-	-	-	-	-	101	101
Operating expenses	-	2,813	-	-	20	-	2,833
Payment of principal	-	-	5,266	-	-	-	5,266
Interest paid	-	-	2,855	-	-	-	2,855
Total deductions	-	2,813	8,121	-	20	101	11,055
Balance at June 30, 2017	\$ -	\$ 2,257	\$ 5,999	\$ 22	\$ 39,890	\$ (5,278)	\$ 42,890

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$3 and \$30 held in the revolving fund at June 30, 2017 and 2016, 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, 2017
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Total
Balance at June 30, 2016	\$ -	\$ 12,677	\$ 3,841	\$ 16,518
Additions				
Investment earnings	-	495	206	701
Discount on investment purchases	-	-	-	-
Distribution of investment earnings	484	(484)	-	-
Receipt from gas sales	6,611	-	-	6,611
Distribution of revenues	(19,888)	671	19,217	-
Commodity swap settlement	12,793	-	-	12,793
Other receipts	-	-	727	727
Total additions	-	682	20,150	20,832
Deductions				
A & G expenses	-	322	-	322
Payment of principal	-	-	4,275	4,275
Payment of interest	-	-	16,177	16,177
Total deductions	-	322	20,452	20,774
Balance at June 30, 2017	\$ -	\$ 13,037	\$ 3,539	\$ 16,576

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has 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, or \$4 and \$18 held in the revolving fund at June 30, 2017 and 2016, respectively.