

**SOUTHERN CALIFORNIA
PUBLIC POWER AUTHORITY**



Request for Proposals

for

Auditing Services

June 30, 2020

RFP Date: September 3, 2019

Response Deadline: October 18, 2019, by 4:00 pm PST

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

REQUEST FOR PROPOSAL FOR AUDITING SERVICES

I. INTRODUCTION

A. General Information

The Southern California Public Power Authority (SCPPA) is requesting proposals from qualified firms of certified public accountants to provide independent professional accounting and auditing services for the fiscal years ending June 30, 2020, 2021 and 2022. An option to extend the service agreement for an additional three years may be considered after a performance review prior to the end of the first three-year period. The audits are to be performed 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, and are to cover preparation of financial statements for each project and each fund, for the projects and Power Purchase Agreements listed below. In addition, new projects and Power Purchase Agreements may be added from time to time. SCPPA Funds are listed under Section III C, Fund Structure.

Projects

Palo Verde Project
San Juan Project (mine reclamation
& decommissioning)
Magnolia Power Project
Canyon Power Project
Apex Power 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

Antelope Big Sky Ranch and Solar
Antelope DSR 1
Antelope DSR 2
Astoria 2
Chiquita Canyon Landfill Gas
Columbia Two Solar
Copper Mountain Solar 3
Don Campbell I Geothermal
Don Campbell II Geothermal
Heber I Geothermal
Heber South/Gould 2 Geothermal
(Ameresco)
Kingbird Solar B
MWD Small Hydro
Nevada Geothermal Portfolio
Ormesa Geothermal Complex
Pebble Springs Wnd
Puente Hills Landfill Gas
Springbok 1 Solar
Springbok 2 Solar
Springbok 3 Solar
Sumner Solar
ARP Loyaltan Biomass

There is no expressed or implied obligation for SCPPA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

SCPPA, a joint powers agency and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and the Joint Powers Agreement for the purpose of planning, financing, developing, acquiring, constructing, operating, and maintaining projects for the generation and transmission of electric energy. Its membership consists of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, the Los Angeles Department of Water and Power, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District, which supply electric energy to Southern California. SCPPA is governed by its Board of Directors, which consists of representatives from each of its members, and the management of SCPPA is conducted under the direction of an Executive Director who is appointed by the Board.

B. Electric Utility Industry

SCPPA's key objective is to provide low-cost, reliable power to its customers through strong local control over its operations. SCPPA remains committed to building and acquiring new generation assets for its members, with a particular commitment to renewable generation. In order to realize these goals, SCPPA and its members speak in a common voice on vital energy issues in Sacramento and Washington, D.C., providing greater impact on issues that affect the public power community.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

1. SCPPA desires the auditor to express an opinion on the fairness of presentation of its combined and individual project balance sheets, statement of operations, and cash flow statements in conformity with generally accepted accounting principles. The auditor is not required to audit the supplemental schedules contained in the comprehensive financial statement report. However, the auditor is to provide "in-relation-to" reports on the supplemental schedules based on the audit procedures applied during the audit of the basic financial statements and provide related certifications to our Trustees (sample copy attached).
2. Assist the accounting staff in the resolution of complex accounting and financial problems, and implementation of GASB standards.
3. Assist in the preparation of the management representation letters.

B. Reports to be Issued

Following the completion of the fiscal year audit, the auditor shall issue the following reports:

1. A report on the fairness of the presentation of the financial statements in conformity with generally accepted accounting principles to be completed no later than 110 days after June 30, for each project and each fund. This will be part of the comprehensive financial statement report.

2. A report on the internal controls based on the auditor's understanding of the internal control structure and assessment of control risk to be completed by no later than 110 days after June 30, for each project and each fund. This will be part of the comprehensive financial statement report.
3. A management letter listing suggestions for improvement for SCPPA.

By responding to this Request for Proposals, the responding firm acknowledges that SCPPA will use SCPPA's audited financial statements in its official statements and other public documents without obtaining the prior consent of SCPPA's auditor.

Irregularities and Illegal Acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Executive Director of Southern California Public Power Authority

Reporting to the Board of Directors: Auditors shall assure themselves that SCPPA's Board is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

C. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by SCPPA of the need to extend the retention period. The auditor may be required to make working papers available, upon request, to parties specifically designated by SCPPA.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

D. New Developments

It is expected that the selected firm will keep SCPPA informed of new state and national developments, including new GASB pronouncements affecting municipal utility finance and reporting, standards and trends.

E. Insurance Requirements

1. Before signing this contract, or commencing work on any project, or allowing any subcontractor to commence work, the audit firm shall obtain all insurance required under subsection (b) of this section.
2. The audit firm shall provide the following insurance:
 - a. Workers' Compensation as required by law.
 - b. Comprehensive General Liability in the amount of \$1,000,000 combined single limit to include:
 - Premises Operations
 - Products/Completed Operations
 - Blanket Contractual
 - Broad Form Property Damage
 - Independent Contractors
 - Personal Injury
 - c. Comprehensive Automobile Liability in the amount of \$1,000,000 combined single limit to include: owned, hired and non-owned.
 - d. Professional Liability in the amount of \$1,000,000.

Each policy of insurance required by this section shall provide for no less than 30 days advance notice to SCPPA prior to cancellation.

Each policy shall be endorsed to waive all rights of subrogation against SCPPA by reason of any payment made for claims under the above coverage.

III. BACKGROUND

A. Name of Contact Person

The auditor's principal contact with SCPPA will be the Chief Financial and Administrative Officer (CFO/CAO), who will coordinate the assistance to be provided by SCPPA to the auditor.

B. Accounting Activities

The Los Angeles Department of Water and Power's (LADWP) Finance and Risk Control Division currently performs SCPPA's accounting and investment functions, and works closely with the CFO/CAO to coordinate the various activities. LADWP's staff of professional accountants maintains the accounting system and prepares individual and combined financial statements for SCPPA's projects and funds. Financial statements are presented in conformity with generally accepted accounting principles and Governmental Accounting Standards Board. They are also substantially in conformity with uniform system of accounts prescribed by the Federal Energy Regulatory Commission and the California Public Utilities Commission. Fund flows and account balances for individual projects and funds are performed and maintained in accordance with bond indentures and the annual budget, respectively.

C. Fund Structure

SCPPA utilizes a variety of fund types/account groups in its accounting transactions pertaining to its projects and funds. The following are the current fund types/account groups, which may change from time to time:

Fund Type Account Group	<u>Current Number of Individual Funds</u>
Capital	4
Debt Service	29
Debt Service LOC	2
Debt Service Reserve	12
Decommissioning Trust	7
Depository	12
Escrow	3
Fuel Reserve	2
General	5
General Reserve	7
GHG Reserve	2
Mine Reclamation	1
Operating	36
Operating Reserve	10
Payment	10
Pledged Revenue	10
Project	9
Project Stabilization	12
Remainder	10
Renewal & Replacement	2
Reserve	3
Reserve & Contingency	6
Revenue	27
Surplus	2
Working Capital	<u>5</u>
Total	228

D. Prior Audit Reports and Working Papers

The current audit firm providing the audit opinion is Moss Adams from their Portland, Oregon location. No Internal Control or Management Advise Findings were noted during the June 30, 2018, audit.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates:

Request for Proposals Issued	September 3, 2019
Question Cutoff Date	September 30, 2019
Due Date for Proposals	October 18, 2019
Presentation/Interview	November 2019
Recommendation of Selected Firm to Finance Committee	December 2, 2019
Contract Board Approval Date	January 16, 2020

B. Date Audit May Commence

SCPPA will have all records ready for audit as of August 1, 2020.

C. Schedule for the June 30, 2020, Fiscal Year Audit

Each of the following should be completed by the auditor no later than the dates indicated.

1. Detailed Audit Plan: The auditor shall provide SCPPA with a detailed audit plan and a list of all schedules to be prepared by SCPPA / LADWP Accounting for both interim and year-end audit work by June 30.
2. Draft Reports: The auditor shall have drafts of the audit report and recommendations to management available for review by SCPPA and LADWP Management by September 28, 2020 (Audit Committee meets).
3. Final Reports: The auditor shall have the final reports done by October 15, 2020 (SCPPA Board meets).

D. Entrance Conferences, Progress Reporting and Exit Conferences

At a minimum, the following conferences should be held:

- Entrance conference with SCPPA / LADWP Accounting staff at the beginning of fiscal year-end work.

- Progress conferences with SCPPA / LADWP Accounting staff, if necessary.
- Exit conference at the conclusion of the audit.

E. Date Final Report is Due

SCPPA and LADWP Accounting staff shall prepare draft financial statements, notes and all required supplementary schedules by September 18, 2020. The auditor shall provide all recommendations, revisions and suggestions for improvement, including a draft auditor's report to SCPPA by September 28, 2020.

SCPPA and LADWP Accounting staff will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to SCPPA within five (5) working days. It is anticipated that this process will be completed and the final report delivered by October 15, 2020 (SCPPA Board Meeting). Final report review by the audit firm is expected to take a minimum amount of time.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Accounting/Finance Division and Clerical Assistance

SCPPA and LADWP Finance and Risk Control Division staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of SCPPA. In addition, clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Statements and Schedules to be prepared by the Staff of SCPPA and DWP Accounting

SCPPA and LADWP Finance and Risk Control Division staff will prepare reasonably required statements and schedules for the auditor. Sample formats of each work paper must be submitted during the planning stage of the audit.

C. Report Preparation

Report preparation, editing and printing shall be the responsibility of SCPPA / LADWP Finance and Risk Control staff. The auditor will also be expected to provide editing services of the reports.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries: Inquiries concerning the request for proposals and the subject of the request for proposals must be made no later than September 30, 2019 to:

Aileen Ma, Chief Financial & Administrative Officer
Southern California Public Power Authority
ama@scppa.org

CONTACT WITH PERSONNEL OF SCPPA OTHER THAN THE ABOVE INDIVIDUAL REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

2. Submission of Proposals: To be considered, five (5) copies of a proposal must be received by Aileen Ma, Chief Financial and Administrative Officer, at 1160 Nicole Court, Glendora, CA 91740, by **4:00 p.m. on October 18, 2019**. One (1) electronic copy of the proposal should also be emailed to ama@scppa.org no later than the time and date referenced. SCPPA reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a Selection Committee selected by SCPPA.

The following material is required to be received in a sealed envelope by October 18, 2019 at 4:00 p.m. for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and four (4) copies which include the following:
 - (1) Transmittal Letter: A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for five (5) years.
 - (2) Detailed Proposal: The detailed proposal should follow the order set forth in Section B, below, of this section.
- b. The proposer shall submit an original and four (4) copies of **a dollar cost bid in a separate sealed marked envelope marked "Cost Proposal."**
- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Aileen Ma, Chief Financial & Administrative Officer
Southern California Public Power Authority
1160 Nicole Court
Glendora, CA 91740

One (1) electronic copy of each document should also be emailed to ama@scppa.org.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of SCPA in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of SCPA as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.

The firm should also provide an affirmative statement that it is independent of the participants in SCPA, and its members; Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles Department of Water and Power, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District, as defined by these same standards.

The firm should also list and describe the firm's professional relationships involving SCPA or any of its participants for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give SCPA written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

The selected firm will be required to obtain a City of Los Angeles business license.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement.

The firm is required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

A list of people who will directly work on this engagement and a brief summary of their background. The list should include the partner, manager and the individual charged with day-to-day supervision of the audit assignment. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California.

6. Similar engagements with other municipal utilities or joint agencies

For the firm's office that will be assigned responsibility for the audit, list the four years that are similar to the engagement described in this request for proposal. Indicate the scope of work, dates, engagement partners, total hours, and a listing of at least four client references (including name, title, address and phone numbers) whom we may contact regarding the firm's services.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of SCPPA's internal control structure.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from SCPPA.

9. Report Format

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

SCPPA will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is an Authorized Representative of the firm, empowered to submit the bid, and authorized to sign a contract with SCPPA.
- c. A Total All-Inclusive Maximum Price for each year of the engagement.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in Attachment A, that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at reasonable rates. Estimated out-of-pocket expenses to be reimbursed should be separately presented in the sealed dollar cost bid.

4. Rates for Additional Professional Services

If it should become necessary for SCPPA to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between SCPPA and the firm. Any such additional work agreed to between SCPPA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a Selection Committee.

B. Review of Proposals

The Selection Committee will first evaluate each technical proposal by the criteria described in Section C below. The Committee will then convene to review and discuss these evaluations and to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and considered in conjunction with the technical score.

SCPPA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent some of the selection criteria which will be considered during the evaluation process.

1. Mandatory Elements:

- a. The audit firm is independent and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any other work performed by SCPPA or any of its participants.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality:

a. Expertise and Experience:

- (1) The firm's past experience and performance on comparable engagements.
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- (3) Experience with public utilities, especially municipal utilities, and joint action agencies.

- b. Audit Approach:
 - (1) Adequacy of proposed staffing plan for various segments of the engagement
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

D. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The Selection Committee will recommend a firm to the SCPPA Board based upon the criteria established for presentation. The SCPPA Board is the body that makes the final audit firm selection and the formal contract award. Following notification of the firm selected, it is expected a contract will be executed between both parties shortly thereafter.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between SCPPA and the firm selected.

SCPPA reserves the right without prejudice to reject any or all proposals.

VIII. INSTRUCTIONS FOR SUBMITTING THE PROPOSAL

Five copies of the proposal and one electronic copy must be received by **4:00 p.m. PST on October 18, 2019**, at the following address:

Aileen Ma, Chief Financial & Administrative Officer
Southern California Public Power Authority
1160 Nicole Court
Glendora, CA 91740
ama@scppa.org
Phone (626) 793-9364
Fax (626) 793-9461

If your firm desires to inspect the facilities and accounting records of SCPPA, or has other general questions:

Mr. Mario Ignacio
Assistant Chief Financial Officer
Los Angeles Department of Water and Power
111 North Hope Street, Room 456
Los Angeles, CA 90012
Phone (213) 367-4333
Fax (213) 367-4320

IX. SUBCONTRACTING

SCPPA encourages the utilization of Women Business Enterprises (WBE), Minority Business Enterprises (MBE), and Other Business Enterprises (OBE), to achieve greater cost effectiveness in performing the auditing services under the terms of the contract with SCPPA. The name of the proposed subcontractor, the firm's qualifications, work to be performed, and the arrangement should be clearly identified in the proposal. Following the award of the audit engagement, no additional subcontractor will be allowed without the expressed prior written consent of SCPPA. A firm's determination to afford subcontracting appointments is a matter used in the exclusive discretion of the firm and is not part of SCPPA's proposal rating process. However, should subcontracting opportunities arise, all available business enterprises, including MBE's, WBE's, and OBE's, shall have an equal opportunity to compete for and participate in any such subcontracting opportunities.

X. DOCUMENTS

Please provide a copy of your firm's most recent external quality control review report.

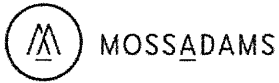
XI. AGREEMENT

SCPPA intends to enter into an agreement with the successful firm which will detail the various duties and obligations in the auditor and client relationship.

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2020 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other Staff (specify): _____	_____	_____	_____	_____
Subtotal				_____
Out-of-pocket expenses:				
Meals and lodging				_____
Transportation				_____
Other Expenses (specify): _____				_____
Subtotal				_____
Total All-Inclusive Maximum Price for 2020, 2021, and 2022 Audits:				
			2020	=====
			2021	=====
			2022	=====

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate, or as a gross deduction from the total all-inclusive maximum price. USE THE SAME FORMAT FOR THE TWO SUBSEQUENT YEARS OF THE FIVE-YEAR CONTRACT.



Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Southern California Public Power Authority (the Authority), which comprise the combined and individual statements of net position as of June 30, 2018 and the related combined and individual statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the combined and individual financial statements, and have issued our report thereon dated October 31, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, provisions, or conditions of Article VII, inclusive, of the Apex Power Project Indenture of Trust dated March 1, 2014 related to the Apex Power Project, Revenue Bonds, 2014 Series A with US Bank insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors and management of the Authority and US Bank and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Moss Adams LLP
October 31, 2018



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
111 North Hope Street, Room 462
Los Angeles, CA 90012
(213) 367-4668 • Fax: (213) 367-4330
www.scppa.org

ANAHEIM • AZUSA • BANNING • BURBANK • CERRITOS
COLTON • GLENDALE • LOS ANGELES • PASADENA
RIVERSIDE • VERNON • IMPERIAL IRRIGATION DISTRICT

Certification Sample

November 5, 2018

Ms. Diana Wilson
Trust Review Analyst
Global Corporate Trust
U.S. Bank
1420 5th Avenue, 7th Floor
PD-WA-T7CT
Seattle, WA 98101

Re: Apex Power Project Financial Statements and Certificate of No Default

Dear Ms. Wilson:

Transmitted herewith are the Southern California Public Power Authority's financial statements audited by Moss Adams and their report for the fiscal year ending June 30, 2018.

Also enclosed is the statement of no knowledge of any event of default from Moss Adams. These documents are being furnished to you pursuant to the following Indentures of Trust between the Authority and U.S. Bank:

- Section 713 of the Indenture of Trust for the 2014 Series A, dated March 01, 2014
- Section 713 of the Indenture of Trust for the 2014 Series B, dated March 01, 2014

To the best of my knowledge and belief, the Authority has kept, observed, performed, and fulfilled its covenants and obligations contained in the Indenture, and there does not exist as of the date hereof any default by the Authority under the Indenture or any event of default.

Sincerely,

Michael S. Webster
Executive Director

Enclosures

cc: Yolanda Pantig