2011–12

SCPPA Annual Report

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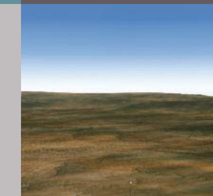

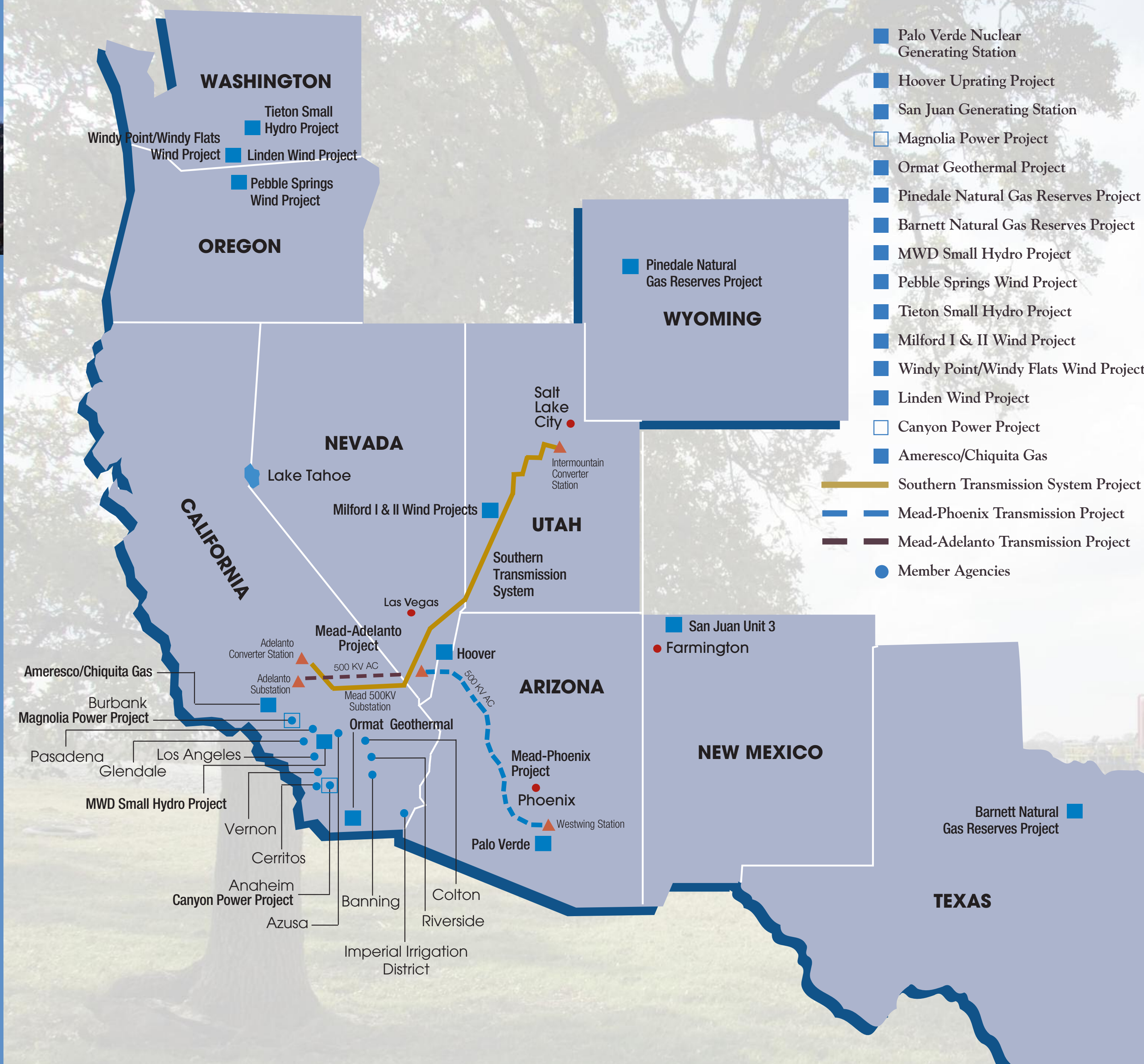

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Member Agencies

scppa map

mission

SCPPA provides financing and oversight for large joint projects in the electric utility industry and through coordinated efforts, facilitates, implements, and communicates information relative to issues and projects of mutual interest to its members as determined by the Board of Directors.

vision

SCPPA will provide "cost-effective joint action services that supplement member programs and activities, and that secure long-term physical supplies at predictable pricing levels for usage in power generation to assure continued member success.

what is SCPPA?

Southern California Public Power Authority (SCPPA), with headquarters in Glendora, California, is a joint powers agency comprising eleven municipal utilities and one irrigation district. SCPPA's members consist of the municipal utilities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District. Together they deliver electricity to over 2 million customers in the southern California basin, spanning an area of 7,000 square miles, and with a total population that exceeds 5 million. Formed in 1980, SCPPA was created for the purpose of providing joint financing, construction and operation of transmission and generation projects. Today, SCPPA fulfills a broad range of services for its members by providing effective forums of collaboration though committees such as Customer Service, Finance, Public Benefits, Resource Planning, Transmission and Distribution, Engineering and Operations, Natural Gas, and Renewable Energy Resources.

In order to support its primary purpose, SCPPA is also involved in legislative advocacy, contracting for support services, information sharing, training, and regulatory monitoring on behalf of its members.

SCPPA's twelve members are proud to be public power utilities, old-fashioned, customer-based, locally-controlled, and vertically-integrated, who retain the obligation to serve and plan for all the customers in their territories. In these times of change and uncertainty, it is important to realize all the things they are.

- SCPPA members are non-profit. They are owned by their local customers.
- They are governed locally, not regulated by the Federal Energy Regulatory Commission or the California Public Utilities Commission
- They are vertically integrated, responsible for power supply, transmission, distribution, and customer service.
- They are meeting their legally mandated obligation to serve by planning to meet the long-term needs of their customers.
- They are optimizing their energy supply resources. A mixed portfolio of coal, nuclear, natural gas, hydro, geothermal and emerging renewable resources gives protection from price volatility.
- They are providing aggressive, local demand-side management programs to encourage conservation and energy efficiency.
- They are in good company. The twelve SCPPA members, along with their counterparts in the northern part of the state, provide approximately one third of the electricity used in California.
- And finally, they are here to stay. Public power has a history of more than 100 years in Southern California, and continues to be viable and strong.

The Authority currently has ten generation projects and three transmission projects in operation, generating and bringing power from Arizona, New Mexico, Utah, Washington, Oregon, California, and Nevada. In addition, the Authority owns natural gas reserves in Wyoming and Texas.

SCPPA's projects have been financed through the issuance of taxable and tax-exempt bonds, backed by the combined credit of the SCPPA members participating in each project. As of June 30, 2012, SCPPA had issued $13.85 billion in bonds, notes, and refunding bonds, of which $3.3 billion was outstanding.

SCPPA

scppa staff / officers

BILL CARNAHAN
Executive Director

BRYAN COPE
Program Development Director

JULIE FELIPE
Energy Systems Manager

DANIEL HASHIMI
Assistant General Counsel

STEVE HOMER
Project Administration Director

JAMES LAU
Regulatory Affairs Director

GERI MITCHELL
Office Manager

RICHARD MORILLO
General Counsel

KELLY NGUYEN
Energy Systems Director

VERNON OATES
Finance & Accounting Director

SALPI ORTIZ
Administrative Analyst

ARPINE LEPEDZHYAN
Intern

RON DAVIS
President

DAVID WRIGHT
Vice President

FRED MASON
2nd Vice President

RON NICHOLS
Secretary

MARIO IGNACIO
Assistant Secretary

BILL CARNAHAN
Treasurer/Auditor and Assistant Secretary

letter *from the president and executive director*

the renewed SCPPA:

Diversifying and Adapting

As the economy continues to recover and financial considerations of regulatory compliance impact our members and their customers, SCPPA has adapted to the changing electric power landscape and continues to add value to our members through joint action.

The 2011-2012 year for SCPPA was a year defined by change. SCPPA purchased its own building for the first time in the agency's history. The amenities include meeting and conference rooms for presentations or off-site meetings for our members. Renovations have been made to obtain LEED Gold status.

In an effort to increase member value added services, SCPPA added a Director of Program Management to oversee demand-side programs. As energy efficiency continues to be at the forefront of members' resource planning, SCPPA will lead the charge for its members in the areas such as Electric Vehicle program creation and Smart Grid. Also, a Director of Regulatory Affairs was appointed to help our members engage in the dynamic and challenging world of regulatory compliance.

As SCPPA adapts to the changing electric power industry landscape, one of our primary challenge continues to be the facilitation of meeting the RPS goals of SBX1-2 by procuring renewable energy at reasonable prices. Compliance with AB 1368 by reducing the reliance on our coal resources is also vitally important.

SCPPA is constantly working with the members to keep rates at reasonable levels. However, new State and Federal mandates make achieving this goal more and more difficult. The uncertainty surrounding the possible impacts of the Washington D.C. political impasse on financial issues, such as the potential Federal Sequestration, the expiration of Investor and Production Tax Credits as well as the already expired DOE 1603 Grants only add to difficulty of planning a reliable, environmentally friendly electric system with reasonable rates.

The SCPPA looks forward to tackling the challenges in the coming years and to continuing to add value to our members through joint action and member collaboration.

the GREEN light

For almost a decade, SCPPA has been assisting our twelve members to obtain a diverse renewable resource portfolio mix with reliable and economical renewable power. Senate Bill X1 2 was passed in April 2011 requiring all California's electric utilities to provide 33 percent of their total system requirements with renewable power by the year 2020. With intermediate targets in between, this was the green light to obtain additional long term renewable projects that are viable and sustainable.

To help facilitate the joint procurement of long term renewable power projects for the benefit of our member utilities, SCPPA posted an open Request for Proposals (RFP) for renewable energy projects on behalf of the members in late 2011, which closed on November 30, 2012. SCPPA maintained a rolling RFP process to accommodate the changes that occur in legislation, guidebooks, and goals of the members' renewable resource portfolio mix.

SCPPA's active Renewables Working Group has continued to meet twice a month for several years, to review, discuss and build consensus on hundreds of individual proposals. In addition, specific project teams met and held conference calls almost on a weekly basis throughout the process.

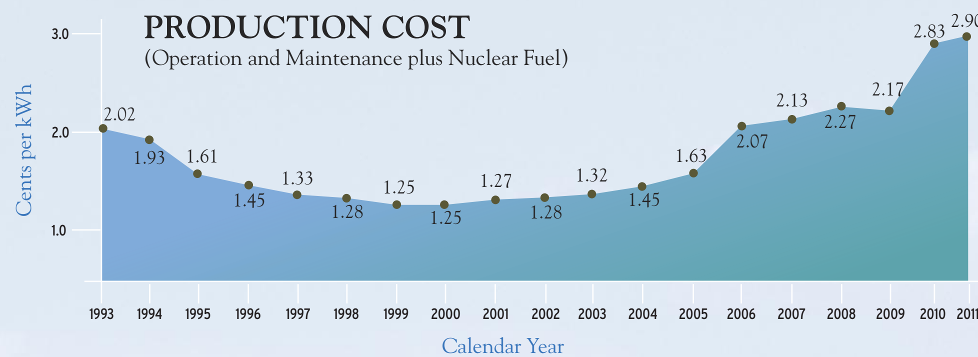
The California Energy Commission's adoption of the Renewable Energy Program Overall

Guidebook, Fifth Edition on May 9, 2012 was the second green light that provided additional guidance and assurance in shaping our Renewables Portfolio Standard (RPS) procurement plans.

SCPPA has helped our members execute four long term renewable energy projects this past year, along with four additional projects that are close to execution and more than a dozen renewable projects are in the pipeline for consideration.

SCPPA will facilitate a new RFP for renewable energy projects in 2013 and continue to support our members in their efforts to discover innovative technologies that will help produce clean, green energy and reduce greenhouse emissions that will meet their customers' needs.

The efforts of new management at Palo Verde have restored good relations with the Nuclear Regulatory Commission, and led to improved performance and ratings. In calendar 2011, Palo Verde achieved its 20th consecutive year as the nation's largest power producer.



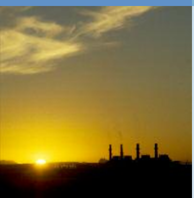
2011/2012 OPERATIONS

	Generation (Millions of MWHs)	Capacity Utilization (%)
Unit 1	9.5	82.1%
Unit 2	11.7	101.0%
Unit 3	10.4	90.3%
Aggregate	31.6	91.1%

Percentage of SCPPA member participation in Palo Verde Operations

Los Angeles	67%
Burbank/Glendale/Pasadena (4.4% each)	13.2%
Imperial Irrigation District	6.5%
Riverside	5.4%
Vernon	4.9%
Azusa/Banning/Colton (1% each)	3%

palo verde



Five SCPPA participants own 41.8% of Unit 3 at the San Juan Generating Station, a coal-fired plant in New Mexico. A series of Interim Invoicing Agreements for fuel has led to high capacity factors and lower per unit fuel costs.

Although San Juan currently meets all environmental standards, the plant is under pressure from the EPA to further reduce NOX emissions, which are a component of regional haze. At issue is the choice of most cost-effective technology.

Percentage of SCPPA member participation in San Juan Unit 3 Operations

Imperial Irrigation District	51%
Azusa	14.7%
Colton	14.7%
Banning	9.8%
Glendale	9.8%

san juan unit 3

mead-phoenix

The two 500-kV transmission lines, which connect Phoenix to Las Vegas, and Las Vegas to Southern California, completed their sixteenth year of dependable operation for the nine SCPPA members who participate in the projects.

Percentage of SCPPA member participation in Mead-Phoenix Project

Los Angeles	24.8%
Anaheim	24.2%
Burbank	15.4%
Glendale	14.8%
Pasadena	13.8%
Riverside	4.0%
Azusa/Banning/Colton (1% each)	3.0%

Percentage of SCPPA member participation in Mead-Adelanto Project

Los Angeles	35.7%
Anaheim/Riverside (13.5% each)	27.0%
Burbank	11.5%
Glendale	11.1%
Pasadena	8.6%
Colton	2.6%
Azusa	2.2%
Banning	1.3%

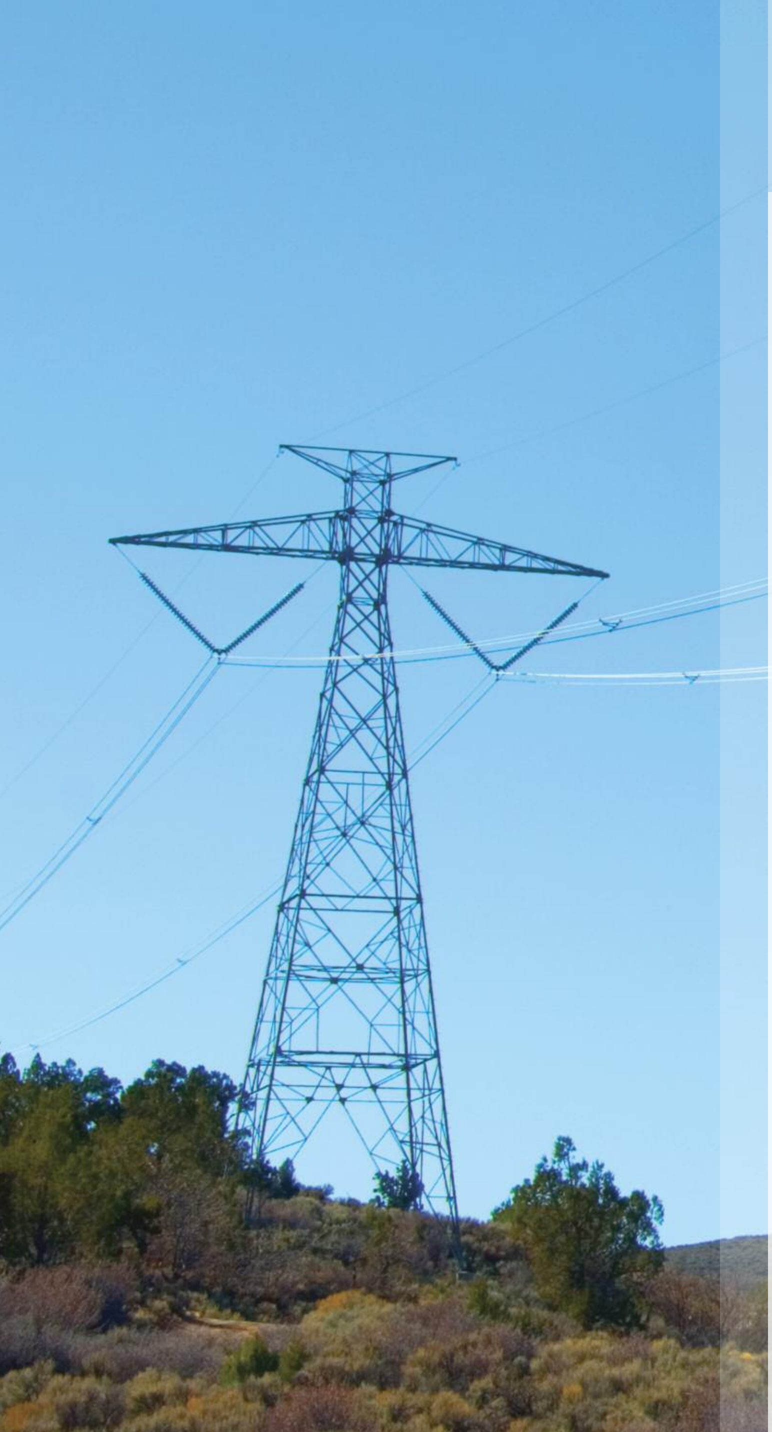
mead-adelanto

The Hoover Uprating Project continues to provide six SCPPA members with low-cost, renewable energy (hydro). A SCPPA representative is active in the implementation of the Lower Colorado River Multi-Species Conservation Program.

SCPPA and the other Hoover Contractors worked together to propose legislation to extend the availability of Hoover power 50 years beyond the contracts' expiration in 2017. The Hoover Power Allocation Act of 2011 was signed into law on December 21, 2011.

Percentage of SCPPA member participation in Hoover Uprating	
Anaheim	42.6%
Riverside	31.9%
Burbank	16%
Azusa	4.2%
Colton	3.2%
Banning	2.1%

hoover uprating



As usual, the STS operated with near-perfect availability (98.41%), delivering 11.7 million MWHs to the six SCPPA members who are participants. The power comes 488 miles from the Intermountain Power Project, in Utah, over the ± 500-kv DC line. The participants funded the STS Upgrade Project, which increased the capacity of the line by 480 MW. The new capacity is being used to bring power from renewable resources to Southern California.

Percentage of SCPPA member participation in STS Project

Los Angeles	59.5%
Anaheim	17.6%
Riverside	10.2%
Pasadena	5.9%
Burbank	4.5%
Glendale	2.3%

The Magnolia Power Project is a 240 megawatt natural gas-fired, combined cycle plant, located on the site of an existing plant in the City of Burbank. The plant reached commercial operation in September, 2005, and is the first project to be wholly-owned and operated by SCPPA members. The Participants are Anaheim, Burbank, Cerritos, Colton, Glendale and Pasadena.

Percentage of SCPPA member participation in Magnolia Power Project

Anaheim	38.0%
Burbank	31.0%
Glendale	16.5%
Pasadena	6.1%
Colton	4.2%
Cerritos	4.2%

magnolia power

SCPPA negotiated its first purchase of gas in the ground with the deal closing July 1, 2005. SCPPA members Los Angeles, Anaheim, Burbank, Colton, Glendale, and Pasadena joined together with the Turlock Irrigation District to purchase shares of existing natural gas wells in the Pinedale area of Wyoming. This purchase, along with similar future purchases, will provide a secure source of gas for the participants, and hedge against volatile prices in the market.

In 2006, SCPPA members purchased a share of natural gas leases in the Barnett Shale area of Texas.

Percentage of SCPPA member participation in Pinedale Natural Gas Reserves Project

Anaheim	5.3%
Burbank	2.1%
Colton	1.1%
Glendale	4.2%
Pasadena	2.2%
Los Angeles	74.5%
Turlock	10.6%

Percentage of SCPPA member participation in Barnett Natural Gas Reserves Project

Anaheim	25.25%
Burbank	15.15%
Colton	5.05%
Pasadena	10.10%
Turlock	44.45%

** Los Angeles and Turlock hold their interests individually. Anaheim, Burbank, Colton, Glendale, and Pasadena have ownership through SCPPA. Los Angeles serves as Project Manager for the overall project, and SCPPA provides services for Los Angeles and Turlock under agency agreements.*

natural gas reserves projects

SCPPA Members Anaheim, Banning, Glendale, and Pasadena receive up to 16 MWs of geothermal energy from plants in Heber, California, on a long-term purchase contract with Ormat.

Percentage of SCPPA member participation in Ormat Geothermal Project

Anaheim	60%
Pasadena	15%
Glendale	15%
Banning	10%

ormat geothermal

mwd small hydro

SCPPA Members Anaheim, Azusa and Colton receive up to 17 MWs of renewable energy from four hydroelectric plants on the MWD distribution system, through a purchase contract with MWD.

Percentage of SCPPA member participation in MWD Small Hydro Project

Anaheim	56.4%
Azusa	21.8%
Colton	21.8%

Burbank and Glendale receive up to 13.6 MW of power from the Tieton Small Hydro Project in Washington.

Percentage of SCPPA member participation in Tieton Small Hydro Project

Burbank	50%
Glendale	50%

tieton small hydro

Los Angeles, Glendale, and Burbank participate in the Pebble Springs Wind Project, receiving 98.7 MW of wind power from Washington.

Percentage of SCPPA member participation in Pebble Springs Wind Project

Los Angeles	69.6%
Glendale	20.3%
Burbank	10.1%

pebble springs wind project

Milford 1 Wind Project

Los Angeles, Burbank, and Pasadena participate in the Milford 1 Wind Project, a 200 MW wind farm in Milford, Utah.

Percentage of SCPPA member participation in Milford 1 Wind Project

Los Angeles	92.5%
Burbank	5%
Pasadena	2.5%

Milford 2 Wind Project

Los Angeles and Glendale participate in the 100 MW expansion of the Milford Wind Farm in Milford, Utah.

Percentage of SCPPA member participation in Milford 2 Wind Project

Los Angeles	95.1%
Glendale	4.9%

milford 1 & 2 wind projects

linden wind project

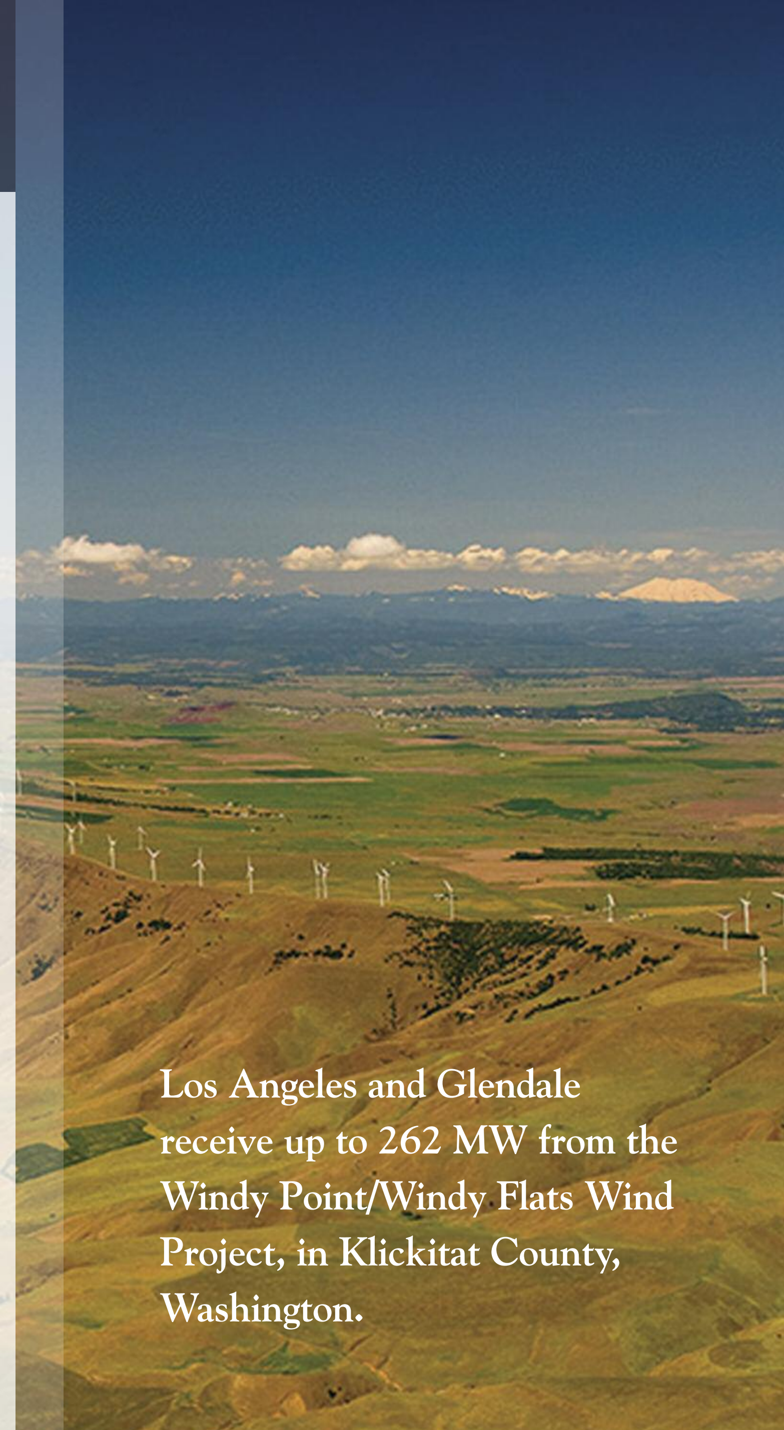
Los Angeles and Glendale participate in the Linden Wind Project, a 50 MW wind farm in Klickitat County, Washington.

Percentage of SCPPA member participation in Linden Wind Project

Los Angeles	90%
Glendale	10%

Percentage of SCPPA member participation in Windy Point/Windy Flats Wind Project

Los Angeles	92.4%
Glendale	7.6%



Los Angeles and Glendale receive up to 262 MW from the Windy Point/Windy Flats Wind Project, in Klickitat County, Washington.

windy point/windy flats

canyon power project

Anaheim is the sole Participant and Operator of the Canyon Power Project, a 200 MW natural gas-fired peaking plant in Anaheim, California.

Percentage of SCPPA member participation in Canyon Power Project	
Anaheim	100%

Percentage of SCPPA member participation in Ameresco/Chiquita Landfill Gas Project	
Pasadena	83.3%
Burbank	16.7%

Burbank and Pasadena receive up to 10 MW of energy from the Ameresco/Chiquita Landfill Gas Project in Valencia, California.

ameresco/chiquita gas project

SCPPA completed several financing actions during the past fiscal year, including the development of a financing structure for the Milford Wind Corridor Phase II Project which was financed during the fiscal year. Amidst a period of historically low interest rates, SCPPA also focused on taking advantage of market opportunities to generate cost savings and focused on managing its existing debt financings by completing risk-mitigating refinancings.

In August 2011, SCPPA issued the Milford Wind Corridor Phase II Project, Revenue Bonds, 2011-1 (“the 2011-1 Milford II Project Bonds”) with an aggregate principal amount of $157,465,000. The 2011-1 Milford II Project Bonds were issued to prepay for the purchase of 3,678,000 megawatt hours of energy to be delivered to SCPPA over a 20-year delivery term from a 102.0 MW nameplate capacity wind farm comprised of 68 wind turbines located near Milford, Utah. SCPPA completed the financing for the Milford Wind Corridor Phase II Project with a low interest cost of 3.75% for 20-year financing. In addition to payments of debt service, SCPPA also makes monthly payments for any energy from the Milford Wind Corridor Phase II Project that exceeds the guaranteed annual quantity. As of June 30, 2012, the Milford Wind Corridor Phase II Project has no other bonds outstanding, other than the 2011-1 Milford II Project Bonds. The Milford Wind Corridor Phase II Project is a new SCPPA project with the Los Angeles Department of Water and Power (95.098%) and the Glendale Water and Power (4.902%) as project participants. For the time being, Glendale Water and Power has laid off both its rights to output from the Milford Wind Corridor Phase II Project and its payment obligations on the Milford Wind Corridor Phase II Project to the Los Angeles Department of Water and Power; however, Glendale Water and Power maintains an option to take its share of the output, in return for its cost share, at a future date. At the time of issuance, the 2011-1 Milford II Project Bonds were assigned long-term ratings of AA- by Standard & Poor’s and AA- by Fitch Ratings.

In November 2011, SCPPA novated, from Citibank N.A. to Wells Fargo N.A. (“Wells Fargo”), a fixed payor swap transaction, associated with the Southern Transmission System Project, Subordinate Series 2000 Refunding Revenue Bonds (“the 2000 Southern Transmission System Project Bonds”), with a current notional amount of $125,000,000. The novation, which was done at no cost to SCPPA, improved the credit risk which SCPPA has to the counterparty and allowed SCPPA to remove the insurance provisions from the swap. The notional amount and applicable rates for the swap were unchanged.

In December 2011, SCPPA issued the Magnolia Power Project A, Refunding Revenue Bonds, 2011-1 (“the 2011-1 Magnolia Project A Bonds”), with an aggregate principal amount of $62,265,000, to refinance all of the Magnolia Power Project A, Revenue Bonds, 2003-1, which remained outstanding at the time. The 2011-1 Magnolia Project A Bonds were issued with a low interest cost of 2.48% for 11-year financing and will result in savings of over $5 million to SCPPA over the next eleven years.

In January 2012, SCPPA replaced a Letter-of Credit which had been provided by KBC Bank N.A. in association with the Magnolia Power Project A, Refunding Revenue Bonds, 2009-1 (“the 2009-1 Magnolia Project A Bonds”), with a Letter-of-Credit from U.S. Bank National Association (“US Bank”). The change to U.S Bank as a higher rated credit provider will also have the result of lowering SCPPA’s ongoing total cost and reducing SCPPA’s counterparty risk on the 2009-1 Magnolia Project A Bonds, which remain outstanding with an aggregate principal amount of $145,510,000.

Also in January 2012, SCPPA replaced a Letter-of Credit which had been provided by Bank of America, N.A. in association to the Magnolia Power Project A, Refunding Revenue Bonds, 2009-2 (“the 2009-2 Magnolia Project A Bonds”), with a Letter-of-Credit from Wells Fargo. The change

financing activities

to Wells Fargo as a higher rated credit provider will also have the result of lowering SCPPA's ongoing total cost and reducing SCPPA's counterparty risk on the 2009-2 Magnolia Project A Bonds, which remain outstanding with an aggregate principal amount of $110,770,000.

In April 2012, SCPPA issued the Southern Transmission System Transmission Project, 2012 Subordinate Refunding Revenue Series A Bonds ("the 2012 A Southern Transmission System Project Bonds") to refinance the Southern Transmission System Transmission Project, 2002 Subordinate Refunding Revenue Series A Bonds ("the 2002 A Southern Transmission System Project Bonds") then outstanding with an aggregate par amount of $47,375,000. The 2012 A Southern Transmission System Project Bonds were issued with an aggregate principal amount of $39,935,000. The 2012 A Southern Transmission System Project Bonds were issued with the same final maturity of July 1, 2019 as the 2002 A Southern Transmission System Project Bonds which were refinanced and were issued with a low interest cost of 1.30% for 7-year financing which will result in savings of over $8 million to SCPPA over the next seven years.

In May 2012, SCPPA novated, from Citibank N.A. to The Bank of New York Mellon, a fixed payor swap transaction, associated with the Magnolia Power Project A, Refunding Revenue Bonds, 2009-1 and Magnolia Power Project A, Refunding Revenue Bonds, 2009-2, with a current notional amount of $110,888,878. The novation, which was done at no cost to SCPPA, improved the credit risk which SCPPA has to the counterparty and allowed SCPPA to raise a collateral threshold on the swap. The notional amount and applicable rates for the swap were unchanged.

In June 2012, SCPPA renewed a liquidity facility which had been provided by Wells Fargo in association to the 2000 Southern Transmission System Project Bonds. The extension will have the result of lowering SCPPA's ongoing total cost on the 2000 Southern Transmission System Project Bonds, which remain outstanding with an aggregate principal amount of $125,000,000.

Also in June 2012, SCPPA replaced two Letters-of Credit which had been provided by Citibank, N.A. in association to the Power Project Revenue Bonds 2008 Subordinate Refunding Series A (Palo Verde Project) ("Series A") and Power Project Revenue Bonds 2008 Subordinate Refunding Series B (Palo Verde Project) ("Series B" and collectively "the 2008A&B Palo Verde Project Bonds"), with two Letters-of-Credit from Barclays Bank PLC ("Barclays"). The change to Barclays as a higher rated credit provider will also have the result of lowering SCPPA's ongoing total cost and reducing SCPPA's counterparty risk on the 2008A&B Palo Verde Project Bonds, which remain outstanding with an aggregate principal amount of $69,100,000 ($34,500,000 for Series A and $34,500,000 for Series B). The two Letters-of-Credit from Barclays cover the remaining term of the 2008A&B Palo Verde Project Bonds.

In addition to the generation projects financings, cost reduction, and risk reduction financing actions completed during this past fiscal year, SCPPA continued to plan for and develop financing options for other renewable projects to help SCPPA members meet renewable energy goals. SCPPA expects to complete financings for additional renewable energy projects in coming fiscal years and continues to aggressively pursue competitively priced renewable energy projects for its members and is actively engaged in a number of projects that utilize innovative financing structures to achieve low cost efficient financing.

SCPPA also continuously evaluates other financing opportunities and the existing portfolio of financings to balance the lowest possible cost and smallest amount of financial risk exposure for its members.

financing activities

federal legislative report

While the 112th Congress has predominately been characterized by a sharp partisan divide, resulting in legislative gridlock, SCPPA has been active on a number of issues that could impact the cost and operations of its member municipal utilities. That activity has focused on proposed federal Clean Air Act regulations affecting existing SCPPA generation assets, as well as legislative proposals on cyber security, hydropower development, and municipal finance.

Regional Haze Requirements

How best to address regional haze at the San Juan Generating Station (San Juan) has been front and center for SCPPA and its plant partners in 2012.

The Environmental Protection Agency (EPA), New Mexico's Gov. Susana Martinez (R), and Public Service of New Mexico (PNM) – the operator of the San Juan plant - continue to negotiate in an effort to reach a compromise regarding federal regional haze requirements. Five SCPPA members – Azusa, Colton, Banning, Glendale, and IID - own 41.8 percent of San Juan Unit 3, and Anaheim owns 10 percent of Unit 4.

The state, PNM and EPA have been at loggerheads over which emission reduction technology will be required to mitigate regional haze. EPA rejected an earlier state plan, and instead insisted that PNM install selective catalytic reduction (SCR) technology, with limited benefit over the $75 million state plan, but is estimated to cost from $750 million to $1 billion.

The cost and the impact of this decision will have significant economic implications for SCPPA members who own a share of the plant. For this reason, SCPPA utilities contacted their Congressional delegation several times, informing them of the potential impacts on southern California consumers, and enlisting their support in discussions with EPA. In June SCPPA, along with other California owners of San Juan, testified on Capitol Hill on the conflicting cost estimates, severe timelines for compliance, as well as technical barriers. SCPPA members also worked with Reps. Mary Bono-Mack (R-Calif.) and Joe Baca (D-Calif.), and eight of their California colleagues on a letter to EPA, to encourage EPA to work with the state and key stakeholders to come together on a "cost effective and reasonable alternative."

In August, EPA Administrator Lisa Jackson agreed to grant a 90-stay of the Federal Implementation Plan (FIP) and asked the New Mexico Environment Department (NMED) to lead an effort to bring all stakeholders to the table to discuss alternatives.

Over two months, NMED engaged stakeholders, including PNM, the Navajo Nation, local political and economic development leaders from the Four Corners Area, environmental and consumer groups, the U.S. Forest Service, and the public to discuss the problem in greater detail and solicit feedback. EPA endorsed the process, which led to development of the Martinez Administration's alternative proposal, which is currently under discussion by the EPA, the state and PNM.

In October, EPA issued an additional 45-day stay of the FIP, which ends Nov. 29; many view that as a deadline for the negotiations. Discussions continue with the hope that all parties can reach an acceptable resolution.

Cyber Security

While there was general agreement in the 112th Congress that cyber security attacks on critical U.S. infrastructure, including the electric grid, are increasing, and pose a risk to the economy and national security, there was no agreement on how best to legislate. Despite repeated urging by former and current national security and defense officials, and repeated simulated attacks by national security experts, the House and Senate remained far apart on cyber security legislation.

federal legislative report

The House in April passed a cyber bill which focused on information sharing between the federal government and the private sector, which a broad coalition of electric sector interests, including SCPPA, supported.

The Senate and the Obama Administration took a different approach, however. Sens. Joe Lieberman (I-CT) and Susan Collins (R-ME) advanced a comprehensive cyber security bill that would have granted the Department of Homeland Security (DHS) new regulatory authority to identify the most critical assets across 18 critical sectors, including the electric sector, set performance-based cyber security standards for those assets, and enforce those standards.

The electric sector coalition supported targeted efforts to give a federal agency authority to require industry action in the event of an “imminent threat” to the bulk power system, but did not support creating a duplicative, possibly inconsistent cyber security regulations that would undermine the current Federal Power Act program of mandatory, enforceable cyber security requirements for the bulk electric system.

Attempts to modify the Lieberman-Collins bill, to enact a “voluntary” cyber security program under DHS, also failed to pass the Senate in the post-election, lame duck session, which ensured that cyber security will be on the agenda for the 113th Congress.

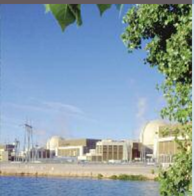
Given the vote, we expect the Administration to issue an Executive order on cyber security soon. The order will direct federal agencies to take action, under existing authorities, to encourage adoption of performance standards to protect critical infrastructure from cyber attacks. The Administration, however, has acknowledged that such an order cannot provide liability protection for owners/operators of critical assets, or compel them to share information about attacks and vulnerabilities with the government. Thus, the White House continues to say that legislation is needed.

Municipal Finance and Hydropower Development

On municipal finance, public power is at significant risk of losing, or seeing limitations placed on, its municipal bonding authority. As Congress and the Administration grapple with enormous “fiscal cliff” issues including expiring tax provisions and pending across-the-board “sequestration” cuts to federal spending, several proposals have been floated to raise revenue through significant changes to the tax-exempt bonding authority of state and local governments, including municipal utilities.

This threat to the public power business model is among the most serious that municipal utilities have faced in decades, and will be SCPPA’s top priority in the 113th Congress, as legislators and the White House work to address the nation’s growing budget deficit and modify the tax code.

Lastly, SCPPA supported legislation in the 112th Congress to lift barriers to small hydropower development, such as H.R. 5892, *Hydropower Regulatory Efficiency Act*, which passed the House but was not taken up in the Senate. This and its companion bill S. 629, the *Hydropower Improvement Act* will be the starting point for efforts to promote development of domestic hydropower in the next Congress. As SCPPA utilities work to meet California’s 33% Renewable Portfolio Standard, small power projects could prove helpful.



The 2011-12 session of the California State Legislature was a very busy one for SCPPA and its member utilities. Following is a summary of new legislation related to energy and Cap & Trade introduced that entailed active engagement of member cities of SCPPA in key bills affecting their utilities.

Biomethane related bills:
Assembly Bill 1900 (Gatto D-Burbank) requires the Office of Environmental Health Hazard Assessment to determine the maximum concentration of constituents of concern (COCs) in landfill gas and requires the CPUC to develop testing protocols for the COCs. This bill also requires CPUC to adopt nondiscriminatory pipeline access rules and requires the Energy Commission to identify impediments, to biomethane electricity procurement, and prohibits a gas producer from knowingly selling, transporting, or supplying gas from a hazardous waste landfill.

Assembly Bill 2196 (Chesbro D-Santa Rosa) requires that any procurement of biomethane delivered through a common carrier pipeline under a contract executed by a retail seller of electricity or local POU and reported to the CEC prior to March 29, 2012, and otherwise eligible under the rules in place as of the date of contract execution, shall count toward the procurement requirements established in the RPS, under the rules in place at the time the contract was executed, including the Fourth Edition of the CECs Renewables Portfolio Standard Eligibility Guidebook, provided that those rules shall apply only to sources that are producing biomethane and injecting it into a common carrier pipeline on or before April 1, 2014.

POU Reporting to CEC
Assembly Bill 2227 (Bradford D-Inglewood) recasts and revises the reporting requirements of POUs to the CEC and the California Solar Initiative which are intended to result in a streamlining and consolidation of reporting requirements. It changes the every three years to every four years a requirement that each POU report to the CEC on identification of all potentially achievable cost-effective electricity savings and annual targets over the upcoming 10-years.

Solar Energy Permit Fees
Senate Bill 1222 (Leno D-San Rafael) places a cap on the amount of permit fees charged by a city or county for both residential and commercial rooftop solar energy systems, unless a city or county makes written findings and adopts a resolution or ordinance providing substantial evidence of the reasonable cost to issue the permit and why the cost exceeds the specified caps.

POU FIT Deadline
Senate Bill 1332 (McLeod D-Chino) requires publicly-owned utilities (POUs) serving more than 75,000 customers to: (1) adopt a feed-in-tariff (FIT) for renewable generation facilities, as required under current law, no later than July 1, 2013; and (2) ensure that the FIT considers the avoided costs for transmission and distribution upgrades, whether the renewable generation facility offsets peak demand, and environmental and greenhouse gas reduction compliance costs.

GHG Revenues: Distribution of Funds
AB 1532 (Perez D-Los Angeles) requires CARB to develop three investment plans that identify the anticipated expenditures of moneys appropriated from the Greenhouse Gas Reduction Fund (GHGRF), to submit each plan to the Budget Committees of each house of the Legislature, as specified, and to adopt each investment plan, as specified. Also, requires the Governor to submit a budget to the Legislature that includes specified appropriations consistent with each investment plan and requires the Legislature to consider these appropriations when adopting the

california legislative summary

Budget Act. Lastly, it requires the ARB to annually submit a report no later than December of each year to the appropriate committees of the Legislature on the status of projects and their outcomes and any changes the ARB recommends need to be made to the investment plan.

GHG Revenues: First Auction Funds
SB 1572 (Pavley D-Santa Monica) appropriates 70% of auction revenues collected in the 2012-13 fiscal year not allocated by DOF. Also, requires CARB to allocate 60 percent of these funds to projects undertaken by regulated industries entities in the cap and trade program. In addition, requires that 10 percent of these funds be allocated to the Strategic Growth Council and awarded to MPOs or council of governments for regional plans and to local governments and nonprofits for local climate innovation projects. Late amendments removed provisions that created a subaccount within the GHGRF for moneys collected by ARB from the sale of allowances to water suppliers.

anaheim

MARCIE L. EDWARDS

General Manager

Anaheim Public Utilities Dept.

Customers - Retail	115,113
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	431,323
Purchased	2,707,466
Total	3,137,789
Total Revenues (000s)	$411,320
Operating Costs (000s)	$353,226

*Unaudited Fiscal Year End June 30, 2011 information

Since 1894, Anaheim Public Utilities' vision for serving customers has extended well beyond a responsibility to provide reliable, cost-effective electricity and water. Whether we are planning a new substation; building a renewable energy resource; replacing overhead electrical facilities with underground transmission, distribution and service cables; or offering new efficiency incentives, we seek long-term solutions to issues that will strengthen Anaheim's neighborhoods, schools and businesses far into the future.

azusa

GEORGE F. MORROW

Director of Utilities

City of Azusa Light & Water

Customers Served (as of 6/30/2012)	15,567
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased (net)	242,125
Sales	
Retail	236,527
Total Revenues (000s)	$41,568*
Operating Costs (000s)	$36,624*

*Unaudited

Azusa's electric utility was established in 1898 after the City purchased a private power company. The City's foresight in planning and system maintenance has resulted in a reliable supply of low cost electricity to the incorporated area of Azusa for over 100 years. Azusa's water utility service area was significantly expanded in 1993 and includes portions of Covina, Glendora, Irwindale, West Covina, and county unincorporated areas. Azusa is committed to increasing the amount of renewable energy sold to retail customers and to meeting all state and federal requirements to reduce greenhouse gas emissions associated with global warming. Azusa Light & Water remains customer-focused and strives for excellence in providing personal service to all types of customers, from residential to large industrial customers and developers.

banning

FRED H. MASON

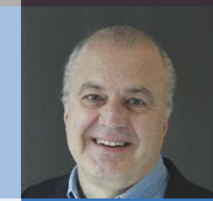
Electric Utility Director

City of Banning

Customers - Retail	11,800
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased	142,395
Total	142,395
Sales	
Retail	132,563
Total Revenues (000s)	$27,719*
Operating Costs (000s)	$28,034*

*Unaudited

The City of Banning Electric Utility provides electric service to approximately 11,800 accounts covering an area of over 25 square miles. Originally established in 1913 as a private utility, the City of Banning purchased the Utility in 1922 and has been providing quality electric service to its residents since that time. Banning's energy resource base includes portions of coal, nuclear and hydro generating plants, which provide the majority of electricity required to meet its summer peak demand of 48 MW. The City supports clean energy and is committed to adding additional renewable energy resources to its already diverse portfolio. In 2011 the Utility served approximately 20 percent of its customer load from two geothermal generating facilities located in the Imperial Valley, and has an RPS goal of 33 percent by 2020. The Utility is dedicated to continue providing quality service to its customers in a safe and reliable manner, at reasonable rates.



burbank

RONALD E. DAVIS

General Manager

Burbank Water and Power

Customers - Retail	51,971
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	17,000
Purchased	1,266,900
Total	1,283,900
Total Revenues (000s)	$166,747*
Operating Costs (000s)	$156,001*

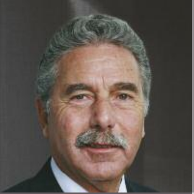
*Unaudited and excludes wholesale transactions

For nearly 100 years, Burbank Water and Power (BWP) has been providing the City of Burbank with safe, reliable and affordable water and electric services. BWP continues to provide exceptional service at competitive rates to residents, businesses, and the community every day. Keeping a keen eye on innovative technologies and sustainability efforts, BWP constantly looks to find more sustainable ways to do business, lower dependence on fossil fuels, and develop clean and renewable energy sources.

The modernization of the BWP campus is one example of BWP's commitment to preserving the Earth's natural resources for generations to come while still meeting the growing demand for water and electricity. The BWP campus will be recognized by the United States Green Building Council with a Platinum level LEED certification, the highest level possible, for implementing practical and measurable green building design, construction, operations and maintenance solutions.

BWP is modernizing its electrical system, with technology commonly referred to as "smart grid", to provide us the opportunity to fully use our electric resources and make efficiency improvements. Implementation of smart grid systems will ensure we are able to increase the use of renewable energy and be prepared for the growing use of products like electric vehicles.

cerritos



ART GALLUCCI
City Manager
City of Cerritos

Customers - Retail	236
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	60,712
Purchased	0
Total	60,712
Total Revenues (000s)	$4,017*
Operating Costs (000s)	$4,972*

*Unaudited

The first new member to join Southern California Public Power Authority in over 20 years, the City of Cerritos is serving the electricity demands of a select group in the business community. Currently, all of the power requirements come from Cerritos' participation in the Magnolia Power Project with the goal of providing a stable and affordable supply of electricity, Cerritos intends on developing a portfolio of power that includes renewable (green) resources to be delivered as competitively and economically as possible. During the past year the City completed and commissioned two solar projects in the Cerritos Corporate Yard totaling $1.27 million that was funded with grants received from the U.S Department of Energy. The annual output of approximately 0.5 MWh from these two installations is used to meet the electrical power needs of the City's Corporate Yard facilities.

colton

DAVE KOLK
Utility Director
City of Colton

Customers - Retail	18,834
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	26,349
Purchased	389,095
Total	415,444
Total Revenues (000s)	$59,558*
Operating Costs (000s)	$52,467*

*Unaudited

The largest municipally owned electric utility in San Bernardino County, Colton Electric Utility has been providing service to the City of Colton for over 100 years. The Board of Trustees of the City of Colton passed an ordinance in 1895 with the intent to acquire, construct, own, operate, and maintain an electric system to supply light, power, and heat to the city. By 1897, 1,140 domestic lights, 30 incandescent street fights, and 11 arc lights had been installed. Today, we serve a population of over 52,000 and are looking to the future by securing a diverse portfolio of energy consisting of wind, solar, geothermal, biomass and hydro resources. Our employees are proud to continue the tradition of providing reliable service through efficient and economical operations and a strong relationship with our customers.

glendale

STEVE ZURN
General Manager
Glendale Water and Power

Customers - Retail	85,358
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	173,682
Purchased	1,962,798
Total	2,136,480
Total Revenues (000s)	$205,715
Operating Costs (000s)	$200,725

Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. In 1937, it began receiving power from the Hoover Dam and inaugurated the first unit of its own steam generating plant units with 258 MW of gas-fired steam and combustion generating capacity. Glendale Water & Power (GWP) has a diversified portfolio that also includes coal, nuclear, and hydro generating resources, as well as a comprehensive renewables resource program in landfill gas, wind, and geothermal projects. Today, GWP provides reliable electric services to over 85,000 residential, commercial and industrial customers within a 31 square mile area. GWP continues to invest in improving the system infrastructure to ensure its long-term reliability. Our vision is to provide our customers with reliable and sustainable water and power services that are cost effective and innovative.

imperial

KEVIN KELLEY
General Manager
Imperial Irrigation District

Customers - Retail	148,196
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	1,210,195
Purchased	2,319,854
Total	3,530,049
Total Revenues (000s)	$389,677
Operating Costs (000s)	$384,283

(as of 12-31-11)

The Imperial Irrigation District (IID) was established in 1911 and entered the power business in 1936. Proudly serving Imperial and Coachella Valleys and a portion of San Diego County, IID has a service area of 6,471-square miles and controls over 1,100 MW of energy derived from a diverse resource portfolio that includes native generation, SCPPA partnerships, and long- and short-term power purchases. A valuable public resource, IID is regarded as an affordable and reliable service provider serving over 148,000 customers.

los angeles

RON NICHOLS

Chief Operating Officer

Los Angeles Department of Water and Power

Customers - Retail	1,470,642
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	12,880,072
Purchased	14,642,286
Total	27,504,358
Total Revenues (000s)	$3,081,680*
Operating Costs (000s)	$2,629,541*

*Unaudited

Providing service for more than a century, the Los Angeles Department of Water and Power began delivering water to the city in 1902, and with the water came power. In 1916, LADWP first delivered electricity to the city purchased from the Pasadena Municipal Plant. A year later, LADWP began generating its own hydroelectric power at the San Francisquito Power Plant No. 1. After purchasing the remaining distribution system of Southern California Edison within the city limits in 1922, LADWP became the sole water and electricity provider for the City of Los Angeles. It is now the largest municipally owned electric utility in the nation, serving a population of 3.8 million residents over a 465 square mile area LADWP remains on firm financial footing and serves as a valuable asset to the City of Los Angeles. LADWP reached its 20% renewable goal in 2010 with a significant portion of such goal accomplished with projects transacted through SCPPA. LADWP is undergoing a transformation of its power supply, as documented in its Integrated Resource Plan. In the next 15 years, there will be a transition away from coal, replacing such energy through meeting a mandated 33% renewable goal by 2020, increasing energy efficiency to at least 10% by 2020, balancing the system demands with increased use of natural gas from new and rebuilt existing facilities, and repowering gas facilities to eliminate the use of ocean water for cooling.

pasadena

PHYLLIS E. CURRIE

General Manager

Pasadena Water and Power

Customers - Retail	64,151
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	147,749
Purchased	1,248,368
Total	1,396,117
Total Revenues (000s)	$196,135
Operating Costs (000s)	$167,437

PWP has been providing electricity since 1906 and began delivering water to customers in 1912. The city built its first electric generating steam plant in 1907 and took over operation of its municipal street lighting from Edison Electric. In 1909, Pasadena began the extension of its operations to commercial and residential customers that resulted in the replacement of all Edison Electric service in the city by 1 920. While much has changed over the years, PWP's strong connection to its customer/owner base remains constant. Today, PWP provides electric service to more than 64,000 metered accounts over a 23 square-mile service area at competitive rates. In 2012, Pasadena updated its Integrated Resource Plan for energy that was originally adopted in 2009. The plan includes a Renewable Portfolio Standard (RPS) calling for the addition of cost-effective renewable resources through a combination of long-term and short-term power purchases. The Integrated Resource Plan includes a commitment to provide 40% of the City's retail electric energy requirements with renewable resources by 2020. Over 20% of Pasadena's energy was supplied by renewable resources in 2012, and PWP is actively pursuing opportunities to expand its renewable resources while remaining committed to its mission of providing reliable service at reasonable cost to its customers. PWP's success is a result of its commitment to remain a valued community asset, an exceptional employer, and a partner in Pasadena's prosperous future.

riverside

DAVID H. WRIGHT

Public Utilities Director

City of Riverside

Customers - Retail	107,321
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	251,086
Purchased	1,969,614
Total	2,220,700
Total Revenues (000s)	$332,000
Operating Costs (000s)	$258,700

Established in 1895, Riverside Public Utilities (RPU) is a consumer-owned water and electric utility that provides high quality, reliable services to over 107,000 metered electric customers and 64,000 metered water customers throughout an 82 square mile area in and around the City of Riverside, CA, serving a population of more than 308,000. RPU is committed to providing the highest quality water and electric services at the lowest possible rates to benefit its customer owners. To maintain its energy delivery commitments, the utility maintains a diverse resource portfolio mix that includes: a 1.79% (38.5 MW) ownership interest in the San Onofre Nuclear Generating Station; 236 MW of simple-cycle, natural gas peaking generation, and 29.5 MW combined-cycle natural gas generation; participation in joint SCPPA (42 MW) and IPA (137 MW) generation projects; long-term renewable power purchase agreements, as well as short, mid, and long-term contracts from various other power providers. As California's first "Emerald City," Riverside is committed to promoting sustainable communities and becoming a municipal leader in the use of renewable energy resources. Twenty percent of RPU's retail energy needs are currently provided by renewable energy resources.

vernon

CARLOS FANDINO, JR.

Director – Light & Power

City of Vernon

Customers - Retail	1,896
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	127
Purchased	1,199,129
Total	1,199,256
Total Revenues (000s)	$128,454*
Operating Costs (000s)	$99,244*

*Unaudited

City of Vernon Light & Power Department began serving industrial customers in 1933, with completion of its diesel generating plant. In addition to its own power from diesel units and gas turbines, Vernon also receives power from the Malburg Generating Station, Palo Verde, Hoover, and various suppliers. The Malburg Generating Station resides within city limits. Vernon is part of the California independent System Operator (CAISO) Control Area and is a Participating Transmission Owner.

SCPPA

Participant Ownership Interests

The Authority's participants may elect to participate in the projects. As of June 30, 2012, the members have the following participation percentages in the Authority's financed operating projects:

	GENERATION				TRANSMISSION		
PARTICIPANTS	PALO VERDE PROJECT	SAN JUAN PROJECT	MAGNOLIA POWER PROJECT	CANYON POWER PROJECT	SOUTHERN TRANSMISSION SYSTEM PROJECT	MEAD-PHOENIX PROJECT	MEAD-ADELANTO PROJECT
City of Los Angeles	67.0%	-	-	-	59.5%	24.8%	35.7%
City of Anaheim	-	-	38.0%	100.0%	17.6%	24.2%	13.5%
City of Riverside	5.4%	-	-	-	10.2%	4.0%	13.5%
Imperial Irrigation District	6.5%	51.0%	-	-	-	-	-
City of Vernon	4.9%	-	-	-	-	-	-
City of Azusa	1.0%	14.7%	-	-	-	1.0%	2.2%
City of Banning	1.0%	9.8%	-	-	-	1.0%	1.3%
City of Colton	1.0%	14.7%	4.2%	-	-	1.0%	2.6%
City of Burbank	4.4%	-	31.0%	-	4.5%	15.4%	11.5%
City of Glendale	4.4%	9.8%	16.5%	-	2.3%	14.8%	11.1%
City of Cerritos	-	-	4.2%	-	-	-	-
City of Pasadena	4.4%	-	6.1%	-	5.9%	13.8%	8.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	GREEN POWER						NATURAL GAS		
PARTICIPANTS	HOOVER UPRATING PROJECT	TIETON HYDRO-POWER	MILFORD I WIND	MILFORD II WIND	LINDEN WIND ENERGY	WINDY POINT PROJECT	PINEDALE PROJECT	BARNETT PROJECT	PREPAID NATURAL GAS PROJECT
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%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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	Ameresco Chiquita Landfill Gas Project	2030
San Juan Project	2030	Windy Point Project	2030
Magnolia Power Project	2036	Linden Wind Energy Project	2035
Canyon Power Project	2030	Southern Transmission System Project	2027
Hoover Uprating Project	2018	Mead-Phoenix Project	2030
Tieton Hydropower Project	2028	Mead-Adelanto Project	2030
Milford I Wind Project	2030	Natural Gas Project - Pinedale	2030
Milford II Wind Project	2031	Natural Gas Project - Barnett	2030

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, 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 assets (deficit) as part of operations and maintenance expenses.

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

	Power Purchase Agreements			
Participants	Ormat Geothermal Energy Project	Pebble Springs Wind Project	MWD Small Hydro Project	Ameresco/Chiquita Landfill Gas Project
Capacity	17.00 MW	98.7 MW	17.04 MW	10.00 MW
City of Los Angeles	-	-	92.5%	95.1%
City of Anaheim	42.6%	-	-	-
City of Azusa	4.2%	-	-	-
City of Banning	2.1%	-	-	-
City of Colton	3.2%	-	-	-
City of Burbank	16.0%	50.0%	5.0%	
City of Glendale	-	50.0%	-	4.9%
City of Cerritos	-	-	-	-
City of Pasadena	-	-	2.5%	-
	100.0%	100.0%	100.0%	100.0%

combined summary of financial conditions

Summary of Financial Condition and Changes in Net Assets
COMBINED ALL PROJECTS

($ In Thousands)

	JUNE 30, 2012	2011	2010
Assets			
Net utility plant	$ 1,431,352	$ 1,454,668	$ 1,364,717
Investments	678,358	809,081	870,322
Cash and cash equivalents	348,515	233,543	245,390
Prepaid and other	1,309,637	1,179,779	747,379
Total assets	$ 3,767,862	$ 3,677,071	$ 3,227,808
Liabilities			
Noncurrent liabilities	$ 3,482,080	$ 3,409,560	$ 3,037,652
Current liabilities	415,090	394,590	322,662
Total liabilities	3,897,170	3,804,150	3,360,314
Net Assets (deficit)			
Invested in capital assets, net of related debt	(641,171)	(609,033)	(704,950)
Restricted net assets	603,201	530,757	564,582
Unrestricted net assets	(91,338)	(48,803)	7,862
Total net deficit	(129,308)	(127,079)	(132,506)
Total liabilities and net assets (deficit)	$ 3,767,862	$ 3,677,071	$ 3,227,808
Revenues, Expenses and Changes in Net Assets (deficit) for the year ended June 30			
Operating revenues	$ 682,990	$ 604,170	$ 516,088
Operating expenses	(511,062)	(449,731)	(388,129)
Operating income	171,928	154,439	127,959
Investment and other income	23,745	19,095	27,741
Derivative gain (loss)	(42,743)	(22,199)	(16,457)
Debt expense	(167,130)	(145,770)	(145,965)
Change in net assets	(14,200)	5,565	(18,104)
Net Deficit, beginning of year	(127,079)	(132,506)	(169,205)
Net Contributions/ (Withdrawals) By Participants	11,971	(138)	9,793
Net Deficit, end of year	$ (129,308)	$ (127,079)	$ (132,506)

SCPPA Accounting & Investment Group

From left to right:
Adrian Chung, Utility Accountant
Margarita Estrella, Lead Utility Accountant
Joan Ilagan, Investment Manager
Jocelyn Mariano, Senior Utility Accountant
Atif Haji Datoo, Utility Accountant
Yolanda Pantig, Assistant Accounting Manager
Therese Savery, Manager SCPPA Accounting & Investments
Nina Sanchez, Assistant Investment Manager
Sharon Moore, Administrative Assistant

Not Pictured:
Theresa Miranda, Utility Accountant
Andrew Virzi III, Utility Accountant