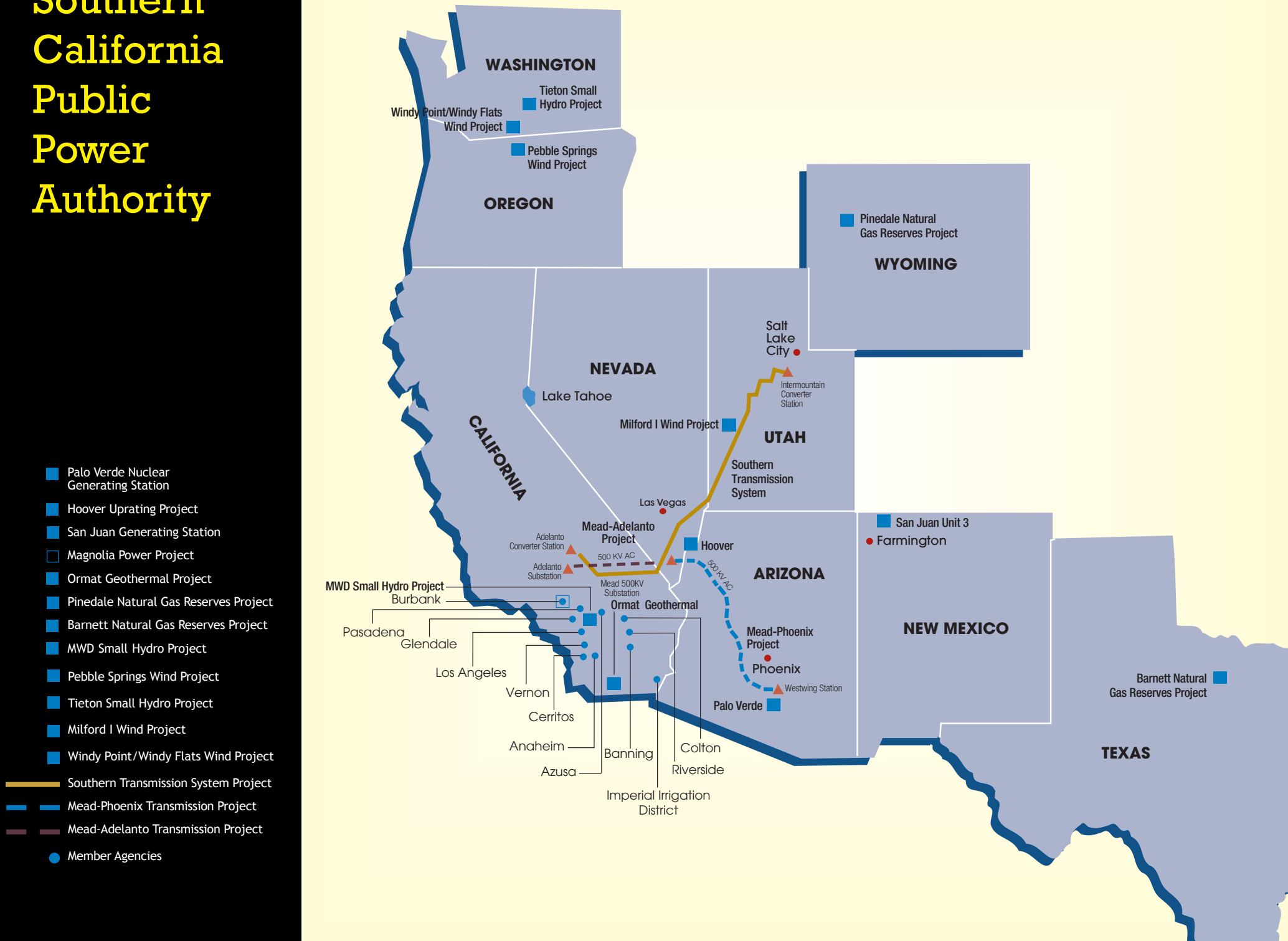
SCPPA 2011

annual report

Table of Contents

Southern California Public Power Authority



What is SCPPA?

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.

Southern California Public Power Authority (SCPPA), with headquarters in Pasadena, 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, 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 nine 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, 2011, SCPPA had issued $13.6 billion in bonds, notes, and refunding bonds, of which $3.3 billion was outstanding.

SCPPA Officers

Glenn Steiger
President

Ron Davis
Vice President

Mario Ignacio
Secretary

Phyllis Currie
Assistant Secretary

Bill Carnahan
Treasurer/Auditor &
Assistant Secretary

SCPPA Staff

Phyllis Brown
Government Affairs Manager

Bill Carnahan
Executive Director

Julie Felipe
Assistant Energy Systems Manager

Daniel Hashimi
Assistant General Counsel

Dick Helgeson
General Counsel

Steve Homer
Project Administrator

Geri Mitchell
Office Manager

Vernon Oates
Finance & Accounting Manager

Salpi Ortiz
Administrative Analyst

Dave Walden
Energy Systems Manager

Letter from President and Executive Director

This past year, economic uncertainty and a sluggish economy continued to have a major influence on SCPPA and its members. However, while there was economic and legislative uncertainty, SCPPA and its member utilities successfully met every challenge.

SCPPA focused on taking advantage of market opportunities to generate cost savings and reduce risk. Through strategic bond refinancing and liquidity replacements, SCPPA achieved savings of over $18 million in debt service payments in the current and next fiscal year. SCPPA reduced risk by replacing the counterparty on the Natural Gas Prepay investment contract. This upgrade of the counterparty was done at virtually no cost, and preserved the original projected savings.

SBX1-2 formalized California's renewable energy target of 33% by 2020. SCPPA continued to assist members in the acquisition of projects to help meet this goal. Currently, on average, 20% of the members energy deliveries are renewable. Last year over 200 additional renewable projects were submitted and reviewed under the most recent SCPPA Request for Proposals. SCPPA members have already received over 7,200,000,000 kWh's of clean, renewable energy — enough to serve over 1,200,000 homes per year — from projects such as wind, solar, geothermal, small hydro and biomass.

During the past year, SCPPA completed the long-term financing for three renewable projects; Tieton Hydro Power and Linden Wind Projects in Washington state and the Windy Point Project in Utah for a combined total issuance of over $700 million. The Windy Point and Linden Wind bond issues represented the lowest long-term financing true-interest-cost (TIC) of 3.51% and 3.75% respectively ever achieved by SCPPA.

SCPPA continued to provide important representation before the California Air Resources Board (CARB) as it continued to develop implementation rules for California's landmark greenhouse gas legislation. SCPPA, along with others, was successful in the cap-and-trade proceedings to encourage CARB to adopt an equitable allocation methodology for allowances. Discussions continue on the various classifications of the various types and locations of renewable projects.

The opportunities provided by SCPPA for the members to work together continues to provide positive benefits which enable the members not only to survive the troubled economic waters but to thrive.

Leading the Way 2012: **Already Looking to the Future**

Senate Bill X1-2 has now formalized the State of California's objectives to obtain 33% of energy from renewable sources by the year 2020 in support of the existing Greenhouse Gas reduction objectives. What most Californians' may not know is our Publicly Owned Utilities had already started this effort, years ago. Many of the SCPPA Member utilities had previously set voluntary and local objectives to obtain more renewable energy within their portfolios, in some cases as high at 40%. And we are well on our way to achieving these goals.

SCPPA Member utilities reviewed over 200 additional renewable project proposals in 2011. This is a continuation of an ongoing search for the right combination of renewable technologies, project locations, and ultimate delivery cost to supply the customers of the communities we serve. We also continue to place in service renewable energy projects which had been started in prior years. Energy deliveries from these projects have already exceeded 20% of some member portfolios. Yes, nearly every customer in the communities we serve is already receiving a significant ratio of renewable energy, thanks to efforts started long before the legislative activity in the past year.

Not counting the future contracts or planned development; SCPPA members have already received over 7,200,000,000 kWh's of clean renewable energy — enough to serve over 1,200,000 homes per year — from renewable projects such as wind, solar, geothermal, small hydro and biomass!

The volumes of renewable energy are impressive, and will continue to grow as we look to the future. Ironically, this great progress brings with it additional costs and reliability concerns. Think of it this way: 20% of our customers could potentially lose power if the sun does not shine or the wind does not blow on any particular day. These new renewable energy sources do not deliver consistent power and are often described as "intermittent." Managing this utility infrastructure to assure reliable service to the communities we serve is also part of our future. SCPPA members have already begun planning for this too; building state-of-the-art and super-efficient natural gas generating facilities to fill in when the sun does not shine. The balanced combination of technologies and project locations, called a generation portfolio, is what keeps the lights on for the long haul. SCPPA members are leading the way to optimize our portfolios, reduce our costs and meet our Greenhouse Gas reduction objectives today, and for the future.

Palo Verde Operations

The efforts of new management at Palo Verde have restored good relations with the Nuclear Regulatory Commission, and led to improved performance and ratings. The license renewal process was a success and we expect Palo Verde to continue as the largest producer of power in the country for decades to come.

Percentage of SCPPA member participation in Palo Verdes Operations

Los Angeles
67%

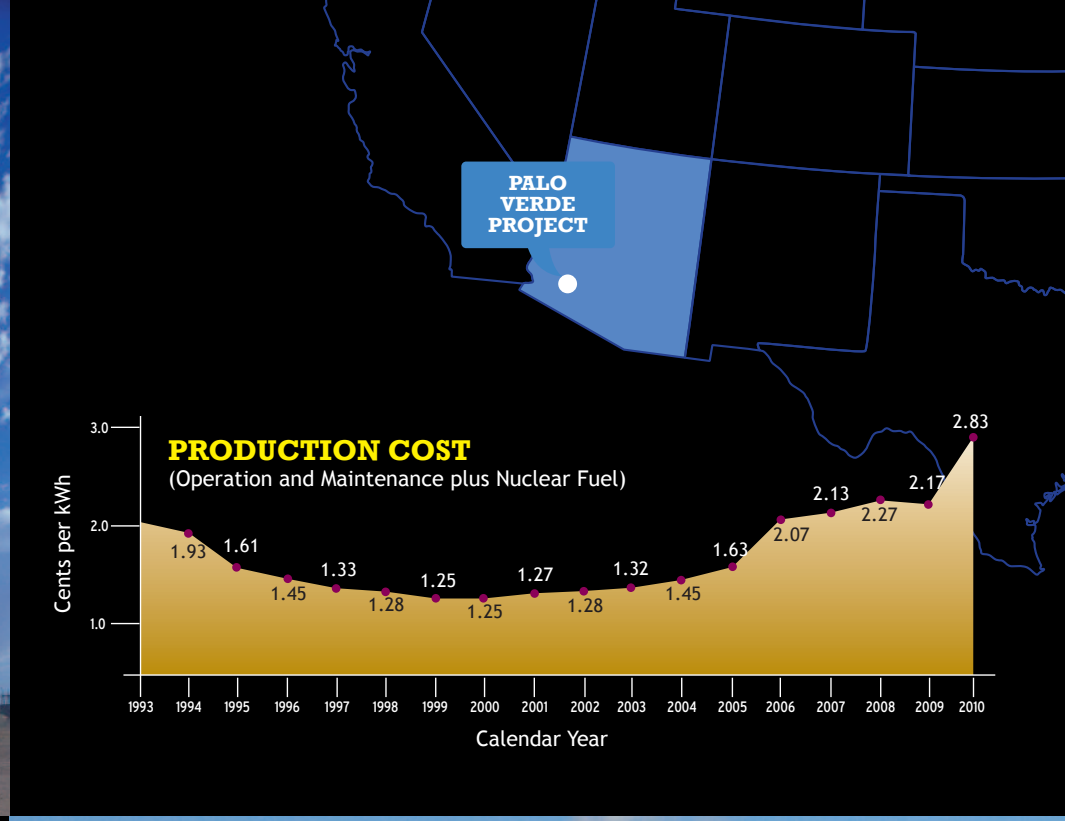
Burbank/Glendale/Pasadena
13.2% (4.4% each)

Imperial Irrigation District
6.5%

Riverside
5.4%

Vernon
4.9%

Azusa/Banning/Colton
3% (1% each)



2010-2011 OPERATIONS

	Generation (Millions of MWHs)	Capacity Utilization %
Unit 1	11.6	100.8%
Unit 2	10.4	90.5%
Unit 3	10.1	87.6%
Aggregate	32.1	92.9%

San Juan Unit 3 Operations

Percentage of SCPPA member participation in San Juan Unit 3 Operations

Imperial Irrigation District
51%

Azusa
14.7%

Colton
14.7%

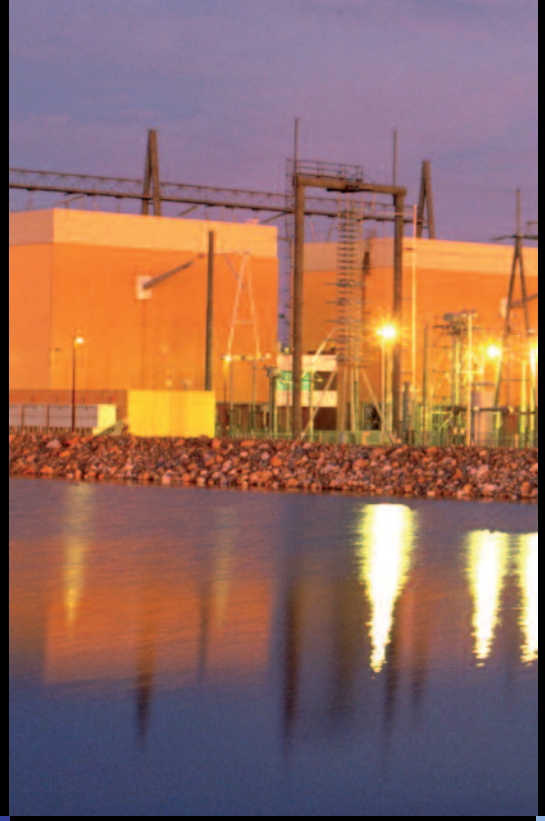
Banning
9.8%

Glendale
9.8%

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.

Mead-Phoenix/ Mead-Adelanto Transmission Projects



Percentage of SCPPA member participation in Mead-Adelanto Project

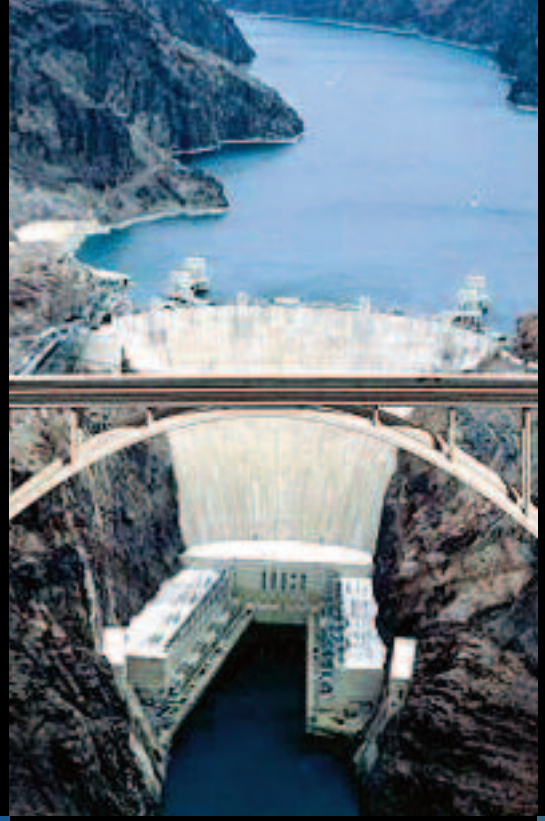
Los Angeles
35.7%
Anaheim/Riverside
27% (13.5% each)
Burbank
11.5%
Glendale
11.1%
Pasadena
8.6%
Colton
2.6%
Azusa
2.2%
Banning
1.3%

The two 500-kV transmission lines, which connect Phoenix to Las Vegas, and Las Vegas to Southern California, completed their fourteenth 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%
Azusa/Banning/Colton
3% (1% each)

Hoover Uprating Project



Percentage of SCPPA member participation in Hoover Uprating Project

Anaheim
42.6%

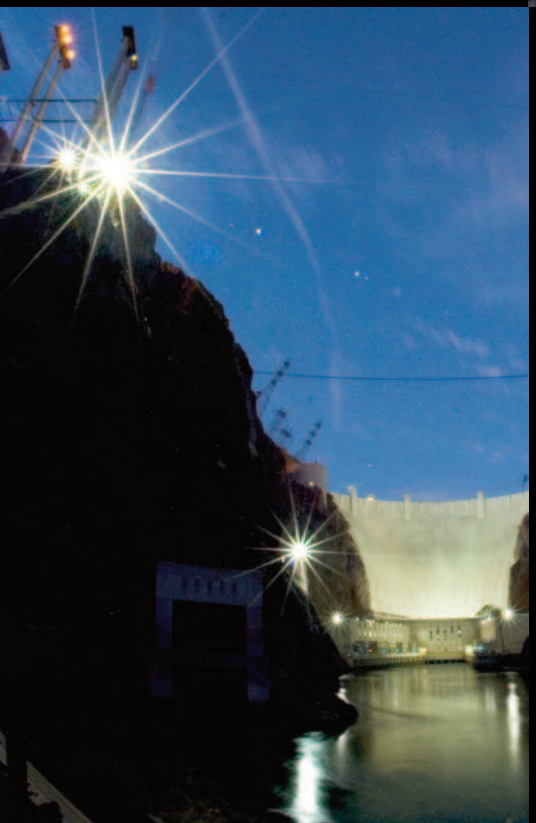
Riverside
31.9%

Burbank
16%

Azusa
4.2%

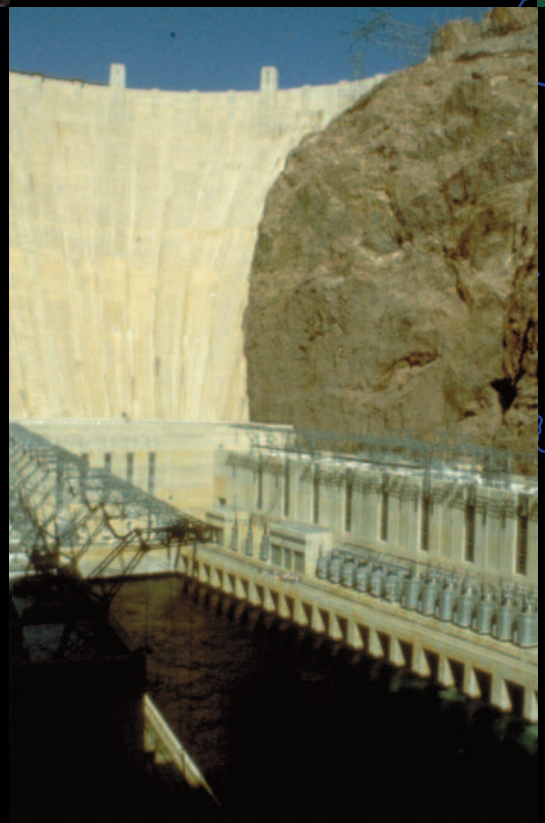
Colton
3.2%

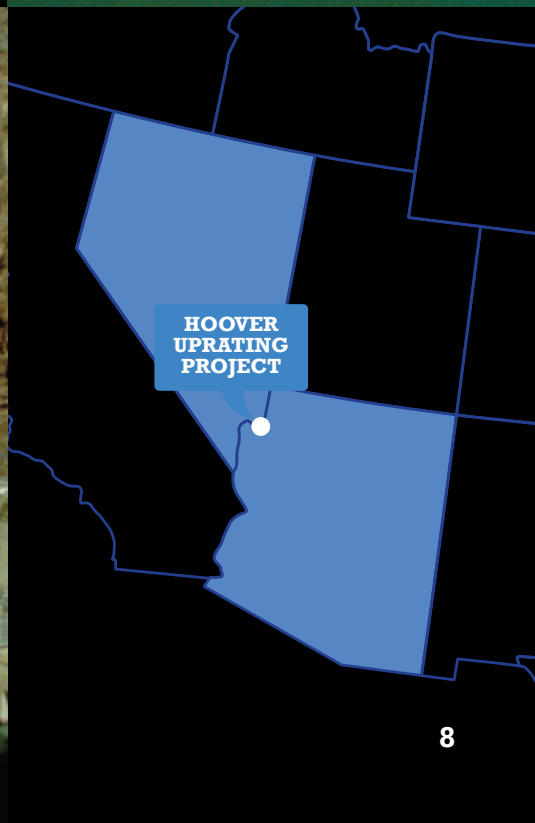
Banning
2.1%



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 which would extend the availability of Hoover power 50 years beyond the contracts' expiration in 2007. At fiscal year-end, the legislation was poised to be approved by both the House and the State.





Southern Transmission System (STS)

Percentage of SCPPA member participation in STS Project

Los Angeles
59.5%

Anaheim
17.6%

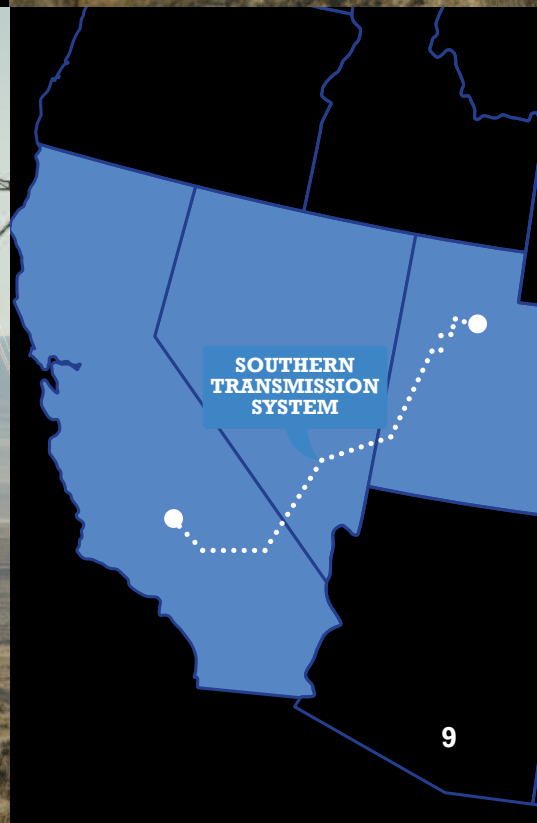
Riverside
10.2%

Pasadena
5.9%

Burbank
4.5%

Glendale
2.3%

As usual, the STS operated with near-perfect availability (96.79%), delivering 11.4 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 will be used to bring power from renewable resources to Southern California.



Magnolia Power Project

Percentage of SCPPA member participation in Magnolia Power Project

Anaheim
38%

Burbank
31%

Glendale
16.5%

Pasadena
6.1%

Colton
4.2%

Cerritos
4.2%

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.

Natural Gas Reserves Projects

Percentage of SCPPA member participation in Pinedale Natural Gas Reserves Project

Anaheim
35.7%

Glendale
28.6%

Burbank
14.3%

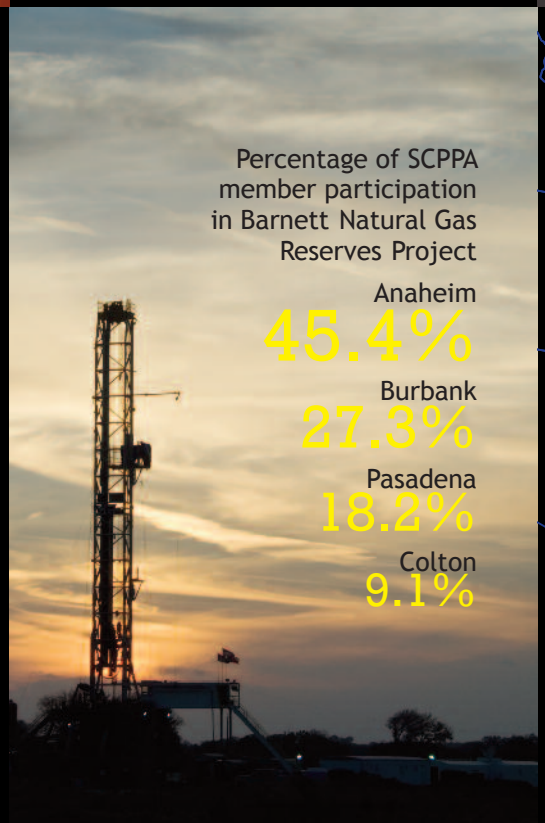
Pasadena
14.3%

Colton
7.1%

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.

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.



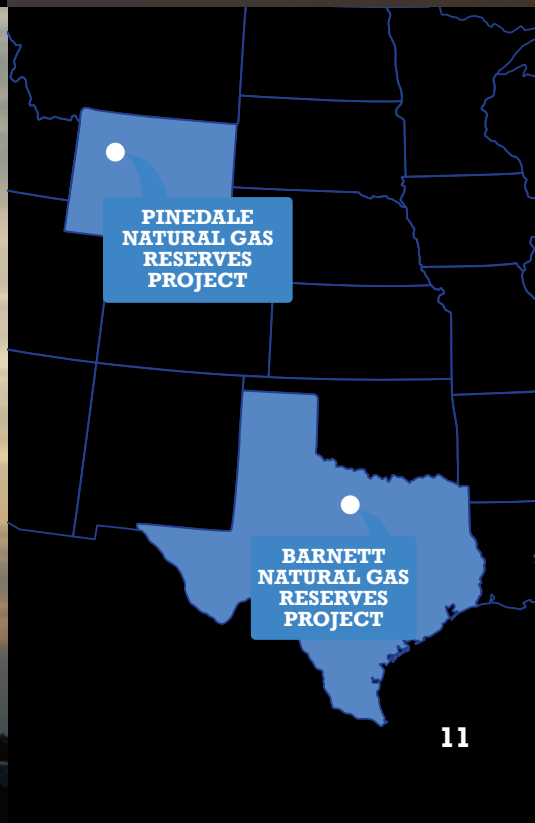
Percentage of SCPPA member participation in Barnett Natural Gas Reserves Project

Anaheim
45.4%

Burbank
27.3%

Pasadena
18.2%

Colton
9.1%



Ormat Geothermal Project

Percentage of SCPPA member participation in Ormat Geothermal Project

Anaheim
60%

Pasadena
15%

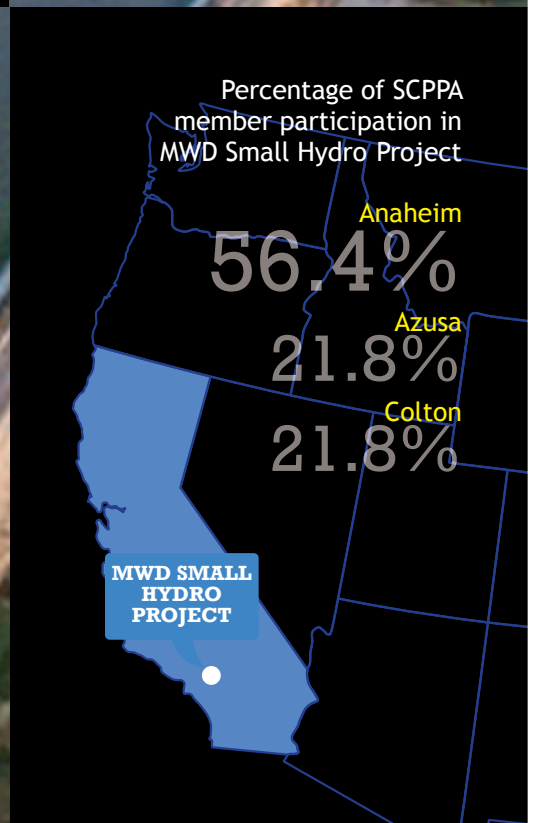
Glendale
15%

Banning
10%

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

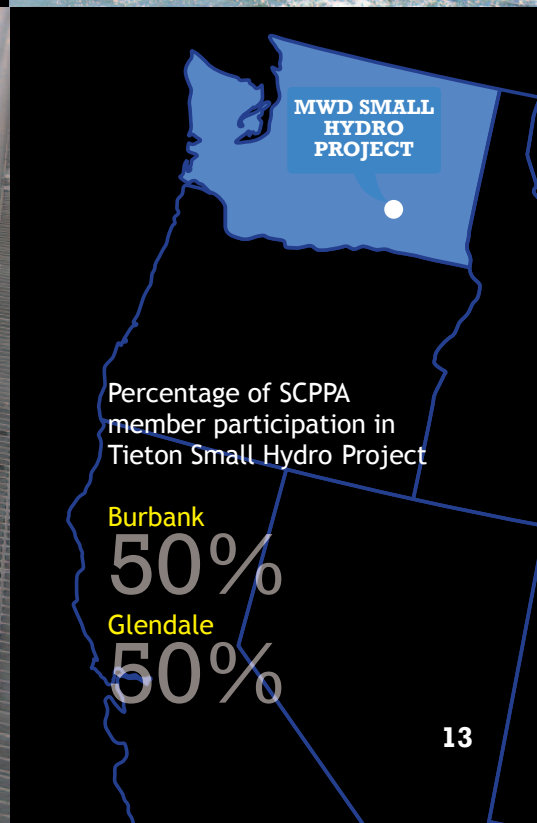
Metropolitan Water District (MWD) Small Hydro Project

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



Tieton Small Hydro Project

Burbank and Glendale receive up to 17 MWs of power from the Tieton Small Hydro Project in Washington.



Pebble Springs Wind Project

Percentage of SCPPA member participation in Pebble Springs Wind Project

Los Angeles
69.6%

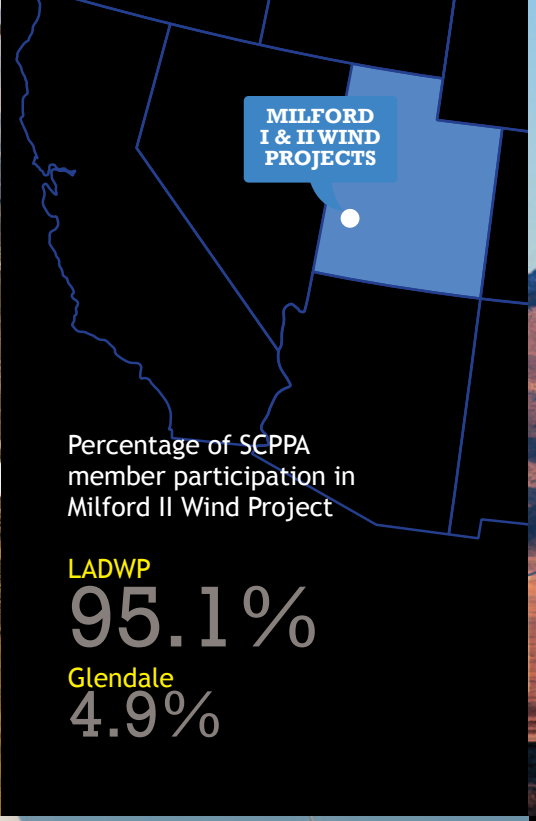
Glendale
20.3%

Burbank
10.1%

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

Milford I Wind Project

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



Percentage of SCPPA member participation in Milford II Wind Project

LADWP
95.1%

Glendale
4.9%

Percentage of SCPPA member participation in Milford I Wind Project

LADWP
92.5%

Burbank
5%

Pasadena
2.5%

Milford II Wind Project

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

Windy Point/ Windy Flats Wind Project

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

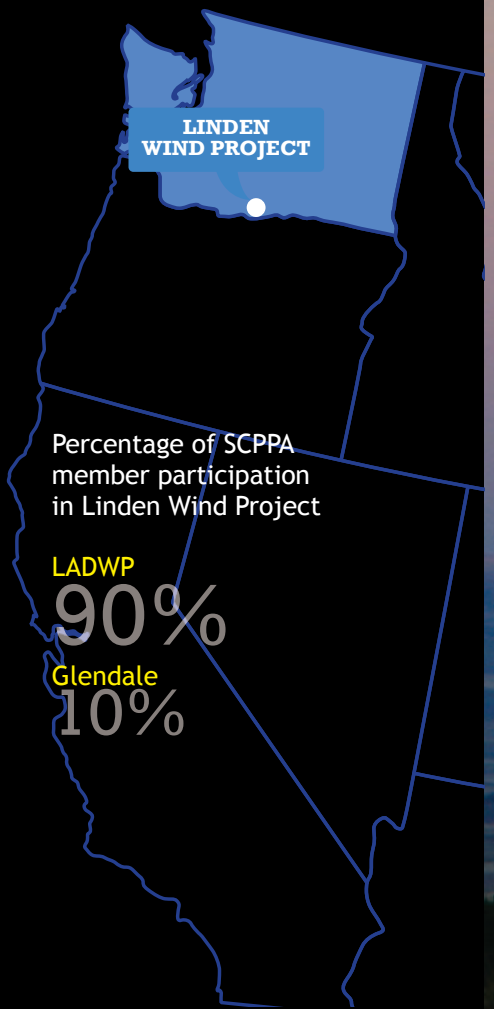
Percentage of SCPPA member participation in Windy Point/Windy Flats Project

LADWP
92.4%

Glendale
7.6%

Linden Wind Project

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



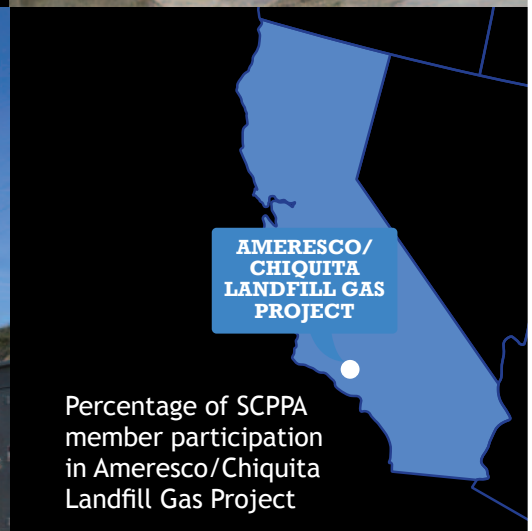
Percentage of SCPPA member participation in Linden Wind Project

LADWP
90%

Glendale
10%

Ameresco/ Chiquita Landfill Gas Project

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



Percentage of SCPPA member participation in Ameresco/Chiquita Landfill Gas Project

Pasadena
83.3%

Burbank
16.7%

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%

Financing Activities

SCPPA completed a number of significant financing actions during the past fiscal year. Financing activity focused on new generation project financings, as well as cost and risk reduction for existing projects. SCPPA developed financing structures for three renewable energy projects, including the Tieton Hydroelectric Project, the Windy Point/Windy Flats Project, and the Linden Wind Project each of which was financed during the fiscal year. SCPPA also spent a significant amount of time on developing financing plans for other projects, such as the Milford II Wind Project, which reached commercial operation during the fiscal year.

Throughout the fiscal year, amidst periodically turbulent municipal bond markets, SCPPA also focused on taking advantage of market opportunities to generate cost savings and on managing SCPPA's overall risk profile.

In August 2010, SCPPA issued the Tieton Hydroelectric Project, 2010 Series A and B Revenue Refunding Bonds in an aggregate principal amount of $52,730,000, of which $36,340,000 are the Tieton Hydroelectric Project, 2010 Series A Revenue Refunding Bonds and $16,390,000 are the Tieton Hydroelectric Project, 2010 Series B Taxable Revenue Refunding Bonds (in aggregate "the 2010 A and B Tieton Project Bonds"). The 2010 A and B Tieton Project Bonds were issued to provide for the long-term refinancing of the Tieton Hydroelectric Project, Revenue 2009 Series A and B Notes which were issued in 2009 to provide interim financing for the purchase of a 13.6 MW hydroelectric plant located on the Tieton River near Rimrock Lake in Yakima County, Washington. The 2010 A and B Tieton Project Bonds were issued with a final maturity of July 1, 2040. As of June 30, 2011, the Tieton Hydroelectric Project has no other bonds outstanding, other than the 2010 A and B Tieton Project Bonds. The Tieton Hydroelectric Project is a SCPPA project with the City of Burbank (50.00%) and the City of Glendale (50.00%) as project participants. At the time of issuance, the 2010 A and B Tieton Project Bonds were assigned long-term ratings of A1 by Moody's Investors Service and AA- by Standard & Poor's.

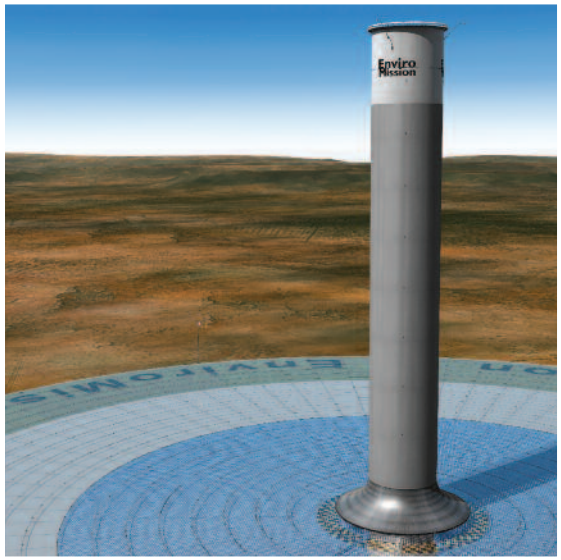
Also in August 2010, SCPPA replaced a liquidity facility which had been provided by Westdeutshe Landesbank Girozentrale ("West LB") in association with the Southern Transmission System Project, Subordinate Series 2000 Refunding Revenue Bonds ("the 2000 Southern Transmission System Project Bonds") with a liquidity facility from Wells Fargo Bank N.A. ("Wells Fargo"). The change to Wells Fargo as a higher rated liquidity provider had the result of lowering SCPPA's ongoing interest cost and reducing SCPPA's counterparty risk on the 2000 Southern Transmission System Project Bonds which remain outstanding with an aggregate principal amount of $125,000,000.

In September 2010, SCPPA issued the Windy Point/Windy Flats Project, 2010-1 Revenue Bonds ("the 2010-1 Windy Point/Windy Flats Project Bonds") with an aggregate principal amount of $514,160,000. The 2010-1 Windy Point/Windy Flats Project Bonds were issued to prepay for the purchase of 11,107,860 megawatt hours of energy to be delivered to SCPPA over a 20-year delivery term from a 262.2 MW nameplate capacity wind farm comprised of 114 wind turbines located in the Columbia Hills area of Klickitat County, Washington. SCPPA completed the financing for the Windy Point/Windy Flats Project with record setting low interest cost of 3.49% for 20-year financing. In addition to payments of debt service, SCPPA also makes monthly payments for any energy from the Windy Point/Windy Flats Project that exceeds the guaranteed annual quantity. As of June 30, 2011, the Windy Point/Windy Flats Project has no other bonds outstanding, other than the 2010-1 Windy Point/Windy Flats Project Bonds. The Windy Point/Windy Flats Project is a new SCPPA project with the Los Angeles Department of Water and Power (92.37%), and the Glendale Water and Power (7.63%) as project participants. For the time being, Glendale Water and Power has laid off both its rights to output from the Windy Point/Windy Flats Project and its payment obligations on the Windy Point/Windy Flats Project to the Los Angeles Department of Water and Power, but Glendale Water and Power maintains an option to take

Financing Activities

its share of the output, in return for its cost share at a future date. At the time of issuance, the 2010-1 Windy Point/Windy Flats Project Bonds were assigned long-term ratings of AA- by Standard & Poor's and AA- by Fitch Ratings.

Also in September 2010, SCPPA issued the Linden Wind Energy Project, 2010 Series A and B Revenue Bonds in an aggregate principal amount of $138,325,000, of which $96,775,000 are the Linden Wind Energy Project, 2010 Series A Revenue Bonds and $41,550,000 are the Linden Wind Energy Project, 2010 Series B Taxable (Build America Bonds) Revenue Bonds (in aggregate "the 2010 A and B Linden Wind Project Bonds"). The 2010 A and B Linden Wind Project Bonds were issued to provide for the long-term refinancing of the Linden Wind Project 2009 Series A Notes which were issued in 2009 to provide interim financing for installment payments to be made for the purchase a 50.0 MW nameplate capacity wind farm comprised of 25 wind turbines located in Klickitat County, Washington. The 2010 A and B Linden Wind Project Bonds were issued with a final maturity of July 1, 2035. As of June 30, 2011, the Linden Wind Energy Project has no other bonds outstanding, other than the 2010 A and B Linden Wind Project Bonds. The Linden Wind Energy Project is a SCPPA project with the Los Angeles Department of Water and Power (90.00%), and the Glendale Water and Power (10.00%) as project participants. For the time being, Glendale Water and Power has laid off both its rights to output from the W Linden Wind Energy Project and its payment obligations on the Linden Wind Energy Project to the Los Angeles Department of Water and Power, but 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 2010 A and B Linden Wind Project Bonds were assigned long-term ratings of AA- by Standard & Poor's and AA- by Fitch Ratings.



In October 2010, SCPPA renewed a liquidity facility provided by JP Morgan Chase Bank N.A. ("JPMorgan") in association with the Mead-Adelanto/Mead-Phoenix 2008 Series A and B Revenue Bonds currently outstanding with the aggregate principal amount of $132,095,000, consisting of $96,025,000 of Mead-Adelanto 2008 Series A Revenue Bonds, $5,445,000 of Mead-Adelanto 2008 Series B Revenue Bonds, $28,700,000 of Mead-Phoenix 2008 Series A Revenue Bonds, and $1,925,000 of Mead-Phoenix 2008 Series B Revenue Bonds (in aggregate "the Mead-Adelanto/ Mead-Phoenix 2008 A and B Bonds"). SCPPA was able to substantially reduce credit charges as part of the liquidity renewal and generate significant future cost savings.

In January 2011, SCPPA issued the Southern Transmission System Project, Subordinate Series 2011 Series A and B Refunding Revenue Bonds ("the 2011 Southern Transmission System Project Bonds") to refinance the Southern Transmission System Project, Subordinate Series 1991 Refunding Revenue Bonds ("the 1991 Southern Transmission System Project Bonds") then outstanding with an aggregate par amount of $216,000,000 and to finance the termination of an interest rate swap agreement associated with the 1991 Southern Transmission System Project Bonds. The 2011 Southern Transmission System Project Bonds were issued with an aggregate principal amount of $196,990,000 of which $169,350,000 are the Southern Transmission System Project, Subordinate Series 2011 Series A

Financing Activities

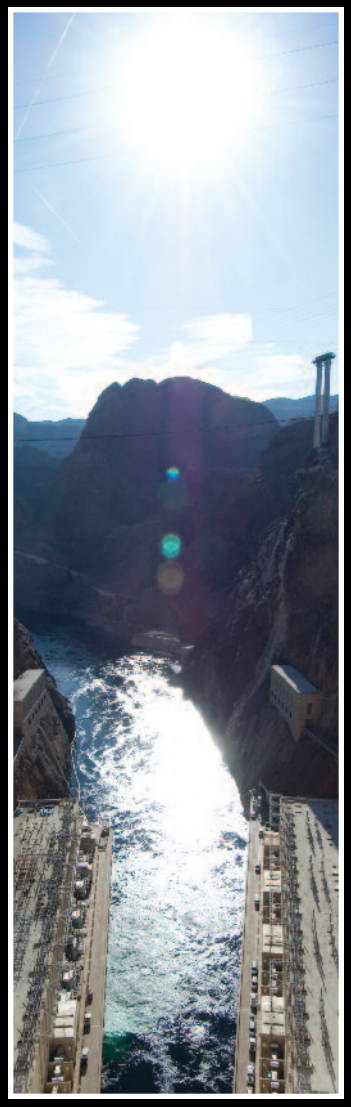
Refunding Revenue Bonds and $27,640,000 are the Southern Transmission System Project, Subordinate Series 2011 Series B Taxable Refunding Revenue Bonds. The 2011 Southern Transmission System Project Bonds were issued with the same final maturity of July 1, 2019 as the 1991 Southern Transmission System Project Bonds, which were refinanced, and while the financing resulted in neither additional costs nor savings for SCPPA, the financing reduced SCPPA's ongoing exposure to certain financial risks.

In March 2011, SCPPA suspended the Southern Transmission System Project constant maturity basis swap with JP Morgan for an additional three years. The swap will become effective again in May 2016. SCPPA received a payment of $3,525,000 for the suspension and the proceeds can be used to pay debt service on other Southern Transmission System Project bonds or can be used for other purposes at the discretion of the Southern Transmission System Project participants.
In June 2011, SCPPA replaced AIG Matched Funding Corp. ("AIG") with American General Life Insurance Company of Delaware as the Guaranteed Investment Contract Provider for SCPPA's Gas Project No. 1 due to declines in AIG's credit rating. The replacement reduced SCPPA's credit risk and furthered the continued favorable performance of Gas Project No. 1.

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, such as the Milford II Wind Project, to help SCPPA members meet renewable energy goals. SCPPA expects to complete financings for additional renewable energy projects in coming fiscal years and SCPPA 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.

Federal Legislative Summary



Although the 112th Congress has been characterized, largely, by partisan gridlock, SCPPA has been actively involved in promoting passage of the Hoover Power Plant Act of 2011 and in trying to prevent the adoption of policies that would negatively affect the more than two million consumers served by SCPPA member utilities.

Deficit Reduction Concerns

As the Joint Select Committee on Deficit Reduction (aka "Super Committee") created by the Budget Control Act struggled to reach agreement on at least $1.2 trillion in deficit reduction measures, SCPPA worked to educate the Committee on two issues that would create significant hardship for SCPPA members and the consumers they serve: the elimination of tax-exempt financing and charging market-based, instead of cost-based, rates for federal power. Both ideas were advanced as deficit reduction measures in the December 2010 report of the President's bipartisan Commission on Fiscal Responsibility and Reform, aka the "Simpson-Bowles plan."

In letters to the Super Committee, and to its congressional delegation, SCPPA reminded legislators that public power systems, as well as state and local governments, rely on tax-exempt bonds to finance generation, transmission and distribution infrastructure. If this financing tool were not available, SCPPA utilities would have to finance those improvements through immediate rate increases or other fees associated with higher cost, taxable bonds. This would directly impact Southern California consumers, as well as SCPPA member investments in proposed renewable energy projects and other electric system infrastructure.

SCPPA also reminded the Super Committee and its delegation that all costs of constructing, financing, operating and maintaining federal power facilities, such as Hoover Dam, are repaid by power customers, not federal taxpayers. Thus, increasing the costs for federal hydropower above the cost of production, without increasing benefits to power customers, would amount to an energy tax on SCPPA members and the customers they serve.

The failure of the Super Committee to reach agreement does not mean that these two ideas are "off the table." The automatic cuts to defense and non-defense spending – known as "sequestration" – does not go into effect until January 2013, giving Congress another year to try to negotiate a $1.2 trillion or higher deficit reduction compromise. Some legislators and commentators are urging the adoption of the Simpson-Bowles deficit plan, which would put both proposals back on the congressional radar screen. SCPPA will remain vigilant, ready to advocate against adoption of both proposals.

Hoover Bill Passes

A major success for SCPPA and other Hoover contractors in California, Arizona and Nevada was passage of the "Hoover Power Allocation Act of 2001." The bipartisan measure, which ensures existing purchasers 95 percent of their current Hoover allocations for 50 years, and creates a 103 MW pool of power for new entrants, passed the House on October 3 and the Senate on October 18. Passage of the bill is a significant achievement for the Hoover contractor coalition and represents more than four years of intense collaboration and effort.

Regional Haze Rules Affect SCPPA

In early August, the Environmental Protection Agency (EPA) issued Interstate Transport and Regional Haze rules that will require the installation of expensive Selective Catalytic Reduction (SCR) technology to retrofit the San Juan Generating Station (SJGS) in New Mexico. The rules mandate an 80 percent reduction in nitrogen oxide emission from all four boilers at the plant. Five SCPPA members collectively own 42 percent of SJGS Unit 3 and the City of Anaheim owns 10 percent of Unit 4.

Federal Legislative Summary

Public Service New Mexico (PNM), the plant operator, commissioned two studies of the costs associated with implementation of SCR technology: one study assessed the cost of retrofitting the plant's four units at $741 million, the other at $750 million to $1 billion. The State of New Mexico's Environmental Department (NMED) submitted an alternative plan to reduce regional haze in national parks and wilderness areas. The state plan urged EPA to allow the installation of Selective Non-Catalytic Reduction (SNCR) technology to address the haze issue, arguing that it would be more cost effective for consumers and reduce nitrogen oxide emissions, with similar visibility improvements. Both the EPA State of New Mexico plans meet federal standards, but the state plan would do so for about one-tenth the cost of EPA's plan.

SCPPA has been working with its congressional delegation to alert them to the impact of the proposed EPA regional haze rules on southern California consumers and the benefits of the SCNR alternative. Republican and Democratic members of the SCPPA delegation have weighed in with EPA, expressing concern about the financial impact of the SCR retrofit on their constituents.

EPA declined to approve New Mexico's proposed plan, instead mandating the implementation of SCR technology on SJGS, within five years. PNM, New Mexico Governor Susan Martinez and the NMED have asked EPA to reconsider its decision and adopt the state plan. EPA has not yet responded to that request.

In addition, PNM, Gov. Martinez and NMED are appealing the EPA decision in federal court and have asked EPA to put the plan on hold while the appeals are considered by the court.

California Legislative Summary

The beginning of the 2011-12 session of the California State Legislature commenced with the swearing-in of new and returning members of the legislature, the inauguration of former and now current governor, Jerry Brown, and signaled as well the end Schwarzenegger Administration. What quickly followed, the introduction of new legislation and the active engagement of member cities of the Southern California Public Power Authority (SCPPA) in key bills affecting their utilities.

California's 33% Renewables Goal
The passage in 2006 of the Global Warming Solutions Act, referred to as Assembly Bill 32 (AB 32), further confirmed SCPPA members' commitment to meeting the State's goal, reducing greenhouse gas emissions to 1990 levels by 2020 via aggressive investment in renewables.

In 2011, the annual push to increase the amount of renewables in the portfolios of California's electric utilities began anew, following the last minute failure of the 2009-10 session designated bill. Relying on identical language contained in Senate Bill 722 (Simitian D - Palo Alto), the new vehicle, Senate Bill x1 2 (SBx1 2), also explicitly applies the 33% Renewable Portfolio Standard (RPS) goal and mandate on publicly owned utilities (POU), including SCPPA member cities. Specifically, the new bill mandates all SCPPA cities by 2020 must generate 33% of their electricity from renewable resources to meet the state's 33% goal.

SCPPA and SCPPA members actively supported SBx1 2. In meetings with delegation, committee members, staff as well as working cooperatively with allies, SCPPA and its members sought amendments to address their concerns over incremental goal dates and enforcement.

Subsequently, SBx1 2 moved through the legislature without amendments. SBx1 2 was signed by the Governor on April 12th and becomes law on December 10th. SCPPA's efforts have now shifted to the regulatory process, as regulations applicable to publicly-owned utilities are being promulgated by the California Energy Commission.

Pole Attachment Rates
In 1978 Congress approved the Pole Attachment Act, requiring investor-owned utilities (IOU) to financially assist the new cable industry with subsidized rates. Respecting POUs' jurisdictional authority, Congress specifically exempted POUs from the law "because municipally-owned and cooperative utilities were already subject to a decision-making process based upon constituent needs and interests". Thirty-three years later, in July 2011, the federal exemption still stands, despite a recommendation by the Federal Communications Commission that Congress repeal it.

As a result, private telecommunications companies turned their gun sights, and considerable financial and political resources, to the states, specifically California. Introduced earlier this year, Assembly Bill 1027 (Buchanan D – San Ramon) requires each POU to make available appropriate space and capacity on and in POU's utility-owned assets, including poles and support structures, for use by cable television corporations, video service providers, and telephone corporations.

For several SCPPA members, most troublesome was the bill's precedent. For the first time in California's electricity history, an act of the legislature replaces the jurisdictional authority of California publicly-owned utilities to set by contract the rates, terms and conditions of each city's utility-owned assets. Despite weeks of advocacy and negotiation by SCPPA and member cities, the legislature passed the bill and the governor signed it. It must be noted that POUs in other states are interested in how California applies this new law to the state's POUs.

California Legislative Summary

Smart Meters
Several SCPPA members plan to or have already invested heavily in smart meters. The smart meter is an electrical meter that records consumption of electric energy in intervals of an hour or less and communicates that information to the utility. The information is then used for monitoring and billing purposes. A smart meter also provides the customer with more detailed information about electricity usage, affording the opportunity to better manage energy costs. Finally, smart meters enable two-way communication between the meter and the central system. This advanced metering infrastructure differs from traditional automatic meter reading in that it enables two-way communications with the meter.

Enter Assembly Bill 37 (AB 37), introduced by Assemblymember Huffman (D – San Rafael). AB 37 would require the Public Utilities Commission (PUC), by January 1, 2012, to identify alternative options for customers of electrical corporations who decline the installation of smart meters as part of an approved smart grid deployment plan. In addition, AB 37 would also require the PUC to require each IOU to permit a customer to decline the installation of a smart meter and make the alternative options available to that customer.

With a 2/3 vote for approval, AB 37 stalled after it was scheduled for hearing twice in the Assembly Utilities and Commerce Committee. The bill will have a brief opportunity in January to move out of committee. SCPPA is carefully monitoring the bill's activity and, should efforts to include POUs in the bill arise, respond accordingly.

Public Goods Charge
In addition to dismantling the traditional model for providing electricity and allowing wholesale and retail competition with Assembly Bill 1890 in 1996, the California legislature also established a public goods charge (PGC). The PGC was intended to promote energy efficiency and renewable energy resources. The current IOU statute sunsets on January 1, 2012, casting doubt on the continued viability of their PGC programs.

Introduced to address extension of the IOU PGC sunset and contingent on the governor's signature to both bills, Assembly Bill 724 (Bradford D - Inglewood) would extend the IOU PGC program until 2020, but failed on the Senate floor, with the effect that Senate Bill 35 (Padilla D – Van Nuys), which would establish the California Energy Innovation Program to fund energy-related R, D & D, contingent on reauthorization of public goods charge funding for R, D & D also failed.

The POU PGC remains unaffected by the IOU sunset activity. Considering their existing PGC activities successful, SCPPA members are well positioned to benefit their communities and customers with vital PGC programs.

SCPPA Municipalities

MARCIE L. EDWARDS
General Manager
Anaheim Public Utilities Dept.

CITY OF ANAHEIM 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. Anaheim has also acquired an entitlement to 100% of the capacity and energy of the Canyon Power Project, a 200 MW natural gas-fired peaking power plant owned by the Authority and operated and maintained by Anaheim)and is currently on line and will be formally dedicated in Spring 2012.

Customers - Retail 114,662
Power Generated and Purchased
(in Megawatt-Hours)
- Self-Generated 431,027
- Purchased 2,737,174
- Total 3,168,201

Total Revenues (000s) $398,567*
Operating Costs (000s) $341,739*

*Unaudited Fiscal Year End June 30, 2011 information

GEORGE F. MORROW
Director of Utilities
City of Azusa Light & Water

CITY OF AZUSA 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.

Customers Served
(as of 6/31/2011) 15,362
Power Generated and Purchased
(in Megawatt-Hours)
- Self-Generated. 0
- Purchased (net) 249,625

Sales
- Retail 238,728

Total Revenues (000s). $39,521*
Operating Costs (000s) $37,506*

*Unaudited

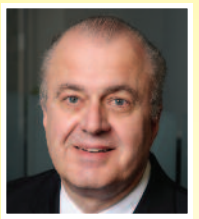
FRED H. MASON
Electric Utility Director
City of Banning

CITY OF BANNING 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 2010 the Utility served more than 25 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.

Customers - Retail. 11,800
Power Generated and Purchased
(in Megawatt-Hours)
- Self-Generated. 0
- Purchased 140,771
- Total 140,771

Sales
- Retail 133,042

Total Revenues (000s) $27,967
Operating Costs (000s) $29,550



RONALD E. DAVIS
General Manager
Burbank Water and Power

CITY OF BURBANK 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, 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 our electrical system 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're able to increase the use of renewable energy and be prepared for the growing use of products like electric vehicles.

Customers - Retail. 52,011
Power Generated and Purchased
(in Megawatt-Hours)
- Self-Generated 19,100
- Purchased 1,136,800
- Total 1,155,900

Total Revenues (000s). $166,701*
Operating Costs (000s) $151,133*

*Unaudited and excludes wholesale transactions.

SCPPA Municipalities

ART GALLUCI
City Manager
City of Cerritos

CITY OF CERRITOS 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.

Customers - Retail 223
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 72,334
Purchased 0
Total 72,334
Total Revenues (000s) $4,837*
Operating Costs (000s) $4,925*
*Unaudited

AMER JAKHER
Utility Director
City of Colton

CITY OF COLTON 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 50,000 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.

Customers - Retail 18,591
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 15,207
Purchased 342,596
Total 357,803
Total Revenues (000s) $58,574*
Operating Costs (000s) $58,383*
*Unaudited

GLENN O. STEIGER
General Manager
Glendale Water and Power

CITY OF GLENDALE 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 84,962 residential, commercial and industrial customers within a 33 square mile area. GWP continues to invest in improving the system infrastructure to ensure its long-term reliability. GWP recently upgraded 120,000 electric and water meters with new Smart Meters. Smart Meters are the utility's first step to the Smart Grid, a technology aimed at modernizing its technology and systems infrastructure to enhance reliability and manage costs for citizens while providing an infrastructure foundation that supports future growth. Our vision is to provide our customers with reliable and sustainable water and power services that are cost effective and innovative.

Customers - Retail. 84,962
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 211,654
Purchased 1,911,000
Total 2,124,654
Total Revenues (000s). $204,995
Operating Costs (000s) $185,771

JOEL IVY
General Manager
Imperial Irrigation District

IMPERIAL IRRIGATION DISTRICT 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,- IIID 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 146,000 customers.

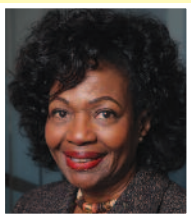
Customers Served 146,646
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated. 1,210,195
Purchased 2,319,436
Total 3,529,631
Total Revenues (000s). $390,246
Operating Costs (000s) $387,755
(as of 12/31/10)

SCPPA Municipalities

RON NICHOLS
Chief Operating Officer
LADWP

LOS ANGELES DEPARTMENT OF WATER AND POWER 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 4.1 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.

Customers Served 1,461,341
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 15,448,000
Purchased 11,914,000
Total 27,362,000
Total Revenues (000s) $3,153,449*
Operating Costs (000s) $2,695,124*
*Unaudited



PHYLLIS E. CURRIE
General Manager
Pasadena Water and Power

CITY OF PASADENA 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 63,000 metered accounts over a 23 square-mile service area at competitive rates. Pasadena adopted in March 2009 an Integrated Resource Plan for energy that 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. 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.

Customers Served 63,957
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 106,147
Purchased 1,286,859
Total 1,393,006
Total Revenues (000s) $200,942
Operating Costs (000s) $161,147

DAVID H. WRIGHT
Public Utilities Director
City of Riverside

CITY OF RIVERSIDE Established in 1895, Riverside Public Utilities (RPU) is a consumer-owned water and electric utility that provides high quality, reliable services to over 106,000 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 306,000. 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 MW) ownership interest in the San Onofre Nuclear Generating Station; 236 MW of simple-cycle, natural gas peaking generation, and 29.58 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.

Customers Served 106,855
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 332,646
Purchased 1,796,054
Total 2,128,700
Total Revenues (000s) $313,000
Operating Costs (000s) $287,000

CARLOS FANDINO, JR.
Director - Light & Power
City of Vernon

CITY OF VERNON Vernon's Utilities 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.

Customers Served 1,893
Power Generated and Purchased
(in Megawatt-Hours)
Self-Generated 669,374
Purchased 515,278
Total 1,184,652
Total Revenues (000s) $118,186*
Operating Costs (000s) $93,436*
*Unaudited

Selected Financial Data & Statements

Participant Ownership Interests

The Authority's participants may elect to participate in the projects. As of June 30, 2011, 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	Linden Wind Energy	Windy Point Project	Pinedale Project	Barnett Project	Prepaid Natural Gas Project
City of Los Angeles	-	-	92.5%	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%	-	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%

Selected Financial Data & Statements

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	Linden Wind Energy Project	2035
Magnolia Power Project	2036	Windy Point Project	2030
Canyon Power Project	2040	Southern Transmission System Project	2027
Hoover Uprating Project	2018	Mead-Phoenix Project	2030
Tieton Hydropower Project	2040	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.

	POWER PURCHASE AGREEMENTS				
Participants	Ormat Geothermal Energy Project	Pebble Springs Wind Project	MWD Small Hydro Project	Milford II Wind Project	Ameresco Chiquita Landfill Gas Project
Capacity	17 MW	98.7 MW	17.04 MW	102 MW	10MW
City of Los Angeles	-	69.6%	-	95.1%	-
City of Anaheim	60.0%	-	56.4%	-	-
City of Azusa	-	-	21.8%	-	-
City of Banning	10.0%	-	-	-	-
City of Colton	-	-	21.8%	-	-
City of Burbank	-	10.1%	-	-	16.7%
City of Glendale	15.0%	20.3%	-	4.9%	-
City of Pasadena	15.0%	-	-	-	83.3%
	100.0%	100.0%	100.0%	100.0%	100.0%
Contract Expires	2031	2025	2023	2031	2030

Combined Summary of Financial Conditions

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

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

($ In Thousands)

	JUNE 30, 2011	2010	2009 As Restated
Assets			
Net utility plant	$ 1,454,668	$ 1,364,717	$ 1,070,203
Investments	809,081	870,322	828,151
Cash and cash equivalents	233,543	245,390	143,671
Prepaid and other	1,179,779	747,379	732,168
Total assets	$ 3,677,071	$ 3,227,808	$ 2,774,193
Liabilities			
Noncurrent liabilities	$ 3,409,560	$ 3,037,652	$ 2,669,451
Current liabilities	394,590	322,662	273,947
Total liabilities	3,804,150	3,360,314	2,943,398
Net Assets (deficit)			
Invested in capital assets, net of related debt	(609,033)	(704,950)	(768,276)
Restricted net assets	530,757	564,582	547,675
Unrestricted net assets	(48,803)	7,862	51,396
Total net deficit	(127,079)	(132,506)	(169,205)
Total liabilities and net assets (deficit)	$ 3,677,071	$ 3,227,808	$ 2,774,193
Revenues, Expenses and Changes in Net Assets (deficit) for the year ended June 30			
Operating revenues	$ 604,170	$ 516,088	$ 464,286
Operating expenses	(449,731)	(388,129)	(347,709)
Operating income	154,439	127,959	116,577
Investment and other income	19,095	36,212	27,741
Derivative gain (loss)	(22,199)	(8,720)	(16,457)
Debt expense	(145,770)	(128,545)	(145,965)
Change in net assets	5,565	(26,906)	(18,104)
Net Deficit, beginning of year	(132,506)	(169,205)	(150,912)
Net Contributions/ (Withdrawals) By Participants	(138)	9,793	(189)
Net Deficit, end of year	$ (127,079)	$ (132,506)	$ (169,205)