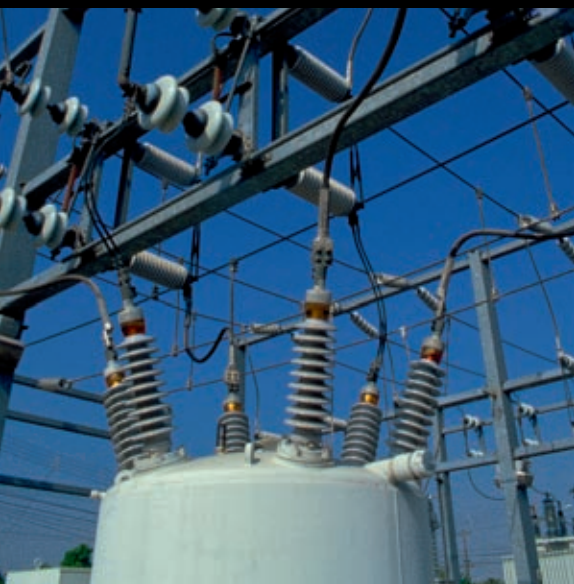


ANNUAL REPORT 2009



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- Southern Transmission System Project
- Mead-Phoenix Transmission Project
- Mead-Adelanto Transmission Project
- Member Agencies

What is SCPPA?



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 through committees such as Customer Service, Finance, Public Benefits, Resource Planning, Transmission and Distribution, Engineering and Operations, Natural Gas, and Renewable Energy Resources.

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.

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

WHAT IS

SCPPA?

- 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 eight 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.

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.

SCPPA's projects have been financed through the issuance of tax-exempt bonds, backed by the combined credit of the SCPPA members participating in each project. As of June 30, 2009, SCPPA had issued \$11.8 billion in bonds, notes, and refunding bonds, of which \$2.6 billion was outstanding.



STAFF & OFFICERS



Marcie Edwards
President



Glenn Steiger
Vice President



Bill Carnahan
Treasurer/Auditor &
Assistant Secretary



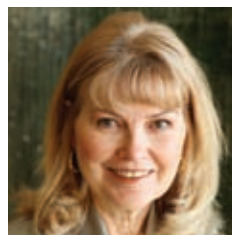
Mario Ignacio
Assistant Secretary



Bill Carnahan
Executive Director



Salpi Ortiz
Administrative Analyst



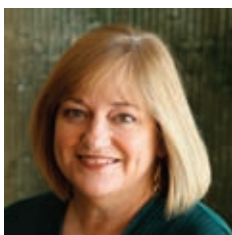
Phyllis Brown
Government Affairs
Manager



Steve Homer
Project Administrator



Richard Helgeson
General Counsel



Geri Mitchell
Office Manager



Robert Rozanski
Interim Finance &
Accounting Manager



David Walden
Energy Systems
Manager



One of the main benefits of SCPPA is to be a resource to its members, a tool which can be used to combine the voices and strengths of individual cities into a cohesive whole, to more efficiently solve problems and address common needs.



Whether it is forcefully stating a common position on legislation, or bringing economies of scale to new projects and contracts for services, working together through SCPPA gives each member more influence and many more options.

This year, the emphasis for all the SCPPA Members has been to accelerate acquisition of more renewable resources, in order to comply with California's greenhouse gas regulations and renewable portfolio standards. During Fiscal Year 2008-09, SCPPA brought three renewable projects on line – the Pebble Springs Wind Project, the Metropolitan Water District Small Hydro Project, and the Tieton Small Hydro Project. At year-end, three more renewable projects were poised to begin operating – the Milford I Wind Project, the Windy Point/Windy Flats Wind Project, and the Ameresco/Chiquita Landfill Gas Project. In addition, literally dozens of proposed new projects are in various stages of review or development. By the end of 2010, SCPPA Members as a group will receive 22% of their energy from renewable sources.

Each SCPPA city has its own resource plan and pursues new projects individually, but SCPPA gives them a wider set of options and the benefits of joint review and financing.

SCPPA continues to provide a forum for its members to address important issues jointly, through an increasing number of ad hoc committees. Service contracts through SCPPA are available to all the members, and provide significant cost savings and reduced administrative burdens.

Through a combination of strategic planning and the continued development of new ideas, members and staff have made SCPPA a more valuable tool than ever.

LETTER

FROM THE
PRESIDENT
AND
EXECUTIVE
DIRECTOR

Cooperative Local Programs

Energy efficiency and demand reduction programs are vital parts of public power's resource strategy and critical to balancing the portfolio's generation and load match. Since 1998, SCPPA members have spent more than **\$384 million** on energy efficiency and demand reduction management programs.

Utility customers benefit from rebates and incentives for energy efficiency measures such as high-efficiency lighting (compact fluorescent), appliances (refrigerator recycling), air conditioners (tune-ups and replacements), and motors (pool pumps). Other programs include tree planting for shading purposes, energy management systems to passively turn off lighting and air conditioning when not in use, and LED lighted traffic signals. In addition to monetary incentives member utilities conduct communication programs designed to educate customers about the benefits of energy efficiency.

In addition to energy efficiency, AB 1890 requires all California electric utilities to commit a portion of their revenue to **other Public Benefit Programs**, including renewable energy, research, development and demonstration (RD&D), and low-income customer assistance. Since 1998, over **\$1 billion** has been spent to date to support local communities.

Public Benefit Programs	Expenditures through June 2009	
Energy Efficiency Programs	\$384,400,000	38%
Low Income Assistance	\$335,500,000	33%
Renewable (Load side)	\$176,200,000	17%
Research & Development	\$96,500,000	9%
Administration	\$32,900,000	3%
Total:	\$1,025,500,000	

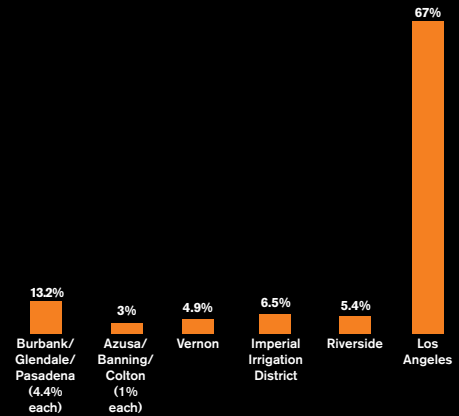
Customer education is becoming an ever increasing focus for the SCPPA member cities. Programs have been established to encourage the efficient use of electricity, educate children through school-based programs, and explain the importance of time-of-use.

SCPPA Members are also coordinating with universities to study and promote projects such as solar-technology-initiatives, re-use of traditional waste products, and many other innovative ideas. These will further reduce green house gas emissions, and reduce the carbon footprint of our communities.

The success of these programs is a demonstration of local community benefits, diversity of resources, investment in renewable resources, environmental stewardship, and locally-administered public benefits programs.

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 is under way and we expect Palo Verde to continue as the largest producer of power in the country for decades to come.



Percentage of SPPA member participation in Palo Verde Project

PRODUCTION COST

(Operation and Maintenance plus Nuclear Fuel)

Calendar Year	Cents per kWh
1993	2.02
1994	1.93
1995	1.61
1996	1.45
1997	1.33
1998	1.28
1999	1.25
2000	1.25
2001	1.27
2002	1.28
2003	1.32
2004	1.45
2005	1.63
2006	2.07
2007	2.13
2008	2.27

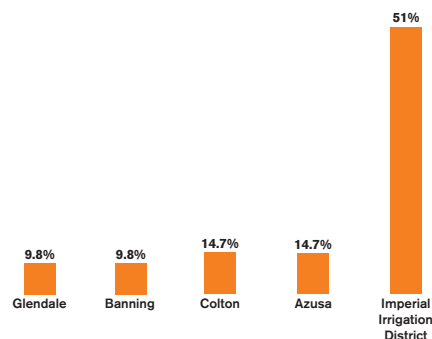
2008-2009 OPERATIONS

	Generation Millions of MWhs)	Capacity Utilization %
Unit 1	10.0	84.9%
Unit 2	8.6	74.7%
Unit 3	10.7	92.2%
Aggregate	29.3	83.93%



Five SCLPPA 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.

The underground mine is performing well, and the plant completed a major environmental upgrade project. San Juan meets all environmental standards.



Percentage of SCLPPA member participation in San Juan Project

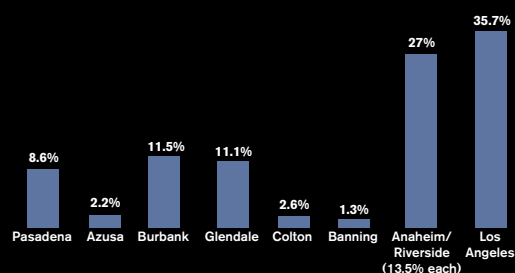
San Juan Unit 3 Operations



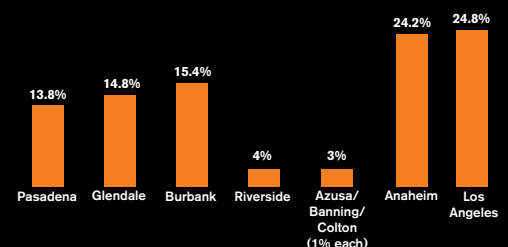
Mead-Phoenix / Mead-Adelanto Transmission Projects



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



Percentage of SCPPA member participation in Mead-Adelanto Project

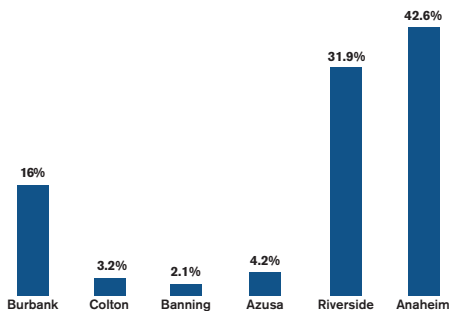


Percentage of SCPPA member participation in Mead-Phoenix Project

Hoover Uprating Project

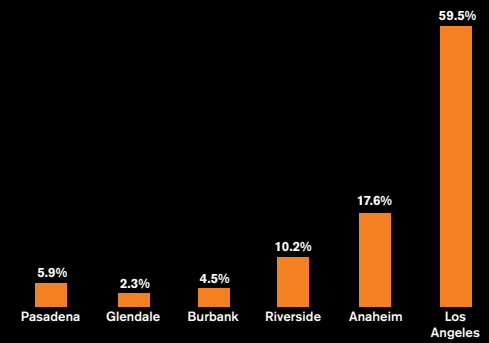


The Hoover Uprating Project continues to provide six SCLPPA members with low-cost, renewable energy (hydro). A SCLPPA representative is active in the implementation of the Lower Colorado River Multi-Species Conservation Program.



Percentage of SCLPPA member participation in Hoover Uprating Project

As usual, the STS operated with near-perfect availability (99.13%), delivering 13.5 million MWHs to the six SCPPA members who are participants. The power comes 488 miles from the Intermountain Power Project, in Utah, over the \pm 500-kv DC line. The participants are funding the STS Upgrade Project, which will increase the capacity of the line by 480 MW. The new capacity will be used to bring power from renewable resources to Southern California.



Percentage of SCPPA member participation in Southern Transmission System Project

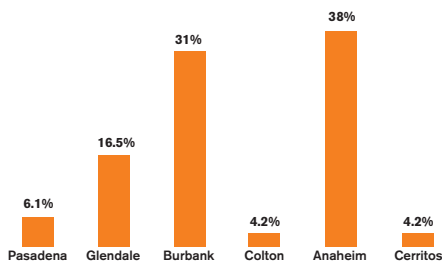


Southern Transmission System (STS)



Magnolia Power Project

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.



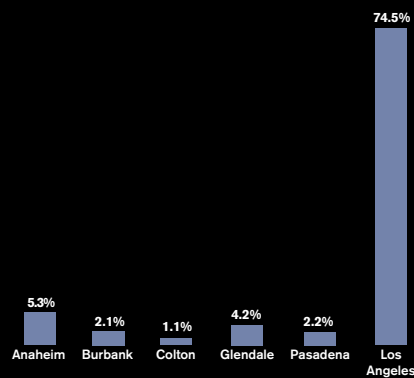
Percentage of SCPPA member participation in Magnolia Power Project

Natural Gas Reserves Project

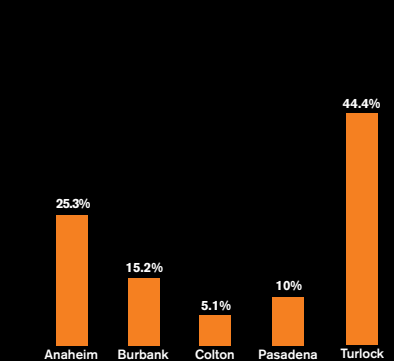


SCPPA negotiated its first purchase of gas in the ground, with the deal closing July 1, 2005. SCPPA members Los Angeles, Anaheim, Burbank, Colton, Glendale, and Pasadena joined together with the Turlock Irrigation District to purchase shares of existing natural gas wells in the Pinedale area of Wyoming. 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

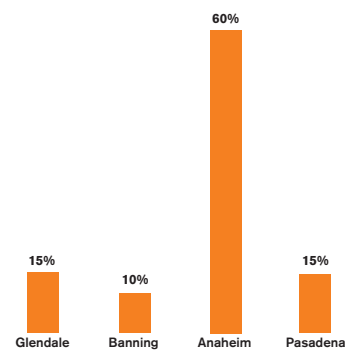


Percentage of SCPPA member participation in Barnett Natural Gas Reserves Project

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.

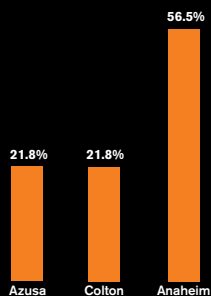
Ormat Geothermal Project

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

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.



Percentage of SCPPA member
participation in MWD Small Hydro
Project

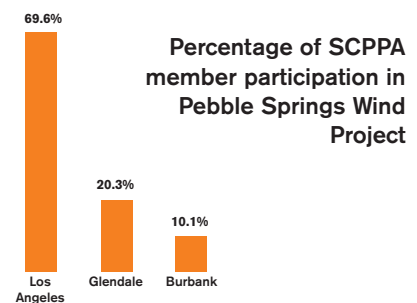


Metropolitan Water District (MWD) Small Hydro Project

Pebble Springs Wind Project



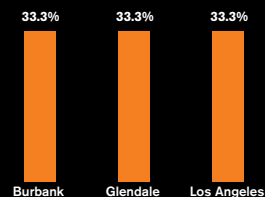
Los Angeles, Glendale and Burbank participate in the Pebble Springs Wind Project, receiving 98.7 MW of wind power from Oregon.



Tieton Small Hydro Project



Burbank, Glendale, and Los Angeles receive up to 17 MW of power from the Tieton Small Hydro Project, in Washington.



Percentage of SCPPA member participation in Tieton Small Hydro Project

SCPPA continued to have significant financing activity this year. The financing activity focused both on new transmission and generation projects, while also addressing issues resulting from the ongoing credit crisis in the United States. SCPPA also spent a significant amount of time on the development of financing structures for renewable energy projects, including wind and geothermal resources, which are expected to reach completion in the next fiscal year. Throughout the year amidst a turbulent municipal bond market, SCPPA maintained its focus on obtaining the lowest tax-exempt funding costs in the market and managing its overall risk profile.

The financial market instability caused by the credit crisis continued in this fiscal year and was a major driver for the financing activity during the year. Specifically, SCPPA focused on refinancing of its Variable Rate Demand Obligations ("VRDOs") and Auction Rate Securities ("ARS") across a number of separately secured projects. SCPPA continues to address its broad portfolio of project related bonds, both to reduce risks and costs in the portfolio.

In August, 2008, SCPPA issued its Palo Verde 2008 Series Subordinate Bonds in the aggregate principal amount of \$99,830,000, consisting of \$49,915,000 principal amount of 2008 Series A and \$49,915,000 of 2008 Series B ("2008 Palo Verde Bonds"), backed by letters of credit with JP Morgan and Dexia, respectively. The 2008 Palo Verde Bonds were issued to provide funds, together with certain other available moneys, to refund all of SCPPA's outstanding Palo Verde 1996 Subordinate Refunding Series B & C Bonds. This refunding was necessary to remove the current bond insurer, given the downgrade of the insurer and the continued deterioration in the performance of certain bond insured VRDOs. The 2008 Palo Verde Bonds are the only bonds outstanding relating to SCPPA's interest in Palo Verde.

In October 2008, SCPPA issued the Mead-Adelanto and Mead-Phoenix 2008 Series A and B Revenue Bonds in the aggregate principal amount of \$145,730,000, consisting of \$104,815,000 principal amount of Mead-Adelanto 2008 Series A; \$7,085,000 principal amount of Mead-Adelanto 2008 Series B; \$31,325,000 principal amount of Mead-Phoenix 2008 Series A; and \$2,505,000 principal amount of Mead-Phoenix 2008 Series B ("2008 Mead-Adelanto and Mead-Phoenix Bonds"). The bonds were issued to provide funds, together with other available funds, to refund the Mead-Adelanto Project Revenue Bonds, 2004 Series A and the Mead-Phoenix Project Revenue Bonds, 2004 Series A, which consisted of insured ARS that were resetting at the maximum rates under the terms of the documents. The 2008 Mead-Adelanto and Mead-Phoenix Bonds relied on the project's Aa3/AA- long term ratings and utilized a liquidity facility provided by JP Morgan. In this financing, SCPPA also adjusted the business terms of the 2004 fixed payer swaps with UBS to remove the bond insurer and adjust the collateral provisions for both parties. After the refinancing, SCPPA had no further exposure to ARS in any of its many projects.

The Mead Adelanto 2004 Constant Maturity Basis Swap with JP Morgan was suspended for 5 years effective November 6, 2008 and SCPPA received a swap value of \$4,123,000. The proceeds of the suspension will be used to pay debt service costs on other bonds or for other purposes as needed.

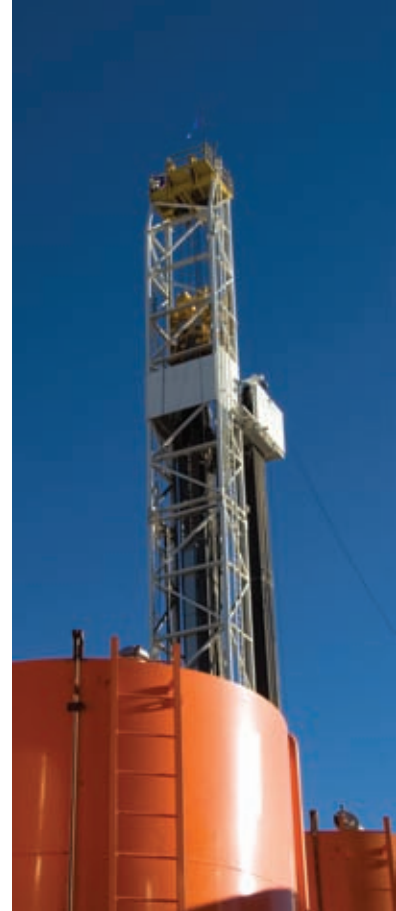
In December 2008, SCPPA issued the Canyon Power Project 2008 A Series Notes ("The 2008 A Canyon Notes") in an aggregate principal amount of \$104,000,000. The 2008 A Canyon Notes were issued to provide new money, interim financing for the purchase of turbines to be used in the construction of a four unit, 200 MW natural gas-fired power plant that will be sited in Anaheim. The Notes were issued with a maturity of December 2, 2009 and were expected to be refinanced with long-term bonds once final project licensing had been achieved. Other than the 2008 A Canyon Notes, the Canyon Power Project has no other bonds outstanding.

SCPPA issued an aggregate principal amount of \$125,005,000 of 2008 B Series Subordinate Bonds ("STS 2008 B Series") in December 2008 for the purpose of providing new money financing for improvements to the Southern Transmission System project. The system improvements are expected to result in increased transmission capacity of the project from 1,920 MW to 2,400 MW and facilitate the transmission of renewable energy into California. The STS 2008 B Series bonds were sold as fixed rate bonds with a final maturity of July 2027. At the time of issuance SCPPA had \$810,070,000 of bonds outstanding in association with the Southern Transmission System project.

On February 3, 2009, SCPPA issued \$117,280,000 of Southern Transmission Revenue Bonds, 2009 Subordinate Refunding Series A ("STS 2009 A Series"). Due to high remarketing yields related to bond insurer downgrades, SCPPA issued fixed rate bonds to refund the \$121,065,000 of the Southern Transmission System Project Revenue Bonds, 1996 Subordinate Refunding Series B Bonds and to pay the related costs of issuance for the 2009 Series A Bonds.

SCPPA issued Magnolia Project Refunding Series Bonds, in April 2009, in the aggregate principal amount of \$258,070,000, consisting of \$146,535,000 principal amount of 2009 Series-1 Bonds and \$111,535,000 of 2009 Series-2 Bonds ("2009 Magnolia Bonds"). The 2009 Magnolia Bonds were issued to provide funds, together with certain other available moneys, to refund all of SCPPA's outstanding Magnolia 2007-1 Refunding Series Bonds ("Refunded Bonds"), which consisted of insured variable rate bonds with a liquidity facility from KBC Bank. While KBC Bank had allowed for its liquidity facility to be irrevocable for a one-year period, this refunding was necessary at the expiration of that interim feature. The 2009 Magnolia Bonds were supported by direct pay Letters of Credit from KBC Bank and Bank of America. SCPPA also adjusted the terms of the related 2007 interest rate swap agreements with Citibank and JP Morgan to remove the bond insurer and adjust the rate on the interest rate swap to a current market level.

SCPPA also continues to develop financing options for a number of renewable projects to help SCPPA members meet renewable energy goals. SCPPA expects to complete financings for many of the renewable energy projects for which project agreements have been completed. These projects include the Linden Wind Project, the Milford I Wind Project, the Windy Point Wind Project and the Tieton Hydroelectric Project. SCPPA continues to aggressively to 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.



FINANCING

ACTIVITIES

Federal Legislative Summary

President Obama and Democratic Congressional leaders, buoyed by the November 2008 election results, embraced an aggressive energy agenda for the 111th Congress, which included mandatory reductions in greenhouse gas (GHG) emissions, policies to promote renewable technologies and energy efficiency, and significant changes in federal transmission policy. SCPPA and its members have been actively involved in the federal debate on these issues over the last year and SCPPA Board Members and staff made several visits to Washington, D.C., to talk directly with legislators and key Committee staff about aspects of legislation directly impacting their utilities and consumers.

Shortly after convening, and in record time, Congress passed a \$790 billion economic stimulus bill, H.R. 1, the American Recovery and Reinvestment Act of 2009, part of which authorized funding for numerous programs to encourage state and local governments and all sectors of the utility industry to prioritize development of renewable resources and implementation of energy efficiency measures. Included in the stimulus package was \$4.5 billion to promote investment in smart grid technologies and applications. SCPPA members Anaheim, Burbank and Glendale were notified in October that they would receive “smart grid” awards that would provide 50 % matching funds.

Also included in the stimulus bill was \$3.25 billion in new borrowing authority for the Western Area Power Administration (Western), to facilitate development of transmission projects to deliver renewable resources to load. SCPPA members and other Western customers worked with the American Public Power Association and

Congress to include language to ensure separate cost accounting for projects unrelated to delivery of federal power and to protect against cost shifting to federal power customers, and continue to monitor the program.

Of primary concern to SCPPA is pending federal legislation to require reductions in emissions of GHG gases. SCPPA met repeatedly with Members and staff of its Congressional delegation to express support for H.R. 2454, the Waxman-Markey climate and energy bill approved by the House in June, 2009 and to urge modifications that would: give more emissions allowances to Local Distribution Companies based on emissions relating to power supply; protect utilities against having to comply with costly, duplicative and possibly conflicting state GHG emissions requirements; and impose a price “cap” to protect consumers against extreme rate hikes and price uncertainty. Because the Waxman-Markey bill also includes transmission provisions, SCPPA highlighted concerns about the inclusion of “green grid” limitations in the House bill, which would prefer lines used to deliver renewable resources over those needed for reliability, congestion relief and other legitimate grid goals. SCPPA is advocating similar positions in the Senate, where S. 1733, the Kerry-Boxer bill, has been approved by the Environment and Public Works Committee but faces stiff opposition in the full Senate.

As the first session of the 111th Congress ended, SCPPA joined other purchasers of power from Hoover Dam in California, Arizona and Nevada to urge enactment of legislation to renew the Hoover contracts when they expire in 2017.

California Legislative Summary

Taking center stage during this first year of the 2009-10 legislative session were bills increasing California's Renewable Portfolio Standard (RPS), setting the amount of electricity generated by electric utilities from renewable resources to 33% by December 31, 2020. Assembly Bill 64 and Senate Bill 14 (SB 14) contained both similar and divergent requirements in meeting the 33% goal. Both bills would have required Publicly-Owned Utilities (POUs) to meet the 33% goal, favored in-state renewable investments and authorized the California Air Resources Board (CARB) to impose penalties on POUs failing to meet renewable goals. The bills' divergent elements included deference to local control in AB 64, whose author's district includes three SCPPA member cities, and SB 14's early provisions requiring Investor-Owned Utilities (IOUs) and Energy Service Providers (ESPs) to meet the goal only if the California Public Utilities Commission determines rates will be just and reasonable.

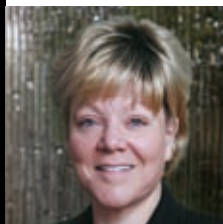
As AB 64 and SB 14 moved through the legislative process, the focus on the bills' preference for in-state renewable development resulted in a rift between Governor Schwarzenegger and the legislature. The Global Warming Solutions Act of 2006, formerly Assembly Bill 32 (AB 32), established GHG reduction requirements and was championed by the Governor. In the current instance, the Governor was unable to persuade legislators to remove the bill's in-state renewable preference, viewed as a barrier to meeting the GHG reduction goal. On October 12, 2009, the Governor vetoed both AB 64 and SB 14, stating in his veto message the bills would make achieving the renewables goal more difficult and more costly. The debate will continue in 2010.

SCPPA's consistent support for AB 32 resulted in opposing legislation impeding the progress toward GHG reduction. Assembly Bill 1404 (AB

1404)) sought to limit to 10% the use of offsets to meet GHG reductions, contrary to current law. The use of offsets is also identified in CARB's Scoping Plan as a measure that must be relied on to meet AB 32 GHG reduction goals. While the legislature approved the measure, the Governor vetoed it. His veto message called the bill premature and stated that it foreclosed the opportunity to consider more options of an effective compliance offset program. Another bill, Assembly Bill 1085, requires that CARB, when adopting, amending or repealing regulations, publish each document relied on by CARB in proposing a regulation's adoption, amendment or repeal. The Governor signed the bill and it becomes effective as law on January 1, 2010.

Four pieces of legislation would require electric utilities, including POUs, with solar or wind customers generating more electricity than consumed, to either provide a carry-forward credit or purchase the excess electricity. SCPPA's objections to the bills' elements centered on the selling of power to the POU at statutorily preset, predefined terms and conditions, without contract negotiations and with length of the contracts ranging from 10, 15, or 20 years. AB 560 stalled in the Senate as did SB 7 in the Assembly. Governor Schwarzenegger signed AB 920 and SB 32, both of which take effect on January 1, 2010.

Assembly Bill 435 (AB 435) was intended to streamline California's decade-long process for siting transmission, the result of existing environmental restrictions as well as state and federal jurisdiction over siting. AB 435 raised SCPPA's concerns with its intended erosion of local control over transmission siting. Ultimately, the bill encountered challenges in the Senate. On the final day of Session, September 11th, AB 435 was placed on the Inactive File. The bill's future remains uncertain.



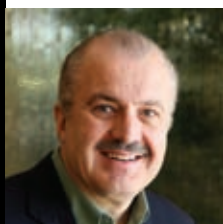
Marcie L. Edwards
GENERAL MANAGER
Anaheim Public Utilities Dept.



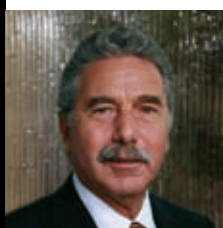
George F. Morrow
DIRECTOR OF UTILITIES
City of Azusa Light & Water



Fred H. Mason
ELECTRIC UTILITY DIRECTOR
City of Banning



Ronald E. Davis
GENERAL MANAGER
Burbank Water and Power



Art Galluci
CITY MANAGER
City of Cerritos



Jeannette Olko
UTILITY DIRECTOR
City of Colton

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 is also building a 200 MW Peaker Plant. Canyon Power Project (CPP) is scheduled to come online in the summer of 2011, providing local capacity and local energy to Anaheim. CPP final plans include four 50MW gas fired LM 6000 combustor turbines and will be located in the Canyon Park Business Center, adjacent to industrial property. The business decisions we make are about providing multiple benefits that are in the best interests of our entire community. We find that outreach is a contagious philosophy as well. The more people we involve in the process, the greater our capability for turning obstacles into opportunities. We reach out to businesses to produce partnerships that create energy savings, reduce demand and save money. We team up with other City departments to increase efficiency and improve operations. Our residential electric rates average more than 25 percent less than in surrounding cities while our Electric System revenue bond rating was raised to AA-.

CITY OF AZUSA Azusa's electric utility was established in 1898 after the City purchased a private power company. Foresight in planning and system maintenance have 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 has demonstrated a strong commitment to increasing the amount of "renewable" energy sold to retail customers, and to meeting all state and federal requirements to reduce green house 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.

CITY OF BANNING The City of Banning Electric Utility provides electric service to more than 11,800 accounts covering an area of over 25 square miles. Established in 1913, 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. The Utility currently serves 20 percent of its customer load from renewable resources 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.

CITY OF BURBANK Burbank Water and Power (BWP) began serving both water and electric customers in 1913 and having on-site power generation in the 1940s. BWP is committed to providing reliable electric services and safe water supply to its customers while keeping rates stable and competitive. We are continuously modernizing and updating our Electric Distribution System to maintain our strong track record of reliable services. The average customer experienced a service outage only once every 5.0 years. BWP's power supply resource portfolio is well diversified that includes hydro, natural gas, coal, nuclear facilities and renewable sources such as wind and hydro. Burbank is working toward reducing its carbon footprint and being an integral part of creating a more sustainable community and life style. The City of Burbank was the first city in the nation to adopt a 33% Renewable Portfolio Standard goal by 2020.

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.

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 lights, 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.



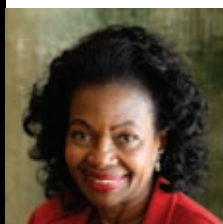
Glenn O. Steiger
GENERAL MANAGER
Glendale Water and Power



Brian J. Brady
GENERAL MANAGER
Imperial Irrigation District



Raman Raj
CHIEF OPERATING OFFICER
LADWP



Phyllis E. Currie
GENERAL MANAGER
Pasadena Water and Power



David H. Wright
PUBLIC UTILITIES DIRECTOR
City of Riverside

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 84,000 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.

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, IID's 6,471-square mile service area is one of the fastest growing regions in California. IID 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 140,000 customers.

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 4.0 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.

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 1920. While a lot 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. 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.

CITY OF RIVERSIDE Riverside Public Utilities began serving both electric and water customers in 1883. Today they serve 106,000 metered electric customers and 64,000 water customers, representing a service area population of nearly 300,400. The utility is committed to the highest quality water and electric services at the lowest possible rates to benefit the community. To maintain their commitment, Riverside has positioned itself in the electric market by utilizing short, mid, and long-term contracts from power suppliers, and by building 6 power generation sources within its own power grid. By the end of calendar year 2010, Riverside will have a total of 9 internal generation units totaling 275 MW of power. Riverside took monumental steps towards providing 50% of retail needs served with renewable energy by 2013 by entering into two, thirty-year geothermal contracts for 96 MW of renewable energy with delivery over the City's entitlement share in the Southern Transmission System.

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.

Participant Ownership Interests

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

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

POWER PURCHASE AGREEMENTS

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

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

The contracts expire as follows:

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

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

(\$ In Thousands)

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



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

CITY OF ANAHEIM

Customers - Retail 112,548
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated..... 435,835
 Purchased..... 2,836,962
 Total..... 3,272,797
Total Revenues (000s) \$384,173
Operating Costs (000s) \$330,961

CITY OF AZUSA

Customers Served 15,251
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 0
 Purchased 266,251
Sales
 Retail..... 253,116
Total Revenues (000s)..... \$38,100
Operating Costs (000s)..... \$37,100

CITY OF BANNING

Customers - Retail 11,800
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 0
 Purchased..... 159,677
 Total 159,677
Total Revenues (000s)..... \$27,633*
Operating Costs (000s)..... \$27,205*

*Unaudited

CITY OF BURBANK

Customers - Retail 51,367
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 23,300
 Purchased..... 1,253,500
 Total 1,276,800
Total Revenues (000s)..... \$166,873*
Operating Costs (000s) \$146,673*

*Unaudited and excludes wholesale transactions.

CITY OF CERRITOS

Customers - Retail 211
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 67,931
 Purchased 14,685
 Total 82,616
Total Revenues (000s) \$7,057*
Operating Costs (000s) \$7,171*

*Unaudited

CITY OF COLTON

Customers - Retail 18,694
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 52,280
 Purchased 326,125
 Total 378,405
Total Revenues (000s) \$59,074*
Operating Costs (000s)..... \$53,255*

*Unaudited

CITY OF GLENDALE

Customers - Retail 84,554
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated..... 213,446
 Purchased..... 1,259,863
 Total 1,473,309
Total Revenues (000s) \$216,082
Operating Costs (000s) \$190,430

IMPERIAL IRRIGATION DISTRICT

Customers Served 144,317
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 1,133,126
 Purchased..... 2,572,001
 Total..... 3,705,127
Total Revenues (000s) \$460,630
Operating Costs (000s) \$446,845

LOS ANGELES DEPARTMENT OF WATER AND POWER

Customers Served 1,451,678
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated..... 14,393,067
 Purchased 13,561,554
 Total 27,944,621
Total Revenues (000s) \$2,755,935
Operating Costs (000s) \$2,336,431

CITY OF PASADENA

Customers Served 63,577
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated..... 119,556
 Purchased..... 1,429,363
 Total 1,548,919
Total Revenues (000s)..... \$207,236
Operating Costs (000s) \$170,628

CITY OF RIVERSIDE

Customers Served..... 106,385
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 333,700
 Purchased..... 2,229,400
 Total 2,563,100
Total Revenues (000s) \$313,000
Operating Costs (000s)..... \$274,000

CITY OF VERNON

Customers Served 1,908
Power Generated and Purchased
(in Megawatt-Hours)
 Self-Generated 855,944
 Purchased 347,916
 Total 1,203,860
Total Revenues (000s) \$132,861
Operating Costs (000s) \$110,903