SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

SCPPA

Annual Report

FY 2019-2020

Integration

Bringing all the pieces together

Table of Content

About SCPPA — 1

SCPPA FY 2019-2020 Strategic Priorities — 3

SCPPA Board President's Letter — 5

SCPPA Executive Director's Letter — 7

SCPPA Staff (Glendora & Sacramento) — 9

SCPPA Staff (Los Angeles) — 11

SCPPA Board Officers — 12

SCPPA Projects Map — 13

New Project — 15

SCPPA Financing Activities — 17

Regulatory Report — 21

Legislative Report — 24

Federal Update — 27

SCPPA Workforce Development — 30

SCPPA Program Development — 31

Member Utilities Snapshot — 33

About SCPPA

Who We Are

Southern California Public Power Authority (SCPPA) is a joint powers authority, created in 1980, for the purpose of providing joint financing, construction, and operation of transmission and generation projects. Comprised of 11 municipal utilities and one irrigation district, SCPPA's Members serve more than 5 million Southern Californians across a combined service area covering 7,000 square miles.

What We Do

SCPPA Members are leading the charge for new energy solutions. Each publicly-owned utility invests in a portfolio of traditional and renewable energy generation and efficiency projects to best meet the unique needs of the diverse communities they serve. Matching the reliability of traditional energy supplies with cost-competitive renewable options, public utilities ensure that even the most disadvantaged communities receive clean energy supplies at affordable rates.

Vision

The Members of Southern California Public Power Authority work together to power sustainable communities.

Mission

SCPPA serves its Members by creating operational efficiencies and cost savings through joint procurement and financing of projects, value-added services, and collaborative advocacy.

SCPPA FY 2019-2020 Strategic Priorities

DECARBONIZATION

Champion decarbonization efforts for Member communities through collective projects, programs, and services to meet sustainability goals while maintaining reliability, low costs, and local control.

EMERGING ISSUES

Help Members thrive and excel for the long term by exploring technological and operational solutions to emerging industry challenges and opportunities.

COLLABORATION

Foster collaboration and professionalism for SCPPA and its Working Groups to maximize the value of SCPPA to its Members and the communities they serve.

ASSETS

Be trustworthy stewards of public funds through the responsible administration of financial and physical assets and obligations.

ADVOCACY

Emphasize the unique needs of Member communities by facilitating proactive advocacy.

SCPPA Board President's Letter

Tom Miller
General Manager
Banning Electric Utilities

The last year has been a tumultuous one, on a global, regional, and local scale. Uncertainty has pervaded almost every aspect of our lives. Political turmoil, a global pandemic, wildfires, and record-breaking heatwaves are just a few of the challenges that we have faced together.

But in times of crisis, we have learned to lean on each other for support. We have found new ways to work, play, and live. Nowhere is this truer than at SCPPA. The strong foundation built over the last forty years of joint action and public power partnership prepared us for this day. When the pandemic separated us physically, we adapted to virtual meetings and trainings without missing a beat. In fact, the Members were able to share best practices and lessons learned even as the situation continued to unfold. SCPPA Members are still benefiting from the exchange of ideas and transfer of knowledge that contributes to our individual successes.

The support the Members receive from SCPPA staff and fellow public utility peers extends beyond the theoretical. This year was marked by excessive heat storms that created generation shortages all over the state. Once again, the public utilities came to the aid of each other and the state, minimizing impacts to customers. Conservative planning, diversity of resources, and cooperation allowed the public utilities to outperform other entities.

Although this year feels as though we have faced one crisis after another, in many ways, business has continued as usual. Public utilities continue to demonstrate reliability and resiliency during these tumultuous times. SCPPA continues to help us add new renewable and storage projects to transform our energy supply. Banning, for our part, could not be more excited about the addition of our Coso geothermal facility—and we could not have done it without SCPPA and the participation of other Members.

SCPPA continues to effectively manage and implement a wide variety of assets and programs to the benefit of the Members. I want to congratulate the entire SCPPA organization on 40 years of serving Members: even in these challenging times we have much to celebrate! SCPPA continues to evolve and adapt and will be an invaluable part of the southern California public power community for many years to come. Even as some of the faces around the table change, SCPPA's vision, mission, and values remain constant.

On behalf of the Board, I extend our thanks to the leadership and staff at SCPPA for another year of hard work. I also want to encourage Member staffs to continue to engage at SCPPA and collaborate with your peers in new and different ways. We all look forward to another productive year ahead.

Tom Miller

SCPPA Executive Director's Letter

Michael S. Webster
Executive Director
Southern California Public Power Authority

Unquestionably 2020, has been a challenging year due to the COVID-19 pandemic, wildfires, rolling blackouts, and the resulting financial impact on our Member utilities.

SCPPA's greatest assets are its employees and the value they create for the Members. SCPPA took actions in March to protect employees, allow them to work from home and maintain a high level of service to our Members. This required the quick implementation of new technology to allow all employees the ability to access files remotely, establish video communications, and apply policies and procedures to continue services. Having professional employees that were willing to quickly and enthusiastically embrace change, despite working under the fear of the pandemic, has been critical to our shared success. I could not be any prouder of SCPPA's staff.

We have successfully held online training seminars, workshops, and working group meetings, as well as public Board and Finance Committee meetings. I believe as we exit the pandemic, there are lessons that will be applied to our ongoing support of Members. While I do not believe that online meetings are a replacement for the robust discussions and the relationships developed through in-person dialog, I do anticipate the combination of in-person and online meetings may broaden Member participation to the benefit of all.

The pandemic is substantially impacting many of our Members' finances. With many businesses closed, some Member utility loads, and thus revenues, are down considerably. Additionally, the pandemic has created financial hardship amongst the Members' customer base, the utilities have responded by extending payment options to those who cannot pay. In turn, to support our Members, SCPPA has committed to work diligently to lower our costs below the fiscal year budget. You will see in the pages of this annual report that despite the disruption, SCPPA continued to achieve goals in support of its Strategic Plan. SCPPA successfully completed several bond refundings in a volatile market, completed renewable project negotiations, new projects came online, and we managed projects through difficult legal and contractual issues. We also continued to support Members with new contracts for energy efficiency and demand reduction programs. SCPPA successfully represented the Member's interests in Sacramento on several bills and regulations, despite the highly unusually circumstances because of the pandemic.

While it was unfortunate that SCPPA could not hold our annual meeting where we would have celebrated 40 years of service to our Members, we are hopeful that the pandemic ends soon and we can get back to in-person meetings. We will have much to celebrate next year!

Michael S. Webster

SCPPA Staff

Glendora & Sacramento

Michael S. Webster

Executive Director

Richard Morillo

General Counsel

Mario DeBernardo

Director of Government Affairs

Aileen Ma

Chief Financial & Administrative Officer

Katherine Ellis

Director of Asset Management & Special Projects

Daniel Hashimi

Senior Assistant General Counsel

Bryan Cope

Program Development Manager

Randy Krager

Project Development Manager

Vacant

Vacant

State Government Affairs Manager

Salpi Ortiz

Administrative Services Manager

Joanna Lopez

Utility Analyst

John Quan

Utility Analyst

Nicole Solano

Utility Analyst

Troy Cook

Utility Analyst

Anna Mendoza

Utility Accountant

Jessica Chu

Administrator II

Vacant

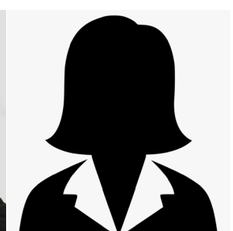
Vacant

Administrator II

SCPPA Staff
Los Angeles

Joan Ilagan

SCPPA Accounting Manager



Grace Mao

Senior Utility Accountant

Tri Luu

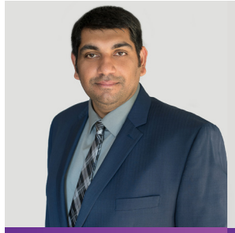
Senior Utility Accountant

Adrian Chung

Utility Accountant

Jonathan Della

Senior Utility Accountant



Atif Haji Datoo

Utility Accountant

Francisco Olivares-Ortiz

Utility Accountant

Houbert Yousef Zadeh

Utility Accountant

Leriza Flores

Utility Accountant

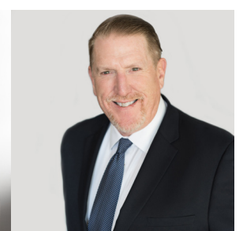
Leslie Cox-Toney

Senior Administrative Clerk

SCPPA Board Officers

Tom Miller

President



Stephen Zurn

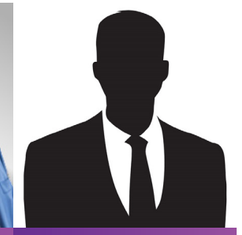
Vice President

Michael S. Webster

Treasure/Auditor & Assistant Secretary

Marty Adams

Secretary



Mario Ignacio

Assistant Secretary

Biomass
- B1 - Loyalton

Fossil/ nuclear
- F1 - Apex Natural Gas CC
- F2 - Canyon Natural Gas CT
- F3 - Magnolia Natural Gas CC
- F4 - Palo Verde Nuclear Station

Geothermal
- G1 - Don A. Campbell I
- G1 - Don A. Campbell II
- G2 - Heber South/Gould 2
- G2 - Heber 1
- G2 - Ormesa Geothermal Complex
- G1 - Northern Nevada Geothermal Portfolio (NNGP)
- G3 - Whitegrass

Hydropower
- H1 - MWD Small Hydro
- H2 - Tieton

Landfill Gas
- L1 - Chiquita Canyon
- L2 - Puente Hills

Natural Gas
- N1 - Barnett Shale Gas Reserves
- N2 - Pinedale Gas Reserves
- (Not on Map) Prepaid Natural Gas

Solar
- S1 - Antelope Big Sky Ranch
- S1 - Antelope DSR I
- S1 - Antelope DSR II
- S1 - Astoria 2
- S1 - Columbia Two
- S2 - Copper Mountain Solar 3
- S1 - Kingbird B
- S1 - Springbok I
- S1 - Springbok II
- S1 - Springbok III
- S1 - Summer Solar

Transmission
- Mead-Adelanto
- Mead-Phoenix
- Southern Transmission System

Wind
- W1 - Linden
- W2 - Milford I
- W2 - Milford II
- W3 - Pebble Springs
- W4 - Windy Flats

New Project

Whitegrass No. 1

Participants: Glendale (100%)

SCPPA entered into a 25-year Power Purchase Agreement with Open Mountain Energy for the procurement of 3 MW of long-term, renewable geothermal energy from the Whitegrass No. 1 facility to serve the City of Glendale for 25 years. The Whitegrass No. 1 geothermal facility, located in Yerington, Nevada, began making deliveries to SCPPA on April 1st, 2020. The expected annual generation for the facility is 23,000 MWhs. During the first three months of operation, the facility generated a total of 4,905 MWhs of energy, realizing a net capacity factor of 38% for the fiscal year.

SCPPA Financing Activities

Over the past fiscal year, SCPPA completed transactions that captured market opportunities and accomplished Participant objectives. A summary of SCPPA's financing activities for the fiscal year starting July 1, 2019 and ending June 30, 2020 is provided below.

On October 23, 2019, SCPPA issued $111,920,000 of Milford Wind Corridor Phase I Project, Refunding Revenue Bonds, 2019–1 to current refund all the Authority's Milford Wind Corridor Phase I, Revenue Bonds, 2010–1 then outstanding in the par amount of $156,930,000. The 2019–1 Bonds have fixed rate coupons ranging from 2.00% to 5.00% and are not subject to redemption prior to their final maturity on July 1, 2030. At the time of issuance, the 2019–1 Bonds were assigned long-term ratings of AA– and AA from S&P Global Ratings and Fitch Ratings, Inc., respectively. Present value savings for the refunding are expected to be $32.3 million, or 20.6% of the par amount of refunded bonds.

On April 28, 2020, SCPPA issued $81,100,000 of Refunding Revenue Bonds, 2020–1 and $147,130,000 of Refunding Revenue Bonds, 2020–3 for its Magnolia Power Project A. The 2020–1 and 2020–3 Bonds were primarily issued to current refund a portion ($142,135,000) of the Magnolia Power Project A Refunding Revenue Bonds, 2009–1 and all the $107,525,000 Refunding Revenue Bonds, 2017–1 then outstanding. In conjunction with the transaction SCPPA also terminated a portion (approximately $25.0 million notional amount) of the interest rate swap associated with the 2009–1 Bonds. The 2020–1 Bonds were issued as fixed rate bonds with interest rate coupons of 5.00%. Issued as variable rate demand bonds initially in a daily reset mode, the 2020–3 Bonds are fully hedged by the remaining 2009–1 swap and the 2017–1 swap.

The issuance of the 2020–1 and 2020–3 Bonds allowed SCPPA to virtually eliminate the interest rate risk on all the Magnolia Power Project A bonds commencing July 1, 2020. The estimated combined All-In True Interest Cost of the 2020–1 and 2020–3 Bonds was 2.78% and the bonds were assigned long-term credit ratings of AA– and AA– from S&P Global Ratings and Fitch Ratings, Inc., respectively.

On May 12, 2020, SCPPA issued $54,675,000 Linden Wind Energy Project, Refunding Revenue Bonds, 2020 Series A (Green Bonds) to current refund the Project's $63,985,000 then outstanding 2010 Series A Bonds. The 2020A Bonds pay interest at a coupon rate of 5.00% and were issued at an All-in True Interest Cost of 1.64%. Credit ratings on the 2020A Bonds at the time of issuance were Aa2 and AA– from Moody's Investors Service and Fitch Ratings, Inc., respectively. Expected present value savings for the refunding are $11.8 million, or 18.5% of the par amount of refunded bonds.

On May 27, 2020, SCPPA issued $274,310,000 Windy Point/Windy Flats Project, Refunding Revenue Bonds, 2020–1 (Green Bonds) to current refund the Project's $341,135,000 then outstanding 2010–1 Bonds. The 2020–1 Bonds pay interest at a coupon rate of 5.00% and were issued at an All-in True Interest Cost of 2.32%. Credit ratings on the 2020–1 Bonds at the time of issuance were Aa2 and AA– from Moody's Investors Service and Fitch Ratings, Inc., respectively. Expected present value savings for the refunding are $52.1 million, or 15.3% of the amount of refunded bonds.

On May 28, 2020, SCPPA issued $26,585,000 Tieton Hydropower Project, Refunding Revenue Bonds, 2020 Series A (Green Bonds) to current refund the Project's $36,340,000 then outstanding 2010 Series A Bonds. The 2020A Bonds pay interest at coupon rates of 4.00% and 5.00% and were issued at an All-in True Interest Cost of 2.53%. The credit rating on the 2020A Bonds at the time of issuance was AA– from S&P Global Ratings. Expected present value savings for the refunding are $11.7 million, or 32.2% of the par amount of refunded bonds.

In addition to these financing actions completed during the fiscal year, SCPPA continues to plan for and develop financing options for renewable projects to help its members meet renewable energy goals, expects to complete financings for additional renewable energy projects in the coming years, and continues to aggressively pursue competitively priced renewable energy projects for its members.

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.

Combined Summary of Financial Condition and Changes in Net Position

The Combined Summary of Financial Condition and Changes in Net Position was taken from the Moss Adams Report of Independent Auditors and Combined Financial Statements for June 30, 2020 and 2019.

The full report can be viewed and downloaded on the SCPPA website at the following link: http://scppa.org/page/Annual-Report

Combined Summary of Financial Condition and Changes in Net Position (in thousands)

	June 30, 2020	2019	2018 (Restated)
Assets			
Net utility plant	$ 1,361,718	$ 1,441,741	$ 1,507,609
Investments	484,843	693,454	648,816
Cash and cash equivalents	370,864	247,855	277,645
Prepaid and other	736,279	784,532	842,175
Total assets	2,953,704	3,167,582	3,276,245
Deferred outflows of resources	149,608	154,827	167,606
Total assets and deferred outflows of resources	$ 3,103,312	$ 3,322,409	$ 3,443,851
Liabilities			
Noncurrent liabilities	$ 2,539,987	$ 2,769,102	$ 2,934,274
Current liabilities	405,528	426,088	427,036
Total liabilities	2,945,515	3,195,190	3,361,310
Deferred inflows of resources	16,685	61	50
Net position			
Net investment in capital assets	(98,519)	(138,447)	(189,747)
Restricted	369,753	385,434	404,782
Unrestricted	(130,122)	(119,829)	(132,544)
Total net position	141,112	127,158	82,491
Total liabilities, deferred inflows of resources, and net position	$ 3,103,312	$ 3,322,409	$ 3,443,851
Revenues, expenses and changes in net position for the year ended June 30			
Operating revenues	$ 969,163	$ 1,012,325	$ 970,156
Operating expenses	(852,034)	(903,743)	(836,888)
Operating income	117,129	108,582	133,268
Investment and other income	25,989	41,672	10,237
Derivative gain (loss)	(6,465)	(3,485)	8,632
Inflation of ARO liability	(1,197)	(3,004)	(5,086)
Debt expense	(102,010)	(111,313)	(116,543)
Change in net position before special items	33,446	32,452	30,508
Special items	-	-	(3,261)
Change in net position	33,446	32,452	27,247
Net position, beginning of year	127,158	82,491	72,210
Net contributions/(withdrawals) by participants	(19,492)	12,215	(16,966)
Net position, end of year	$ 141,112	$ 127,158	$ 82,491

SCPPA Regulatory Report

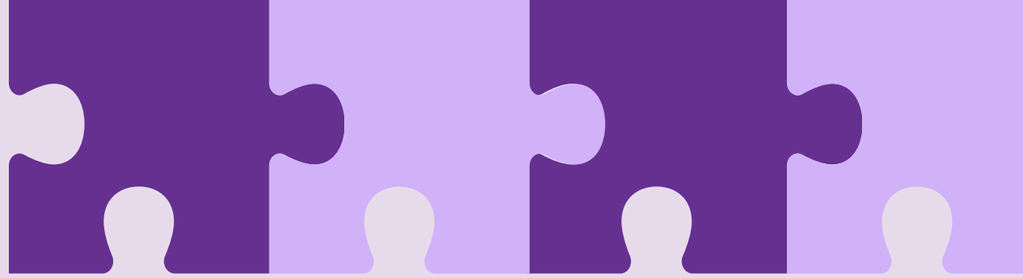
A significant amount of staff time in 2020 focused on state regulatory activities as California continues to position itself as a global leader in efforts to address the effects of climate change. Priority issues vary each year depending on signed legislation, and regulatory agencies implementing rulemakings, but 2020 marked a considerable turning point for California's efforts to electrify the transportation sector.

Renewables Portfolio Standards (RPS)

The RPS requires renewable energy resources serve a certain percentage of electricity sales by all electricity utilities in the state, including publicly owned utilities (POUs). Most recently, SB 100 increased the renewable energy mandate from 50% to 60% by 2030.

SCPPA has been heavily involved with the California Energy Commission (CEC) as POU RPS Rules were re-opened this year. SCPPA led the statewide effort to comment on the long-term procurement requirements that at least 65% of renewables contracts are for 10 or more years starting in 2021 both in meetings with the CEC, and in written commentary.

SCPPA also has been heavily involved with the California Air Resources Board (CARB) as POU RPS penalties are incorporated into CARB's Enforcement Policy. SCPPA led the statewide effort to incorporate POU priority asks into CARB's enforcement policy, and successfully got most requests incorporated into the document, including providing the complete submission to the CEC; submitting mitigating factors; and developing comparable but not identical penalties to California Public Utilities Commission (CPUC) Enforcement Policy for the Investor Owned Utilities.



Sulfur Hexafluoride

Due to its high global warming potential, CARB adopted the regulation for Reducing Sulfur Hexafluoride (SF6) Emissions from Gas Insulated Switchgear in 2010. As new technologies using lower or zero Global Warming Potential (GWP) insulators emerge, CARB staff proposed to amend the current regulation to further reduce Greenhouse Gases (GHG) emissions through a shift to phase out SF6 in new equipment purchases starting mid-decade. The regulatory effort was also focused on a variety of other technical issues. The CARB Board approved initial amendments, but substantial additional work remains to complete the rulemaking.

Throughout 2020, SCPPA collaborated with, in a lead capacity, CARB and a collection of utilities to work through pressing issues for utilities in phasing out SF6 equipment. While there is still work to be done, these efforts have resulted in a favorable framework for equipment labeling, nameplate capacity accuracy, reduced administrative burdens, avoiding phantom emission reporting, and solidifying exemption request options for SCPPA members.

Advanced Clean Truck Rule

CARB adopted a new regulatory strategy to achieve greater adoption of zero emission medium and heavy-duty fleet vehicles through its Advanced Clean Truck (ACT) Rule. CARB is promoting the development and use of advanced clean trucks to help achieve its emission reduction strategies as outlined in state implementation plans, Sustainable Freight Action Plan, SB 350, and AB 32. This rulemaking was adopted prior to the Governor's Executive Order this Fall.

SCPPA was active from the beginning of this rulemaking to highlight the needs of POUs. SCPPA spoke to concerns that regulation of fleet vehicles would have unintended consequences on regional disaster responses; catastrophic wildfire responses; nationwide mutual aid efforts; regional maintenance efforts and needs; and downplaying the importance of plug-in hybrid vehicles. Additionally, as CARB added a mandatory one-time fleet reporting survey for completion in 2021, SCPPA worked to ensure CARB is cognizant of the time and data requests required for completion meet CARB's goals while not being

overly burdensome or prescriptive for SCPPA members. CARB recognized and appreciated SCPPA's contribution to the process.

Advanced Clean Fleets Rule

Whereas the ACT rule noted above is a sales mandate on manufacturers, the Advanced Clean Fleets rule is a mandate on vehicle users, including utilities. SCPPA is leading a coalition of utilities (electric, water, wastewater, and gas) in an effort to highlight the special needs and importance of utility vehicles. The goal is to secure some latitude such that CARB will not mandate an all-electric work fleet. This would present problems for continuous operations and special duty cycles. This regulation will be further developed in 2021 and effective in the 2023 timeframe.

Cap and Trade

Throughout the year, SCPPA was engaged with the Joint Utilities Group to assess, and eventually reject, a proposal from CARB related to Cap and Trade allowance shifting and adjustments. The work related to analysis of the Low Carbon Fuel Standard value and Cap and Trade value compared to each other. It was determined to be an unworkable concept, but the bigger picture associated with RPS increase (50 to 60%) and the subsequent impact on POU allowances is still ongoing. There is a pending rulemaking to address these changes, with timing still undetermined by CARB.

Legislative Report

The COVID-19 crisis has brought unprecedented changes into all of our lives; this year's California legislative process was no exception. In March, when the Governor and various jurisdictions throughout the state issued "stay at home" orders, the Legislature immediately shut down, leaving in doubt the fate of hundreds of bills. After several weeks, the Legislature returned in a virtual setting, with the public and advocates participating through virtual and phone testimony. Given the truncated legislative schedule, the Speaker of the Assembly and the Pro Tempore of the Senate encouraged members to consider limiting their bill packages and to prioritize only very urgent or COVID-19 related bills.

Despite these restrictions, many bills—both COVID-19 related and not—were nonetheless introduced and even gut-and-amended later in the session; and many continued to proceed through the Legislative session, including high-profile energy initiatives related to procurement mandates, microgrids and a cap-and-trade budget proposal.

In addition to the pandemic, the state also experienced unprecedented heat waves in August, leaving many Californians without power. In response, the Governor ordered the California Independent System Operator (CAISO), CEC and CPUC to review the causes of the outages, and in response the agencies published a preliminary report often referred to as the "Root Cause Analysis." In October, the Assembly Utilities and Energy Committee held an oversight hearing to review the report, and many interest groups used the opportunity to promote specific technologies as a solution to the problem. At the same time, record breaking wildfires were ravaging the state and forcing public safety power shut offs in many areas. Due to the combination of a truncated 2020 session (which resulted in many energy priorities falling by the wayside), the rolling outages, and an historic wildfire season, we expect an extraordinarily active 2021 legislative session in terms of energy policy. For example, we can likely expect to see another push on pumped-hydro, offshore wind, and perhaps even regionalization, all couched within the context of ensuring reliability and avoiding outages.

Forced Procurement Mandates

In 2020, SCPPA defeated several legislative efforts seeking to require SCPPA member utilities to procure energy from proposed long duration pumped hydroelectric storage facility near Joshua Tree National Park.

AB 2255 (Eggman) called for a study, then quickly pivoted to create an unprecedented procurement process wherein the CAISO would become the energy purchaser, and thus the charges for procuring the energy would be spread along to CAISO members through the Transmission Access Charge. SCPPA led a broad coalition of stakeholders to oppose the legislation, and it was shelved for the year when the Assembly Natural Resources Committee did not set it for a hearing.

When AB 2255 did not move forward, AB 1720 (Carrillo) was gut-and-amended, which again sought to create an unprecedented state-run procurement process for energy storage and tasked the Department of Water Resources (DWR) with new procurement authority, effectively usurping the POU's local decision-making process that has worked so well for ratepayers. SCPPA again led a coalition in opposition to AB 1720, and it died for the year when it was not brought up during the Senate Utilities and Energy Committee hearing.

AB 2255 and AB 1720 followed several failed efforts in previous legislative sessions: SB 720 (Bradford, 2019) and AB 2787 (Quirk, 2018). Because of their persistence on this issue to date, we expect to see new proposed legislation in 2021.

Microgrids

In 2020, SCPPA and other POUs also successfully defeated AB 740 (Burke), which sought to override the carefully crafted SB 1339 statute by requiring POUs to accept the establishment of microgrids of unlimited size if the microgrid used non-combustion technology and could operate longer than 72 hours. Non-combustion technologies, such as fuel cells, may still rely on natural gas, a fossil fuel. Enactment of AB 740 would have meant that communities with locally and legally approved restrictions on fossil fuels would have to accept microgrids that use natural gas. Communities would also have had to allow microgrids that may have been larger than appropriate for the electric load being served, posing potential safety and reliability problems for the community electric system that the microgrid feeds into. AB 740 died when it was not set for a policy committee hearing.

Cap & Trade

The cap and trade auction revenue in May was lower than previously expected due to reduced emissions during the coronavirus pandemic. Some lawmakers saw this as an opportunity to "fix" the program, and in June, during the budget committee process, language surfaced to require CARB to make a number of changes to the program, including raising the floor price and adjusting the supply of allowances on demand. SCPPA worked with a coalition of POUs, manufacturers and industrial customers to defeat the proposal and ensure to that the language was not considered in the final budget. Shortly after the budget proposal failed, CalEPA Secretary Jared Blumenfeld issued a letter to Senator Bob Wiekowski, the lead proponent for the budget item, stating that he would work with CARB leadership to weigh "the extent to which the state's climate strategy should rely on the cap-and-trade program reductions relative to other approaches."

2020 Recap

Upon completion of the 2020 Legislative year, SCPPA fared well with both the Legislature and Governor, as all opposed legislation was either defeated or amended to remove opposition.

Federal Update

Municipal Finance

Tax-exempt municipal bonds are a vital financing tool for SCPPA and public power utilities. Unfortunately, it remains an attractive "pay-for" on both sides of the aisle. Many Republicans view it as an inefficient subsidy to municipal governments and other public entities, and many Democrats view it as a "tax free" loophole for the wealthy. Nevertheless, without tax-exempt municipal bonds, SCPPA would lose a valuable tool to finance new generation and transmission assets. SCPPA continues to advocate for these bonds and work with the Municipal Bonds for America coalition, who has assisted in organizing outreach to a broad array of key House and Senate staffers.

Also, while Congress has eliminated advance refunding bonds, which allows public power utilities to roll over existing bond issues early to take advantage of lower interest rates—similar to the refinancing of a mortgage -- SCPPA continues to work with House Ways and Means Committee members and others to restore the legal authority to use of advance refunding bonds. Currently, SCPPA is working to identify viable legislative vehicles, including a tax extenders bill or COVID relief funding, to restore the authority.

Vegetation Management

Dead and dying trees threaten transmission lines and power structures, so coordination and collaboration between utilities and federal agencies is critical to reducing fire risk and increasing grid reliability.

The Electric Reliability and Forest Protection Act, signed into law in the previous Congress, has been a critical tool to addressing the fire risk especially with continued challenges associated with wildfires across the state. To that end, SCPPA has been working with Congress and federal agencies on implementing key provisions of the Act.

Specifically, SCPPA and others worked with the U.S. Forest Service to finalize regulations which will allow for the development—and approval—of plans and agreements for vegetation management on Forest Service lands within rights-of-ways for electric transmission and distribution facilities. The rule includes procedures for developing operating plans/agreements for vegetation management, facility inspection, and operations, as well as maintenance activities on Forest Service lands within, and along, powerline rights-of-way.

The overall intent of the rule is to ensure transmission and distribution owners/operators receive more timely access to facilities to enhance system reliability and mitigate wildfire risks.

Telecommunications

In August, a three-judge panel of the U.S. Court of Appeals for the Ninth Circuit largely upheld the Federal Communication Commission (FCC)'s 2018 moratoria and one-touch make-ready (OTMR) decisions and largely affirmed its 2018 small cell item, with the exception of a provision concern aesthetics. The FCC approved an OTMR policy in August 2018 for attaching telecom and cable facilities to utility poles in the states that don't regulate attachments themselves, and ruled that "blanket" state and local moratoria on telecom services and facilities deployment are barred by section 253(a) of the 1996 Telecommunications Act. The court vacated the aesthetic portions of the rule and remanded them to the FCC and rejected a wireless industry request for "deemed granted" remedy for FCC "shot clocks."

In October, the U.S. Court of Appeals for the Ninth Circuit denied petitions seeking a rehearing of the three-judge panel's decision. The decision to not hold an en banc—a rehearing by all of the Ninth Circuit judges—means the counties and municipalities who filed the petitions along with the American Public Power Association will need to decide

whether to appeal to the U.S. Supreme Court.

SCPPA continued to work with lawmakers to cosponsor Rep. Anna Eshoo's (D-CA) Accelerating Wireless Broadband Development by Empowering Local Communities Act and Senator Diane Feinstein's (D-CA) Restoring Local Control Over Public Infrastructure Act. Both bills would overturn FCC regulations limiting the ability of local governments to regulate the deployment of small cell wireless infrastructure.

6GHz Spectrum Sharing
In April, the FCC adopted a Report & Order that would make 1,200 megahertz of spectrum available for unlicensed use in the 6 gigahertz band, while ensuring that incumbent users of the band, including critical infrastructure providers, are protected from interference. The Commission authorized two different types of unlicensed operations: standard-power and indoor low-power operations. The FCC authorized standard-power unlicensed devices to transmit both indoors and outdoors under the control of an AFC system at standard power levels. It also authorized unlicensed devices to operate at lower power restricted to indoor usage.

SCPPA worked on behalf of its Members to raise awareness of the problematic rulemaking and joined the Utilities Technology Council to express concerns over the FCC's action.

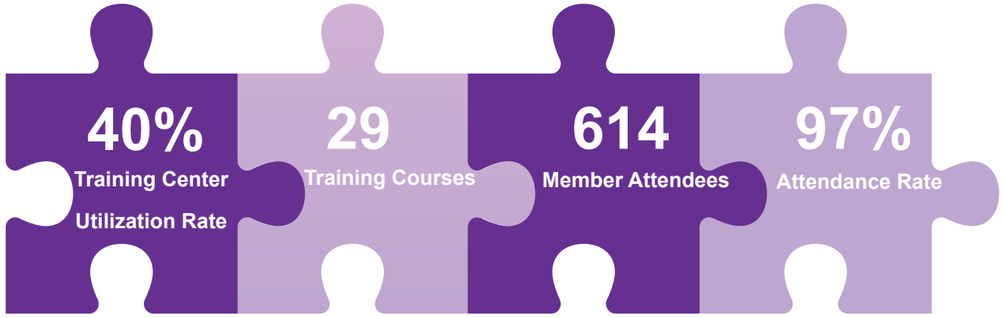
Spent Fuel
SCPPA continued to advocate for responsible spent fuel disposal options in the 116th Congress. Early in the session, the House Energy and Commerce Committee approved a bipartisan bill, the Nuclear Waste Policy Amendments Act, which would advance the licensing of a permanent spent fuel repository, promote consensus-based interim storage sites, and provide funds for the State of Nevada. While the bill did not reach the House floor, strong bipartisan support remains, and action is again expected in the 117th Congress. In the Senate, Sens. Lisa Murkowski (R-AK), Lamar Alexander (R-TN), and Dianne Feinstein reintroduced a companion measure, the Nuclear Waste Administration Act.

SCPPA continues to work with others in the industry and their allies on Capitol Hill to build support and advance legislation in both chambers.

SCPPA Workforce Development

About SCPPA Workforce Development
SCPPA Workforce Development provides Members with high quality, cost-effective training services to promote individual and organizational effectiveness and to prepare for the utility transformation.

FY2019-2020 Operational Highlights
In Fiscal Year 2019-2020, SCPPA organized 29 professional development training programs, drawing attendance from over 614 Member attendees, enhancing Members' skillsets and knowledge to better operate, construct, and maintain services related to generation or transmission of Electrical Energy.



SCPPA Program Development

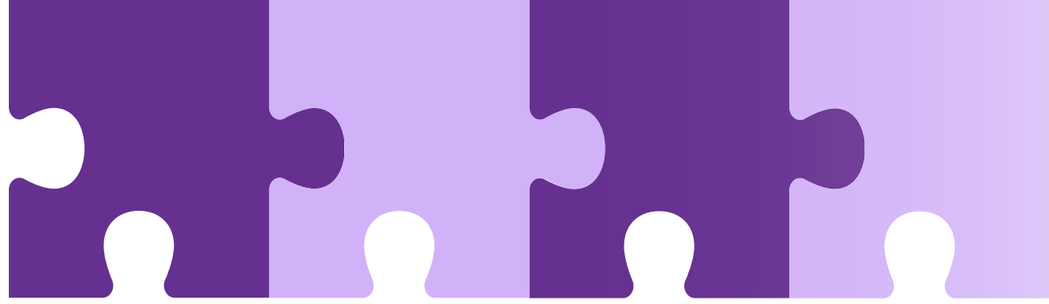
About SCPPA Programs

In accordance with the California Joint Exercise of Power Act and the SCPPA Joint Powers Agreement, SCPPA manages the development and implementation of numerous joint-action and customized Programs that directly affect the generation and transmission of energy to improve the electric utility operating efficiencies and reduce costs for participating Members.

In order to maximize the value of SCPPA provides to its Members and the communities they serve, SCPPA has developed and implemented energy efficiency and demand reduction programs specifically aimed to achieve or enhance the following goals:

- Improve electric utility system operations;
- Reduce overall cost impact on Member utilities;
- Meet emerging industry challenges; and
- Achieve GHG reductions.

SCPPA provides a collaborative forum which allows Members to exchange program successes, failures, best practices and lessons learned to develop “next practices” that create leading-edge concepts for Program enhancements and improvements.



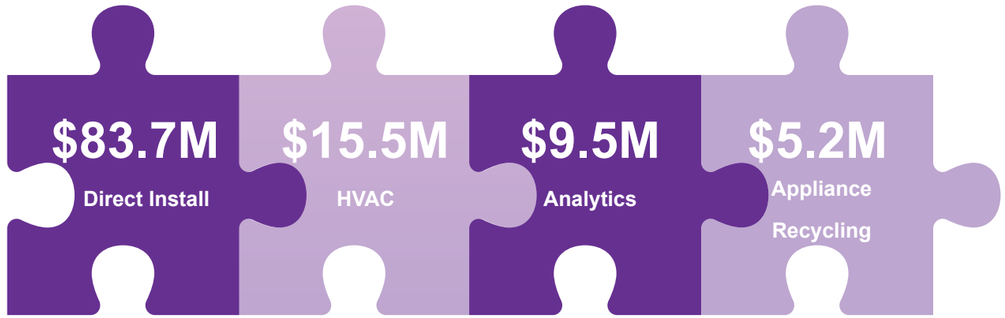
These Programs are in multiple fields that typically are implemented “behind the meter” on the demand-side, including:

- Energy Efficiency
- Demand Response
- Transportation & Building Electrification as they relate to demand side management
- Energy Storage to manage customer demand and optimize renewable generation
- Customer Engagement & Key Accounts to promote energy efficiency and demand response programs
- Rate Design to promote energy efficiency and demand response programs

FY 2019-2020 SCPPA Program Operational Value

In FY 2019-2020, SCPPA administered more than 50 different contracts with suppliers to procure goods and services on behalf of our Members totaling $125 Million which provided cost savings between $10 and $15 million.

The largest single program was energy efficiency which accounted for more than $80 million in expenditures. Of this, nearly $84 Million was spent on direct installation programs where suppliers provided and installed efficiency measures to residences and businesses directly on behalf of the participating Member. SCPPA also administered additional contracts to support Members efficiency programs including, but not limited to. See graphic below:



DUKKU LEE | GENERAL MANAGER
ANAHEIM PUBLIC UTILITIES

Anaheim Public Utilities (APU) began operations in 1894 as the first municipal electric utility in Southern California. Today, APU provides affordable and reliable water and power to a city of over 358,000 residents and 20,000 businesses, featuring vibrant neighborhoods and a thriving business community that includes world-class convention, sports, and entertainment venues.

Anaheim's electric system supports a diverse customer base and has a historic peak demand of 593 MW. Distinguishing features include commissioning the nation's first underground substation in 2006, undergrounding over 133 circuit miles as part of an aggressive underground conversion program, and operating a 2.4 MW photovoltaic system on the roof of the Anaheim Convention Center, one of the largest solar arrays on a municipally-owned convention center in the country.

APU provides electricity to its customers from a wide array of renewable resources including landfill gas, geothermal, wind, and solar. Currently, renewables comprise 33% of APU's retail sales and will increase to 60% by 2030 for enhanced sustainability and compliance with statewide mandates.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Anaheim	121,227	2	2,761,039	2,761,041	$416,412	$377,776

* Anaheim ceased operation of its owned resource, Kraemer Power Plant, in FY 2019/20.

MANNY ROBLEDO | DIRECTOR OF UTILITIES
AZUSA LIGHT & WATER

Azusa's electric utility was established in 1904 after the City purchased a private power company. Its water utility was established in 1900. The City operates these two utilities through the Azusa Light & Water (ALW) brand. Both utilities provide service within the City of Azusa and the water utility also serves portions of Covina, Glendora, Irwindale, West Covina, and Los Angeles county unincorporated areas. ALW's water and electric utilities are each responsible for resource planning and delivery to retail customers through the City owned, operated, and maintained distribution systems.

ALW's electric utility operates within the California ISO Balancing Authority acting as a Utility Distribution Company (UDC) and a Participating Transmission Owner (PTO). The electric utility currently receives power from 11 renewable resource projects and 4 conventional power resources, with total power production capability of up to approximately 300,000 MWH/year. Azusa's utilities are fully compliant with all state and federal laws. The electric utility is on track to meet/exceed the 33% renewable power content in 2020 with estimated 2018 deliveries to exceed 33%. Azusa is compliant with AB32 (Global Warming Solutions Act) through its participation in the State's cap-and –trade program.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Azusa	16,859	184,928	73,403	258,331	$41,203	$30,790

TOM MILLER | ELECTRIC UTILITY DIRECTOR

BANNING ELECTRIC UTILITY

The City of Banning Electric Utility provides electric service to approximately 12,000 accounts covering an area of approximately 22 square miles. Originally established in 1913 as a private utility, the City of Banning purchased the Utility in 1922 and has been providing electric service to its residents since that time. Banning's energy resource base includes portions of coal, nuclear, geothermal, solar, landfill gas-to-energy, and hydro generating plants, that provide the majority of electricity required to meet its summer peak demand of 49 MW.

The City supports clean-energy and is committed to additional renewable energy resources to its already diverse portfolio. The Utility met the renewable energy requirement of Compliance Period #1 through energy produced from two geothermal generating facilities located in the Imperial Valley. In addition, the Utility has two Power Sales Agreements for energy from Solar and Landfill Gas facilities, which put the Utility at 61 percent renewable in 2018, far exceeding the current State mandate of 50 percent by 2030. The Utility is dedicated to continue providing quality service to its customers in a safe and reliable manner, at reasonable rates.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Banning	12,339	0	144,803	144,803	$30,411	$31,270

DAWN ROTH LINDELL | GENERAL MANAGER

BURBANK WATER AND POWER

Established in 1913, Burbank Water and Power (BWP) is a community owned utility which primarily provides electric and water services to the residents and businesses of Burbank, CA. Within the City's 17 square miles, BWP provides over 100,000 residents, and almost as many additional people during business hours, with excellent utility services. BWP is committed to providing reliable, affordable and sustainable utility services to Burbank; and these three key principles are what BWP focuses on to deliver value to Burbank residents and businesses. BWP's power availability rate for Fiscal Year 2019-20 was 99.998%; and the average Burbank customer could expect to experience only one electric service outage of just 15.6 minutes every 2.6 years. BWP's average electric rates are lower than the California investor owned utilities and amongst the lowest in the region.

In the fiscal year ending June 2020, BWP met 33% of its energy demand with renewable resources. BWP offers other valuable services to Burbank, including fiber optic services to businesses, free citywide wireless broadband service, and public access to dozens of electric vehicle charging stations. BWP is also the operator of SCPPA's Magnolia Power Project (MPP). MPP is a large, clean, highly efficient power plant that utilizes combined-cycle electric generation technology. MPP improves regional electric reliability by reducing dependence on long-distance transmission lines.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Burbank	53,030	19,230	1,043,330	1,062,560	$180,740	$184,160

ART GALLUCCI | CITY MANAGER
CITY OF CERRITOS ELECTRIC UTILITY

The City of Cerritos became a member of SCPPA in 2003. Since 2005, the City of Cerritos has been serving the electrical demands of the City's business community. Over the years, the City's customer base has steadily increased and the utility currently serves 300 accounts. The utility serves educational institutions, City-owned facilities and major retail businesses in the City with the primary goal of providing an economical and reliable supply of electricity. Cerritos Electric Utility (CEU) continues to receive power primarily from the Magnolia Power Plant. However, starting in October of 2017, CEU received a small allocation of hydroelectric power from the Western Area Power Administration, generated from the Boulder Canyon Power project.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Cerritos	300	58,500	11,000	65,500	$5,500	$5,860

REBECCA GALLEGOS | ACTING ASSISTANT ELECTRIC UTILITY DIRECTOR
CITY OF COLTON ELECTRIC UTILITY

The largest and oldest municipal utility in San Bernardino County, the Colton Electric Department has been meeting the electric needs of Colton's businesses and residents since 1895. Today, the Department serves approximately 20,149 customers with a diverse mix of generation resources. The Department's main focus is ensuring that customer's use electricity effectively to minimize their costs and promote sustainability. Colton's residents want improved environmental quality and support the steps taken by the Department to improve the quality of life in the city. Department efforts include acquiring renewable resources and working with residential and business customers to install energy efficient equipment and appliances.

The Department looks forward to serving the electric needs of the community with low-cost, reliable supplies for the next 125 years and to serve as an asset helping promote economic development in the City.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Colton	19,900	4,404	404,957	409,361	$61,739	$40,670

STEPHEN ZURN | GENERAL MANAGER
GLENDALE WATER & POWER

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 of its own steam generating plant units with 288 MW of gas-fired steam and combustion generating capacity. Glendale Water & Power (GWP) has a diversified portfolio that also includes coal, nuclear, natural gas, and hydro generating resources, as well as a comprehensive renewables resource program comprised of landfill gas, wind, and geothermal projects. Today, GWP provides reliable electric services to over 90,000 residential, commercial, and industrial customers within a 31 square mile area. GWP continues to invest in improving the system infrastructure to ensure its long-term reliability. Our vision is to deliver reliable, high quality, environmentally-sensitive, and sustainable water and power services to our customers in a caring and cost-competitive manner, while creating a stimulating and rewarding work experience for our employees.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Glendale	90,030	119,213	1,420,820	1,540,033	$224,993	$203,801

ENRIQUE MARTINEZ | GENERAL MANAGER
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 has a service area of 6,611 square miles that encompasses an expanding 1,803-mile transmission network and 5,062-miles of distribution lines. One of eight balancing authorities in the state, 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. IID, in the enviable position of having access to locally-generated geothermal and hydro, solar, wind and biomass resources, is on track to meet the 33 percent Renewables Portfolio Standard by 2020. A valuable public resource, IID is regarded as an affordable and reliable service provider serving 156,715 customers.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Imperial	156,715	1,210,353	2,508,261	3,718,614	$436,941	$412,181

MARTY ADAMS | GENERAL MANAGER
LOS ANGELES DEPARTMENT OF WATER & POWER

Providing service for more than a century, the Los Angeles Department of Water and Power (LADWP) 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 473 square mile area. LADWP remains on firm financial footing and serves as a valuable asset to the City of Los Angeles. LADWP reached its 20% renewable goal in 2010 and 34% in 2019 with a significant portion of such goal accomplished with projects transacted through SCPPA. LADWP is undergoing a transformation of its power supply, as documented in its Power Strategic Long-Term Resource Plan. Over the next 15 years, there will be a transition away from coal, replacing such energy through meeting a mandated 33% renewable goal by 2020, a mandated 60% renewable goal by 2030, a long-term aspirational 80% renewable goal by 2036, doubling energy efficiency by 2027, balancing the system demands with increased use of natural gas for peak capacity from new and existing facilities, ensure units comply with once-through-cooling mandates to eliminate the use of ocean water for cooling, increasing deployment of energy storage and distributed energy resources, investing in the Power System Reliability Program to ensure robust power system, and supporting electric transportation growth to decrease overall greenhouse gas emissions in the L.A. Basin.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Los Angeles	1,537,931	17,947,000	7,295,000	25,242,000	$4,059,925	$3,439,567

GURCHARAN BAWA | GENERAL MANAGER
PASADENA WATER & POWER

Pasadena Water and Power (“PWP”) has been providing utility services since 1906. Its current service territory spans approximately 23 square miles and includes over 67,000 electric and 38,000 water accounts. For over twenty years PWP has periodically prepared Integrated Resource Plans (“IRP”) to set forth renewable resource and energy efficiency targets. Since FY 2008, PWP’s annual electric energy sales have declined 20%, renewable resources have reached approximately 37.5% of supply, and PWP’s greenhouse gas (“GHG”) emissions have declined about 51% from 1990 levels. PWP’s aggressive energy efficiency programs have substantially contributed to the net reduction in retail electricity use over the last 12 years, with annual savings of 14,528 MWh per year, or 1.47% of retail sales, contributed in fiscal year 2020 alone.

PWP is forecasting to meet almost 40 percent of retail sales through RPS-eligible renewable resources by the end of CY 2020. PWP’s 2018 IRP, which complies with both SB350 and SB100 policy goals, focuses on meeting targets through practical investments that manage financial exposure to ratepayers, and features a mix of short and long-term resources that will be evaluated annually to ensure that they continue to meet Pasadena’s specific needs. PWP will also continue to focus on expanding the Pasadena EV market to support GHG reduction goals and increase utility revenues. PWP offers incentives to customers who drive plug-in electric vehicles and install charging stations at their homes and businesses. PWP is also expanding the availability of public charging infrastructure by installing chargers at public parking structures throughout the city. In partnership with Tesla, PWP completed the installation of 20 DC Fast Chargers and 24 Tesla Superchargers at the Marengo Charging Plaza – until recently, the largest fast charging station in the nation - bringing the total number of publicly available fast charging stations in Pasadena to 32. PWP also completed the expansion of level 2 chargers at the Holly garage to include 25 public chargers and 27 City fleet chargers.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Pasadena	67,440	51,632	1,056,942	1,108,574	$217,873	$187,978

TODD CORBIN | GENERAL MANAGER
RIVERSIDE PUBLIC UTILITIES

Established in 1895, Riverside Public Utilities (RPU) is a consumer-owned water and electric utility that provides high quality, reliable services to 111,000 metered electric customers, and 66,000 metered water customers throughout an 82 square mile area in and around the City of Riverside, California, serving a population of 328,000. 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 commitment, the utility maintains a diverse resource portfolio mix that includes: 236 MW of simple-cycle, natural gas peaking generation, and 29.5 MW combined-cycle natural gas generation; participation in joint SCPPA (12.3 MW) and Intermountain Power Agency (137.1 MW) generation projects; long-term renewable power purchase agreements (230.5 MW), as well as short, mid, and long-term contracts from various other power providers. Riverside is committed to promoting sustainable communities and becoming a municipal leader in the use of renewable energy resources. RPU met the 25 percent mandate by December 31, 2016 and is on target to meet additional future mandates with resource procurement actions as outlined in the Renewables Portfolio Standard Procurement Plan. For calendar year 2019, renewable resources provided 38 percent of retail sales requirements.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Riverside	111,161	77,500	2,160,500	2,238,000	$367,078	$322,507

ABRAHAM ALEMU | INTERIM GENERAL MANAGER
VERNON PUBLIC UTILITIES

City of Vernon Public Utilities has completed its Integrated Resource Plan (IRP) that was designed to provide a long term strategy to meet the electric service needs of its customers and comply with state and federal energy policies.

Preliminary & Unaudited Fiscal Year End June 30, 2020 Information						
City	Customers Retail	Power Generated and Purchased (in MWh)			Electric Utility Operating Revenue & Costs	
		Self Generated	Purchased	Total	Operating Revenues (000s)	Operating Costs (000s)
Vernon	1,912	1,649	1,042,627	1,044,276	$189,092	$163,872

Southern California Public Power Authority
Annual Report FY 2019-2020

"The Members of Southern California Public Power Authority work together to power sustainable communities."

Contact Us

Glendora Office
1160 Nicole Court
Glendora, CA 91740
(626) 793-9364

Sacramento Office
915 L Street, Suite 1410
Sacramento, CA 95814
(916) 440-0870

http: //scppa.org