



REPORT OF INDEPENDENT AUDITORS AND
COMBINED FINANCIAL STATEMENTS

**SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY**

June 30, 2018 and 2017

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Report of Independent Auditors

The Board of Directors and Participants of
Southern California Public Power Authority

Report on Financial Statements

We have audited the accompanying combined and individual projects' financial statements of Southern California Public Power Authority (the Authority), which comprise the combined and individual projects' statements of net position as of June 30, 2018 and 2017, and the related combined and individual projects' statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined and individual projects' financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined and individual project financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and individual projects' financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined and individual projects' financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and individual projects' financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and individual projects' financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined and individual projects' financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined and individual projects' financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the combined and individual projects' financial statements referred to above present fairly, in all material respects, the financial position of Southern California Public Power Authority and each of the Authority's projects: Palo Verde Project, San Juan Project, Magnolia Power Project, Canyon Power Project, Apex Power Project, Hoover Uprating Project, Tieton Hydropower Project, Milford I Wind Project, Milford II Wind Project, Windy Point Project, Linden Wind Energy Project, Southern Transmission System Project, Mead-Phoenix Project, Mead-Adelanto Project, Pinedale Project, Barnett Project, Prepaid Natural Gas Project, Power Purchase Agreements, Project Development Fund, Projects' Stabilization Fund and SCPFA Fund as of June 30, 2018 and 2017, and the combined and individual results of the projects' operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability as of June 30, 2018 and the Schedule of Contributions as of June 30, 2018 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Purchase Power Agreements combining statements of net position as of June 30, 2018 and 2017, and the related Purchase Power Agreements combining statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the Purchase Power Agreements investments as of June 30, 2018 and 2017 (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of receipts and disbursements in funds for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Miss Adams UP

Portland, Oregon
October 31, 2018

Southern California Public Power Authority Management's Discussion and Analysis

The following discussion and analysis of the financial performance of Southern California Public Power Authority (the Authority or SCPPA), provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2018 and 2017. Please read this discussion and analysis in conjunction with the Authority's Combined Financial Statements, which begin on page 4. Description and other details pertaining to the Authority are included in the Notes to Combined Financial Statements.

The Authority is a joint powers authority whose primary purpose has been to provide joint financing and oversight for large joint projects for its member agencies that consist of eleven municipal electric utilities and one irrigation district in California. On a combined basis, these entities provide electricity to more than two million retail electric customers. A Board of Directors (the Board) governs the Authority, which consists of one representative from each member agency.

Using This Financial Report

This annual financial report consists of a series of financial statements and reflects the self-supporting activities of the Authority that are funded primarily through the sale of energy, natural gas, and transmission services to member agencies under project specific take-or-pay contracts that require each member agency to pay its proportionate share of operating and maintenance expenses and debt service with respect to such projects. 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 Authority also established take-and-pay contracts for the participants of the prepaid natural gas project where the payments received from the sale of gas will be sufficient to pay debt service. In addition, the Authority has entered into various power purchase agreements. These agreements are substantially take-and-pay contracts but there may be other costs not associated with the delivery of energy that the participants may be obligated to pay.

Southern California Public Power Authority

Management's Discussion and Analysis

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

	June 30,		
	2018	2017	2016
Assets			
Net utility plant	\$ 1,507,609	\$ 1,567,960	\$ 1,427,164
Investments	648,816	740,656	698,007
Cash and cash equivalents	277,645	224,652	304,756
Prepaid and other	842,175	916,328	981,133
Total assets	3,276,245	3,449,596	3,411,060
Deferred outflows of resources	123,045	144,653	122,257
Total assets and deferred outflows of resources	\$ 3,399,290	\$ 3,594,249	\$ 3,533,317
Liabilities			
Noncurrent liabilities	\$ 3,055,816	\$ 3,245,011	\$ 3,114,994
Current liabilities	427,035	432,349	467,032
Total liabilities	3,482,851	3,677,360	3,582,026
Deferred inflows of resources	50	87	242
Net position			
Net investment in capital assets	(189,747)	(264,336)	(575,911)
Restricted	355,494	359,690	622,340
Unrestricted	(249,358)	(178,552)	(95,380)
Total net position	(83,611)	(83,198)	(48,951)
Total liabilities, deferred inflows of resources, and net position	\$ 3,399,290	\$ 3,594,249	\$ 3,533,317
Revenues, expenses and changes in net position for the year ended June 30			
Operating revenues	\$ 970,156	\$ 995,236	\$ 853,339
Operating expenses	(852,668)	(848,647)	(713,417)
Operating income	117,488	146,589	139,922
Investment and other income	10,237	13,973	23,633
Derivative gain (loss)	8,632	7,569	(10,238)
Debt expense	(116,543)	(126,895)	(132,716)
Change in net position before special items	19,814	41,236	20,601
Special items	(3,261)	(61,839)	-
Change in net position	16,553	(20,603)	20,601
Net position, beginning of year	(83,198)	(48,951)	(59,451)
Net contributions/(withdrawals) by participants	(16,966)	(13,644)	(10,101)
Net position, end of year	\$ (83,611)	\$ (83,198)	\$ (48,951)

Southern California Public Power Authority Management's Discussion and Analysis

Net Position –The Authority's net position increased by \$0.4 million mainly due to the decrease in assets and deferred outflows of resources of \$194.9 million offset by the decrease in liabilities and deferred inflows of resources of \$194.5 million.

Assets – The decrease of \$194.9 million in the Authority's assets and deferred outflows of resources is due to the following:

- *Net Utility Plant – decreased by \$60 million*
The decrease is primarily due to the \$99 million scheduled depreciation in Generation and Transmission Projects; and \$5 million depletion in the Natural Gas Reserves Projects; offset by the \$42 million ongoing capital improvements in the Apex Power Project (APP) and Palo Verde Project (PV); and \$2 million acquisition of the new office building.
- *Investments – decreased by \$92 million*
The decrease is largely due to \$43 million transfer of long term investments to cash and cash equivalents; \$21 million withdrawals from the project fund for capital improvements in the APP; the release of \$7 million reserve funds contributed to the issuance of the 2017-1 Bonds and the return of the \$8 million prior year overbillings held back in the event that margin calls are made for the Magnolia Power Project (MPP) 2009 Swap; \$16 million participants' withdrawals in the Project Stabilization Fund (PSF); \$3 million return of the remaining funds in the Hoover Project due to the expiration of contract effective October 1, 2017; and the release of \$2 million prior year overbillings contributed to the issuance of the 2018A&B Revenue Bonds for the refunding of 2017A Bonds in the Canyon Power Project (CPP). The decreases were offset by the \$8 million held back for the major maintenance in the MPP.
- *Cash and cash equivalents – increased by \$53 million*
The increase is mainly due to the \$43 million transfer of long term investments to cash and cash equivalent; \$12 million accumulated overbillings from various projects; offset by the \$2 million payment to escrow in the acquisition of the new office building.
- *Prepaid and other assets – decreased by \$74 million*
The decrease is mainly due to the \$60 million scheduled amortization of the prepaid assets in the Natural Gas Prepaid Project (NGPP), Milford I, Milford II, and Windy Point/Windy Flats Projects (Windy Point); \$9 million decrease in account receivable in various projects; \$4 million write-off of the inventories and prepaid accounts due to the divestiture of ownership interests on December 31, 2017 in the San Juan Unit 3 Project (SJ); and \$1 million change in the fair value of the derivative instruments in the Mead-Adelanto Project (MA).
- *Deferred outflows of resources – decreased by \$22 million*
The decrease is due to the \$12 million loss on refunding amortization in various debt-funded projects; \$8 million write off of unamortized loss on refunding due to the refunding of the 2017A Bonds in the CPP; and \$5 million decrease in the reported fair value of the derivative instruments in the MPP and NGPP. The decreases were offset by the \$3 million increase in unamortized loss on refunding due to the issuance of the 2017-1 Bonds in the MPP.

Southern California Public Power Authority Management's Discussion and Analysis

Liabilities – The decrease in the Authority's liabilities of \$194.5 million is primarily due to the following:

- \$200 million of principal maturities and related amortizations for all debt-funded projects; \$15 million net decrease in the reported change in fair values of the derivative instruments in the MPP and NGPP; \$8 million decrease in the advances from participants due to the return of prior year overbillings that was held back in the event that margin calls are made for the MPP 2009 Swap; and \$1 million write-off of liabilities due to the divestiture of ownership interests in SJ. The decreases were offset by the \$17 million recognition of decommissioning obligation in the PV Project that was previously classified as a component of accumulated depreciation; \$11 million increase in accumulated overbillings accruals in various Projects; and \$1 million recognition of the Other Post Employment Benefit (OPEB) liability in accordance with GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension.

During fiscal year 2017, the Authority's assets and deferred outflow of resources decreased \$225 million largely due to the write down of capital assets as a result of the divestiture of ownership interests of SJ to the Public Service Company (PNM) effective January 2018; and due to the scheduled depreciation in the generation and transmission Projects, and depletion in the natural gas reserves projects; offset by the \$191 million decrease in liabilities mainly due to the scheduled principal maturities and related amortizations for all debt-funded projects, and the recognition of the decommissioning and reclamation obligation in SJ project, resulted a decrease in the Authority's net position of \$34 million.

Operating Income – Operating income decreased by \$29 million mainly attributable to the \$14 million reduction in billings in the PV Project resulted from the final debt service requirements that ended in July 1, 2017; the use of \$7 million prior year overbillings for the partial refunding of the STS 2009A Bonds and \$4 million release of Reserve and Contingency Fund for the scheduled major maintenance in the MPP in FY 2017; \$3 million release of current and previous year's over collection for the issuance of 2018A bonds in CPP; and \$1 million recognition of OPEB expense.

During fiscal year 2017, the increase in operating income of \$7 million is largely due to the increase in billings for capital improvement in the Apex Power Project (APP), and the release of \$4 million Reserve and Contingency Fund for the scheduled major maintenance in the MPP.

Investment and Other Income – Investment and other income decreased \$4 million due to the termination of the BABs subsidy from US Treasury in CPP; non-recurring property tax settlement for Milford II Project; and the refined coal credits received for SJ, in fiscal year 2017.

Derivative Gain (Loss) – In June 2008, GASB issued Statement No 53, Accounting and Financial Reporting for Derivative Instruments, effective for financial statements for periods beginning after June 15, 2009. GASB 53 requires that the fair value of derivative instruments be reported in the financial statements as investment income or loss if the derivative fails to effectively hedge the risk of rising or falling cash flows or fair values. \$8.6 million derivative gain and \$7.6 million derivative gain were reported related to the Authority's derivative instruments that were deemed investment instruments as of June 30, 2018 and 2017, respectively. The \$1 million increase in derivative gain is mainly due to the effect of changes in fair values of Magnolia Power Project Series 2009. (See Note 5)

Southern California Public Power Authority Management's Discussion and Analysis

SCPPA has three basis swaps that make variable payments based on SIFMA and receive variable payments based on a percentage of LIBOR. Their purpose is to reduce the interest expense on the Mead-Adelanto Project, and the Magnolia Power Project Bonds. Pursuant to GASB 53, there is no identified risk being hedged by a basis swap, and therefore they are all deemed investment instruments. These investment instruments were strategically placed by management to reduce interest expense and they continue to serve this purpose.

GASB 53 outlines a number of tests to be performed on a swap at each reporting period to qualify as an effective hedge. Once a swap becomes ineffective on a reporting date, it is deemed an investment instrument then and going forward. GASB 53 does not allow a swap to qualify again regardless of performance, unless associated with new bonds. The Magnolia 2009-2 interest rate which has been deemed technically ineffective, and classified as an investment instrument since FY 2012, was associated with the Magnolia 2009-2 variable bonds. A portion of the interest rate swap was terminated when the related variable bonds were refunded by the Magnolia 2017- 1 fixed rate bonds.

Debt Expense – Debt expense decreased by \$10 million primarily due to lower interest expense and related amortization from the refunding of the STS 2009A Bonds, and the final maturity of the STS 2013B Bonds on July 1, 2017.

Special Items – Special items for FY 2018 pertain to the \$3.3 million net write-off of inventories, prepaid accounts, and liabilities due to the divesting of ownership interests of the SJ Unit 3 plant on December 31, 2017.

In fiscal year 2017, Special items were reported in the Statement of Revenues, Expenses, and Changes in Net Position due to the termination of the Authority's ownership of San Juan Generating Station (SJGS) on December 31, 2017. The following special items occurred:

- \$108.6 million of capital assets were written off due to the divestiture of ownership interests of SJ Project to PNM effective January 1, 2018.
- \$56.9 million of decommissioning liability, included as a component of accumulated depreciation, were written off after a determination was made that a full dismantling of SJGS was not required by State laws, which significantly reduced the decommissioning obligation.
- An additional \$10.1 million reclamation costs was recognized to write up the Authority's share of reclamation liability of \$25.9 million in the SJ Project.

Southern California Public Power Authority
Combined Statements of Net Position
(Amounts in Thousands)

	June 30,	
	2018	2017
ASSETS		
Noncurrent assets		
Net utility plant	\$ 1,507,609	\$ 1,567,960
Investments – restricted	608,142	677,831
Investments – unrestricted	40,674	62,825
Advance to IPA - restricted	10,930	10,930
Fair value of derivative instruments	-	1,171
Prepaid and other assets	729,736	790,148
Total noncurrent assets	<u>2,897,091</u>	<u>3,110,865</u>
Current assets		
Cash and cash equivalents – restricted	150,631	134,869
Cash and cash equivalents – unrestricted	127,014	89,783
Interest receivable	2,257	1,662
Accounts receivable	13,517	22,100
Materials and supplies	23,787	26,411
Prepaid and other assets	61,948	63,906
Total current assets	<u>379,154</u>	<u>338,731</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred items related to pensions	660	780
Unamortized loss on refunding	102,712	119,170
Accumulated decrease in fair value of hedging derivatives	19,673	24,703
Total deferred outflows of resources	<u>123,045</u>	<u>144,653</u>
Total assets and deferred outflows of resources	<u>\$ 3,399,290</u>	<u>\$ 3,594,249</u>
LIABILITIES		
Noncurrent liabilities		
Long-term debt	\$ 2,674,562	\$ 2,865,372
Fair value of derivative instruments	25,185	40,018
Notes payable, net pension and other liabilities	2,301	1,264
Advances from participants	20,956	22,525
Reclamation and decommission obligation	332,812	315,832
Total noncurrent liabilities	<u>3,055,816</u>	<u>3,245,011</u>
Current liabilities		
Debt due within one year	163,185	172,210
Notes payable and other liabilities due within one year	20,142	14,749
Advances from participants due within one year	67,364	75,960
Accrued interest	53,005	54,586
Accounts payable and accruals	119,871	110,910
Accrued property tax	3,468	3,934
Total current liabilities	<u>427,035</u>	<u>432,349</u>
Total liabilities	<u>3,482,851</u>	<u>3,677,360</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred items related to pensions	50	87
Total deferred inflows of resources	<u>50</u>	<u>87</u>
NET POSITION		
Net investment in capital assets	(189,747)	(264,336)
Restricted	355,494	359,690
Unrestricted	(249,358)	(178,552)
Total net position	<u>(83,611)</u>	<u>(83,198)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,399,290</u>	<u>\$ 3,594,249</u>

Southern California Public Power Authority
Combined Statements of Revenues, Expenses,
and Changes in Net Position
(Amounts in Thousands)

	Years Ended June 30,	
	2018	2017
Operating revenues		
Sales of electric energy	\$ 779,764	\$ 807,382
Sales of transmission services	155,304	151,597
Sales of natural gas	35,088	36,257
Total operating revenues	<u>970,156</u>	<u>995,236</u>
Operating expenses		
Operations and maintenance	715,298	698,443
Depreciation, depletion and amortization	104,827	108,708
Amortization of nuclear fuel	13,924	14,358
Decommissioning	17,500	27,381
Pension and other benefits expense (credit)	1,119	(243)
Total operating expenses	<u>852,668</u>	<u>848,647</u>
Operating income	<u>117,488</u>	<u>146,589</u>
Non operating revenues (expenses)		
Investment and other income	10,237	13,973
Derivative gain	8,632	7,569
Debt expense	(116,543)	(126,895)
Net non operating revenues (expenses)	<u>(97,674)</u>	<u>(105,353)</u>
Net increase before special items	19,814	41,236
Special items		
Asset impairment - net	(3,261)	(108,625)
Reclamation obligation adjustment	-	(10,105)
Decommission obligation write down	-	56,891
Total special Items	<u>(3,261)</u>	<u>(61,839)</u>
Change in net position	16,553	(20,603)
Net position – beginning of year	<u>(83,198)</u>	<u>(48,951)</u>
Net contributions (distributions) by participants	<u>(16,966)</u>	<u>(13,644)</u>
Net position – end of year	<u>\$ (83,611)</u>	<u>\$ (83,198)</u>

Southern California Public Power Authority

Combined Statements of Cash Flows

(Amounts in Thousands)

	Years Ended June 30,	
	2018	2017
Cash flows from operating activities		
Receipts from participants	\$ 834,482	\$ 839,696
Receipts from sale of oil and gas	15,130	16,106
Payments to operating managers	(527,988)	(512,493)
Other disbursements and receipts	9,240	20,991
Net cash flows provided by (used for) operating activities	<u>330,864</u>	<u>364,300</u>
Cash flows from noncapital financing activities		
Advances by participants, net	<u>(12,200)</u>	<u>(12,435)</u>
Cash flows from capital financing activities		
Additions to plant and prepaid projects, net	(57,234)	(36,134)
Debt interest payments	(121,328)	(135,641)
Proceeds from sale of bonds	338,870	311,256
Payment for defeasance of revenue bonds	(108,966)	(86,469)
Payments for swap termination fee	(7,334)	-
Transfer of funds from (to) escrow	(232,407)	(248,065)
Transfer of funds from (to) Mine Reclamation Trust Fund	(17,790)	(5,250)
Principal payments on debt	(172,210)	(191,731)
Payment for bond issue costs	(1,696)	(1,078)
Net cash used for capital and related financing activities	<u>(380,095)</u>	<u>(393,112)</u>
Cash flows from investing activities		
Interest received on investments	7,019	4,588
Purchases of investments	(391,063)	(572,973)
Proceeds from sale/maturity of investments	498,468	529,528
Net cash provided by (used for) investing activities	<u>114,424</u>	<u>(38,857)</u>
Net change in cash and cash equivalents	52,993	(80,104)
Cash and cash equivalents, beginning of year	<u>224,652</u>	<u>304,756</u>
Cash and cash equivalents, end of year	<u>\$ 277,645</u>	<u>\$ 224,652</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 117,488	\$ 146,589
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation, depletion and amortization	152,181	156,062
Decommissioning	17,500	27,381
Advances for capacity and energy	682	2,640
Amortization of nuclear fuel	13,924	14,358
Pension and other benefits expense	1,119	(243)
Changes in assets and liabilities		
Accounts receivable	8,908	1,480
Accounts payable and accruals	12,376	8,778
Other	6,686	7,255
Net cash provided by operating activities	<u>\$ 330,864</u>	<u>\$ 364,300</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position		
Cash and cash equivalents – restricted	\$ 150,631	\$ 134,869
Cash and cash equivalents – unrestricted	127,014	89,783
	<u>\$ 277,645</u>	<u>\$ 224,652</u>

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Southern California Public Power Authority
Individual Statements of Net Position
June 30, 2018
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
ASSETS					
Noncurrent assets					
Net utility plant	\$ 288,516	\$ -	\$ 179,285	\$ 220,614	\$ 276,341
Investments – restricted	192,198	29,237	57,474	13,630	17,642
Investments – unrestricted	16,383	-	2,976	-	-
Advance to IPA – restricted	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-
Unamortized debt expense	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Total noncurrent assets	497,097	29,237	239,735	234,244	293,983
Current assets					
Cash and cash equivalents – restricted	4,761	9,840	20,373	8,477	13,734
Cash and cash equivalents – unrestricted	7,857	6,709	8,276	1,510	1,117
Interest receivable	764	180	515	35	36
Accounts receivable	1,867	-	1,148	-	-
Materials and supplies	10,253	-	8,590	1,186	3,758
Prepaid and other assets	826	-	200	45	15
Total current assets	26,328	16,729	39,102	11,253	18,660
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	-	-	12,571	47,598	-
Accumulated decrease in fair value of hedging derivatives	-	-	12,248	-	-
Total deferred outflows of resources	-	-	24,819	47,598	-
Total assets and deferred outflows of resources	\$ 523,425	\$ 45,966	\$ 303,656	\$ 293,095	\$ 312,643
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ -	\$ -	\$ 291,139	\$ 326,042	\$ 293,004
Fair value of derivative instruments	-	-	16,542	-	-
Notes payable and other liabilities	-	-	-	-	-
Advances from participants	-	-	-	-	-
Reclamation and decommission obligation	303,762	29,050	-	-	-
Total noncurrent liabilities	303,762	29,050	307,681	326,042	293,004
Current liabilities					
Debt due within one year	-	-	7,210	7,540	9,545
Notes payable and other liabilities due within one year	-	-	20,142	-	-
Advances from participants due within one year	-	19,954	17,204	-	3,451
Accrued interest	-	-	4,103	2,865	6,199
Accounts payable and accruals	19,940	8,254	5,400	1,613	4,396
Accrued property tax	1,602	-	-	-	-
Total current liabilities	21,542	28,208	54,059	12,018	23,591
Total liabilities	325,304	57,258	361,740	338,060	316,595
NET POSITION					
Net investment in capital assets	288,516	-	(106,494)	(61,844)	(16,016)
Restricted	-	-	57,049	15,748	11,554
Unrestricted	(90,395)	(11,292)	(8,639)	1,131	510
Total net position	198,121	(11,292)	(58,084)	(44,965)	(3,952)
Total liabilities and net position	\$ 523,425	\$ 45,966	\$ 303,656	\$ 293,095	\$ 312,643

Southern California Public Power Authority
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(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
ASSETS					
Noncurrent assets					
Net utility plant	\$ 297,601	\$ 3,917	\$ 190,102	\$ 229,716	\$ 260,736
Investments – restricted	198,917	19,608	66,130	18,129	41,325
Investments – unrestricted	16,199	23,455	-	-	-
Advance to IPA – restricted	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-
Prepaid and other assets	-	735	-	-	-
Total noncurrent assets	512,717	47,715	256,232	247,845	302,061
Current assets					
Cash and cash equivalents – restricted	8,865	2,148	12,368	5,470	6,795
Cash and cash equivalents – unrestricted	10,375	1,952	15,396	1,140	917
Interest receivable	634	69	300	24	60
Accounts receivable	1,888	70	1,095	591	2,378
Materials and supplies	10,385	2,282	9,524	1,186	3,034
Prepaid and other assets	933	1,490	26	48	311
Total current assets	33,080	8,011	38,709	8,459	13,495
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	-	-	9,261	56,058	-
Accumulated decrease in fair value of hedging derivatives	-	-	14,999	-	-
Total deferred outflows of resources	-	-	24,260	56,058	-
Total assets and deferred outflows of resources	\$ 545,797	\$ 55,726	\$ 319,201	\$ 312,362	\$ 315,556
LIABILITIES					
Noncurrent liabilities					
Long-term debt	\$ -	\$ -	\$ 298,887	\$ 338,659	\$ 303,297
Fair value of derivative instruments	-	-	30,314	-	-
Notes payable and other liabilities	-	-	-	-	-
Advances from participants	-	-	-	-	-
Reclamation and decommission obligation	286,262	29,570	-	-	-
Total noncurrent liabilities	286,262	29,570	329,201	338,659	303,297
Current liabilities					
Debt due within one year	12,410	-	7,230	7,185	9,435
Notes payable and other liabilities due within one year	-	-	14,157	-	-
Advances from participants due within one year	-	19,954	26,262	1,630	1,451
Accrued interest	2	-	3,246	2,745	6,253
Accounts payable and accruals	21,010	10,058	3,450	1,314	3,501
Accrued property tax	1,650	324	-	-	-
Total current liabilities	35,072	30,336	54,345	12,874	20,640
Total liabilities	321,334	59,906	383,546	351,533	323,937
NET POSITION					
Net investment in capital assets	285,191	(12,552)	(106,754)	(55,938)	(25,011)
Restricted	-	-	49,287	15,117	13,477
Unrestricted	(60,728)	8,372	(6,878)	1,650	3,153
Total net position	224,463	(4,180)	(64,345)	(39,171)	(8,381)
Total liabilities and net position	\$ 545,797	\$ 55,726	\$ 319,201	\$ 312,362	\$ 315,556

See accompanying notes.

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	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
ASSETS						
Noncurrent assets						
Net utility plant	\$ -	\$ 36,233	\$ -	\$ -	\$ -	\$ 101,215
Investments – restricted	-	5,722	32,931	7,418	28,011	6,317
Investments – unrestricted	-	-	-	3,680	2,486	-
Advance to IPA – restricted	-	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-	-
Prepaid and other assets	-	-	118,331	105,800	307,142	-
Total noncurrent assets	-	41,955	151,262	116,898	337,639	107,532
Current assets						
Cash and cash equivalents – restricted	-	1,814	5,807	5,354	13,761	5,202
Cash and cash equivalents – unrestricted	-	762	2,713	2,542	3,715	143
Interest receivable	-	16	94	11	43	2
Accounts receivable	-	-	-	-	45	-
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	-	26	11,408	8,701	27,832	28
Total current assets	-	2,618	20,022	16,608	45,396	5,375
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	-	-	-	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ -	\$ 44,573	\$ 171,284	\$ 133,506	\$ 383,035	\$ 112,907
LIABILITIES						
Noncurrent liabilities						
Long-term debt	\$ -	\$ 47,008	\$ 172,747	\$ 126,427	\$ 385,446	\$ 113,442
Fair value of derivative instruments	-	-	-	-	-	-
Notes payable and other liabilities	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Reclamation and decommission obligation	-	-	-	-	-	-
Total noncurrent liabilities	-	47,008	172,747	126,427	385,446	113,442
Current liabilities						
Debt due within one year	-	950	10,085	6,370	22,020	4,170
Notes payable and other liabilities due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	-	1,204	4,395	3,247	9,513	2,993
Accounts payable and accruals	-	442	2,529	4,746	5,010	645
Accrued property tax	-	-	-	-	623	244
Total current liabilities	-	2,798	17,259	14,613	38,166	10,056
Total liabilities	-	49,806	190,006	141,040	423,612	123,498
NET POSITION						
Net investment in capital assets	-	(11,724)	-	-	-	(16,396)
Restricted	-	6,347	-	-	-	8,527
Unrestricted	-	144	(18,722)	(7,534)	(40,577)	(2,722)
Total net position	-	(5,233)	(18,722)	(7,534)	(40,577)	(10,591)
Total liabilities and net position	\$ -	\$ 44,573	\$ 171,284	\$ 133,506	\$ 383,035	\$ 112,907

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	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
ASSETS						
Noncurrent assets						
Net utility plant	\$ -	\$ 37,630	\$ -	\$ -	\$ -	\$ 107,029
Investments – restricted	3,153	6,385	30,792	9,343	31,027	5,607
Investments – unrestricted	499	-	-	1,200	2,100	1,000
Advance to IPA - restricted	-	-	-	-	-	-
Fair value of derivative instruments	-	-	-	-	-	-
Prepaid and other assets	-	-	129,732	114,497	334,592	-
Total noncurrent assets	3,652	44,015	160,524	125,040	367,719	113,636
Current assets						
Cash and cash equivalents – restricted	737	1,860	4,766	3,281	10,306	3,797
Cash and cash equivalents – unrestricted	253	530	3,478	1,969	2,959	571
Interest receivable	-	28	80	12	51	1
Accounts receivable	-	-	1,412	1,200	841	643
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	407	23	11,409	8,701	27,874	27
Total current assets	1,397	2,441	21,145	15,163	42,031	5,039
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	-	-	-	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,049	\$ 46,456	\$ 181,669	\$ 140,203	\$ 409,750	\$ 118,675
LIABILITIES						
Noncurrent liabilities						
Long-term debt	\$ 1	\$ 48,022	\$ 183,761	\$ 134,250	\$ 411,772	\$ 118,300
Fair value of derivative instruments	-	-	-	-	-	-
Notes payable and other liabilities	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Reclamation and decommission obligation	-	-	-	-	-	-
Total noncurrent liabilities	1	48,022	183,761	134,250	411,772	118,300
Current liabilities						
Debt due within one year	2,135	910	9,615	6,065	21,045	3,970
Notes payable and other liabilities due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	28	1,225	4,627	3,399	10,000	3,092
Accounts payable and accruals	46	904	1,706	2,898	4,702	739
Accrued property tax	-	-	-	-	623	227
Total current liabilities	2,209	3,241	16,198	12,612	37,370	10,032
Total liabilities	2,210	51,263	199,959	146,862	449,142	128,332
NET POSITION						
Net investment in capital assets	-	(11,302)	-	-	-	(15,241)
Restricted	2,131	7,049	-	-	-	7,313
Unrestricted	708	(554)	(18,290)	(6,659)	(39,392)	(1,729)
Total net position	2,839	(4,807)	(18,290)	(6,659)	(39,392)	(9,657)
Total liabilities and net position	\$ 5,049	\$ 46,456	\$ 181,669	\$ 140,203	\$ 409,750	\$ 118,675

See accompanying notes.

Southern California Public Power Authority
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	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 170,751	\$ 49,538	\$ 102,806
Investments – restricted	61,635	4,940	21,021
Investments – unrestricted	-	-	-
Advance to IPA – restricted	10,930	-	-
Fair value of derivative instruments	-	-	-
Unamortized debt expense	-	-	-
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>243,316</u>	<u>54,478</u>	<u>123,827</u>
Current assets			
Cash and cash equivalents – restricted	28,689	3,444	8,213
Cash and cash equivalents – unrestricted	1,132	913	951
Interest receivable	63	6	33
Accounts receivable	1,377	-	87
Materials and supplies	-	-	-
Prepaid and other assets	31	166	571
Total current assets	<u>31,292</u>	<u>4,529</u>	<u>9,855</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	40,093	634	1,816
Accumulated decrease in fair value of hedging derivatives	-	-	-
Total deferred outflows of resources	<u>40,093</u>	<u>634</u>	<u>1,816</u>
Total assets and deferred outflows of resources	<u>\$ 314,701</u>	<u>\$ 59,641</u>	<u>\$ 135,498</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 470,191	\$ 34,583	\$ 65,877
Fair value of derivative instruments	-	-	1,218
Notes payable and other liabilities	-	-	-
Advances from participants	-	-	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>470,191</u>	<u>34,583</u>	<u>67,095</u>
Current liabilities			
Debt due within one year	56,100	7,185	20,705
Notes payable and other liabilities due within one year	-	-	-
Advances from participants due within one year	-	-	1,100
Accrued interest	11,468	793	1,942
Accounts payable and accruals	3,913	733	505
Accrued property tax	-	-	-
Total current liabilities	<u>71,481</u>	<u>8,711</u>	<u>24,252</u>
Total liabilities	<u>541,672</u>	<u>43,294</u>	<u>91,347</u>
NET POSITION			
Net investment in capital assets	(315,447)	7,769	18,040
Restricted	89,849	8,222	26,211
Unrestricted	(1,373)	356	(100)
Total net position	<u>(226,971)</u>	<u>16,347</u>	<u>44,151</u>
Total liabilities and net position	<u>\$ 314,701</u>	<u>\$ 59,641</u>	<u>\$ 135,498</u>

Southern California Public Power Authority
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(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
ASSETS			
Noncurrent assets			
Net utility plant	\$ 193,505	\$ 52,519	\$ 109,068
Investments – restricted	62,348	5,400	18,390
Investments – unrestricted	2,000	-	-
Advance to IPA – restricted	10,930	-	-
Fair value of derivative instruments	-	-	1,171
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>268,783</u>	<u>57,919</u>	<u>128,629</u>
Current assets			
Cash and cash equivalents – restricted	24,586	2,752	10,803
Cash and cash equivalents – unrestricted	855	1,314	882
Interest receivable	41	1	15
Accounts receivable	1,142	-	824
Materials and supplies	-	-	-
Prepaid and other assets	32	101	559
Total current assets	<u>26,656</u>	<u>4,168</u>	<u>13,083</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	50,175	952	2,724
Accumulated decrease in fair value of hedging derivatives	-	-	-
Total deferred outflows of resources	<u>50,175</u>	<u>952</u>	<u>2,724</u>
Total assets and deferred outflows of resources	<u>\$ 345,614</u>	<u>\$ 63,039</u>	<u>\$ 144,436</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 536,503	\$ 42,672	\$ 89,050
Fair value of derivative instruments	-	-	-
Notes payable and other liabilities	-	-	-
Advances from participants	-	-	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>536,503</u>	<u>42,672</u>	<u>89,050</u>
Current liabilities			
Debt due within one year	54,315	6,850	19,820
Notes payable and other liabilities due within one year	-	-	592
Advances from participants due within one year	-	-	-
Accrued interest	12,111	947	2,417
Accounts payable and accruals	3,318	1,101	2,706
Accrued property tax	-	-	-
Total current liabilities	<u>69,744</u>	<u>8,898</u>	<u>25,535</u>
Total liabilities	<u>606,247</u>	<u>51,570</u>	<u>114,585</u>
NET POSITION			
Net investment in capital assets	(347,138)	3,001	2,329
Restricted	85,795	8,154	26,510
Unrestricted	710	314	1,012
Total net position	<u>(260,633)</u>	<u>11,469</u>	<u>29,851</u>
Total liabilities and net position	<u>\$ 345,614</u>	<u>\$ 63,039</u>	<u>\$ 144,436</u>

See accompanying notes.

Southern California Public Power Authority
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(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 34,113	\$ 41,663	\$ -
Investments – restricted	-	28,947	12,183
Investments –unrestricted	-	-	-
Advance to IPA – restricted	-	-	-
Fair value of derivative instruments	-	-	-
Prepaid and other assets	126	-	198,337
Total noncurrent assets	<u>34,239</u>	<u>70,610</u>	<u>210,520</u>
Current assets			
Cash and cash equivalents – restricted	4,332	11,534	4,789
Cash and cash equivalents – unrestricted	7,341	2,022	110
Interest receivable	7	89	56
Accounts receivable	519	618	1,514
Materials and supplies	-	-	-
Prepaid and other assets	511	2	11,477
Total current assets	<u>12,710</u>	<u>14,265</u>	<u>17,946</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	7,425
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>7,425</u>
Total assets and deferred outflows of resources	<u>\$ 46,949</u>	<u>\$ 84,875</u>	<u>\$ 235,891</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 16,490	\$ 38,780	\$ 293,386
Fair value of derivative instruments	-	-	7,425
Notes payable and other liabilities	-	-	-
Advances from participants	13,682	7,274	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>30,172</u>	<u>46,054</u>	<u>300,811</u>
Current liabilities			
Debt due within one year	1,770	4,150	5,385
Notes payable and other liabilities due within one year	-	-	-
Advances from participants due within one year	6,136	1,743	-
Accrued interest	526	1,238	2,519
Accounts payable and accruals	2,275	2,150	573
Accrued property tax	999	-	-
Total current liabilities	<u>11,706</u>	<u>9,281</u>	<u>8,477</u>
Total liabilities	<u>41,878</u>	<u>55,335</u>	<u>309,288</u>
NET POSITION			
Net investment in capital assets	704	16,611	-
Restricted	-	12,434	-
Unrestricted	4,367	495	(73,397)
Total net position	<u>5,071</u>	<u>29,540</u>	<u>(73,397)</u>
Total liabilities and net position	<u>\$ 46,949</u>	<u>\$ 84,875</u>	<u>\$ 235,891</u>

Southern California Public Power Authority
Individual Statements of Net Position
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(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
ASSETS			
Noncurrent assets			
Net utility plant	\$ 37,530	\$ 43,547	\$ -
Investments – restricted	1,000	31,930	11,841
Investments – unrestricted	1,999	-	-
Advance to IPA – restricted	-	-	-
Fair value of derivative instruments	-	-	-
Prepaid and other assets	126	-	210,466
Total noncurrent assets	<u>40,655</u>	<u>75,477</u>	<u>222,307</u>
Current assets			
Cash and cash equivalents – restricted	3,362	8,973	4,669
Cash and cash equivalents – unrestricted	6,632	1,872	72
Interest receivable	3	47	54
Accounts receivable	589	623	1,469
Materials and supplies	-	-	-
Prepaid and other assets	512	-	11,367
Total current assets	<u>11,098</u>	<u>11,515</u>	<u>17,631</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	-	-
Accumulated decrease in fair value of hedging derivatives	-	-	9,704
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>9,704</u>
Total assets and deferred outflows of resources	<u>\$ 51,753</u>	<u>\$ 86,992</u>	<u>\$ 249,642</u>
LIABILITIES			
Noncurrent liabilities			
Long-term debt	\$ 18,260	\$ 42,930	\$ 299,008
Fair value of derivative instruments	-	-	9,704
Notes payable and other liabilities	-	-	-
Advances from participants	15,127	7,398	-
Reclamation and decommission obligation	-	-	-
Total noncurrent liabilities	<u>33,387</u>	<u>50,328</u>	<u>308,712</u>
Current liabilities			
Debt due within one year	1,980	4,640	4,605
Notes payable and other liabilities due within one year	-	-	-
Advances from participants due within one year	6,754	1,812	-
Accrued interest	578	1,359	2,557
Accounts payable and accruals	2,717	2,051	560
Accrued property tax	1,110	-	-
Total current liabilities	<u>13,139</u>	<u>9,862</u>	<u>7,722</u>
Total liabilities	<u>46,526</u>	<u>60,190</u>	<u>316,434</u>
NET POSITION			
Net investment in capital assets	675	15,441	-
Restricted	-	10,916	-
Unrestricted	4,552	445	(66,792)
Total net position	<u>5,227</u>	<u>26,802</u>	<u>(66,792)</u>
Total liabilities and net position	<u>\$ 51,753</u>	<u>\$ 86,992</u>	<u>\$ 249,642</u>

Southern California Public Power Authority
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June 30, 2018 and 2017
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS	
	2018	2017
ASSETS		
Noncurrent assets		
Investments – unrestricted	\$ 15,149	\$ 14,373
Total noncurrent assets	15,149	14,373
Current assets		
Cash and cash equivalents – unrestricted	48,773	38,616
Interest receivable	18	3
Accounts receivable	6,342	7,335
Prepaid and other assets	109	86
Total current assets	55,242	46,040
Total assets	\$ 70,391	\$ 60,413
LIABILITIES		
Current liabilities		
Advances from participants due within one year	\$ 13,563	\$ 12,288
Accounts payable and accruals	56,747	48,096
Total current liabilities	70,310	60,384
Total liabilities	70,310	60,384
NET POSITION		
Unrestricted	81	29
Total net position	81	29
Total liabilities and net position	\$ 70,391	\$ 60,413

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Southern California Public Power Authority
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	MISCELLANEOUS			
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	Total Combined
ASSETS				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ 6,534	\$ 1,507,609
Investments – restricted	-	88,836	-	608,142
Investments – unrestricted	-	-	-	40,674
Advance to IPA – restricted	-	-	-	10,930
Fair value of derivative instruments	-	-	-	-
Prepaid and other assets	-	-	-	729,736
Total noncurrent assets	<u>-</u>	<u>88,836</u>	<u>6,534</u>	<u>2,897,091</u>
Current assets				
Cash and cash equivalents – restricted	470	-	37	150,631
Cash and cash equivalents – unrestricted	-	30,428	-	127,014
Interest receivable	-	289	-	2,257
Accounts receivable	-	-	-	13,517
Materials and supplies	-	-	-	23,787
Prepaid and other assets	-	-	-	61,948
Total current assets	<u>470</u>	<u>30,717</u>	<u>37</u>	<u>379,154</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	660	660
Unamortized loss on refunding	-	-	-	102,712
Accumulated decrease in fair value of hedging derivatives	-	-	-	19,673
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>660</u>	<u>123,045</u>
Total assets and deferred outflows of resources	<u>\$ 470</u>	<u>\$ 119,553</u>	<u>\$ 7,231</u>	<u>\$ 3,399,290</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ 2,674,562
Fair value of derivative instruments	-	-	-	25,185
Notes payable, other and net pension liabilities	-	-	2,301	2,301
Advances from participants	-	-	-	20,956
Reclamation and decommission obligation	-	-	-	332,812
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,301</u>	<u>3,055,816</u>
Current liabilities				
Debt due within one year	-	-	-	163,185
Notes payable and other liabilities due within one year	-	-	-	20,142
Advances from participants due within one year	470	-	37	67,364
Accrued interest	-	-	-	53,005
Accounts payable and accruals	-	-	-	119,871
Accrued property tax	-	-	-	3,468
Total current liabilities	<u>470</u>	<u>-</u>	<u>37</u>	<u>427,035</u>
Total liabilities	<u>470</u>	<u>-</u>	<u>2,338</u>	<u>3,482,851</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	50	50
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
NET POSITION				
Net investment in capital assets	-	-	6,534	(189,747)
Restricted	-	119,553	-	355,494
Unrestricted	-	-	(1,691)	(249,358)
Total net position	<u>-</u>	<u>119,553</u>	<u>4,843</u>	<u>(83,611)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 470</u>	<u>\$ 119,553</u>	<u>\$ 7,231</u>	<u>\$ 3,399,290</u>

Southern California Public Power Authority
Individual Statements of Net Position
June 30, 2017
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
ASSETS				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ 5,060	\$ 1,281,698
Investments – restricted	-	116,506	-	677,831
Investments – unrestricted	-	-	-	62,825
Advance to IPA – restricted	-	-	-	10,930
Fair value of derivative instruments	-	-	-	1,171
Prepaid and other assets	-	-	-	790,148
Total noncurrent assets	<u>-</u>	<u>116,506</u>	<u>5,060</u>	<u>2,824,603</u>
Current assets				
Cash and cash equivalents – restricted	505	17,196	1,630	134,869
Cash and cash equivalents – unrestricted	-	-	-	89,783
Interest receivable	-	239	-	1,662
Accounts receivable	-	-	-	22,100
Materials and supplies	-	-	-	26,411
Prepaid and other assets	-	-	-	63,906
Total current assets	<u>505</u>	<u>17,435</u>	<u>1,630</u>	<u>338,731</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	780	780
Unamortized loss on refunding	-	-	-	119,170
Accumulated decrease in fair value of hedging derivatives	-	-	-	24,703
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>780</u>	<u>144,653</u>
Total assets and deferred outflows of resources	<u>\$ 505</u>	<u>\$ 133,941</u>	<u>\$ 7,470</u>	<u>\$ 3,307,987</u>
LIABILITIES				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ 2,865,372
Fair value of derivative instruments	-	-	-	40,018
Notes payable, other and net pension liabilities	-	-	1,264	1,264
Advances from participants	-	-	-	22,525
Reclamation and decommission obligation	-	-	-	29,570
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,264</u>	<u>2,958,749</u>
Current liabilities				
Debt due within one year	-	-	-	172,210
Notes payable and other liabilities due within one year	-	-	-	14,749
Advances from participants due within one year	505	-	1,598	75,960
Accrued interest	-	-	-	54,586
Accounts payable and accruals	-	-	33	110,910
Accrued property tax	-	-	-	3,934
Total current liabilities	<u>505</u>	<u>-</u>	<u>1,631</u>	<u>432,349</u>
Total liabilities	<u>505</u>	<u>-</u>	<u>2,895</u>	<u>3,391,098</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred items related to pensions	-	-	87	87
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
NET POSITION				
Net investment in capital assets	(2,097)	-	5,060	(264,336)
Restricted	-	133,941	-	359,690
Unrestricted	2,097	-	(572)	(178,552)
Total net position	<u>-</u>	<u>133,941</u>	<u>4,488</u>	<u>(83,198)</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 505</u>	<u>\$ 133,941</u>	<u>\$ 7,470</u>	<u>\$ 3,307,987</u>

See accompanying notes.

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2018
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Operating revenues					
Sales of electric energy	\$ 67,561	\$ 26,757	\$ 81,368	\$ 27,636	\$ 123,288
Sales of transmission services	-	-	-	-	-
Sales of natural gas	-	-	-	-	-
Total operating revenues	<u>67,561</u>	<u>26,757</u>	<u>81,368</u>	<u>27,636</u>	<u>123,288</u>
Operating expenses					
Operations and maintenance	41,819	27,488	63,069	11,999	94,060
Depreciation, depletion and amortization	21,982	3,917	10,978	9,602	13,516
Amortization of nuclear fuel	13,924	-	-	-	-
Decommissioning	17,500	-	-	-	-
Total operating expenses	<u>95,225</u>	<u>31,405</u>	<u>74,047</u>	<u>21,601</u>	<u>107,576</u>
Operating income (loss)	<u>(27,664)</u>	<u>(4,648)</u>	<u>7,321</u>	<u>6,035</u>	<u>15,712</u>
Non operating revenues (expenses)					
Investment and other income	1,327	797	841	256	368
Derivative gain (loss)	-	-	11,021	-	-
Debt expense	(5)	-	(12,922)	(12,085)	(11,651)
Net non operating revenues (expenses)	<u>1,322</u>	<u>797</u>	<u>(1,060)</u>	<u>(11,829)</u>	<u>(11,283)</u>
Net increase before special items	<u>(26,342)</u>	<u>(3,851)</u>	<u>6,261</u>	<u>(5,794)</u>	<u>4,429</u>
Special items					
Asset impairment - net	-	(3,261)	-	-	-
Reclamation obligation adjustment	-	-	-	-	-
Decommission obligation write down	-	-	-	-	-
Total special items	<u>-</u>	<u>(3,261)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(26,342)</u>	<u>(7,112)</u>	<u>6,261</u>	<u>(5,794)</u>	<u>4,429</u>
Net position – beginning of year	<u>224,463</u>	<u>(4,180)</u>	<u>(64,345)</u>	<u>(39,171)</u>	<u>(8,381)</u>
Net contributions (distributions) by participants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position – end of year	<u>\$ 198,121</u>	<u>\$ (11,292)</u>	<u>\$ (58,084)</u>	<u>\$ (44,965)</u>	<u>\$ (3,952)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Operating revenues					
Sales of electric energy	\$ 82,098	\$ 70,639	\$ 84,305	\$ 26,255	\$ 130,514
Sales of transmission services	-	-	-	-	-
Sales of natural gas	-	-	-	-	-
Total operating revenues	<u>82,098</u>	<u>70,639</u>	<u>84,305</u>	<u>26,255</u>	<u>130,514</u>
Operating expenses					
Operations and maintenance	41,833	56,190	60,575	8,415	104,556
Depreciation, depletion and amortization	21,600	7,834	10,938	9,587	12,747
Amortization of nuclear fuel	14,358	-	-	-	-
Decommissioning	17,964	9,417	-	-	-
Total operating expenses	<u>95,755</u>	<u>73,441</u>	<u>71,513</u>	<u>18,002</u>	<u>117,303</u>
Operating income (loss)	<u>(13,657)</u>	<u>(2,802)</u>	<u>12,792</u>	<u>8,253</u>	<u>13,211</u>
Non operating revenues (expenses)					
Investment and other income	1,170	1,852	462	1,944	145
Derivative gain (loss)	-	-	10,129	-	-
Debt expense	(136)	(84)	(10,936)	(13,014)	(11,759)
Net non operating revenues (expenses)	<u>1,034</u>	<u>1,768</u>	<u>(345)</u>	<u>(11,070)</u>	<u>(11,614)</u>
Net increase before special items	(12,623)	(1,034)	12,447	(2,817)	1,597
Special items					
Asset impairment	-	(108,625)	-	-	-
Reclamation obligation adjustment	-	(10,105)	-	-	-
Decommission obligation write down	-	56,891	-	-	-
Total special items	<u>-</u>	<u>(61,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(12,623)	(62,873)	12,447	(2,817)	1,597
Net position – beginning of year	<u>237,086</u>	<u>58,693</u>	<u>(76,792)</u>	<u>(36,354)</u>	<u>(9,978)</u>
Net contributions (distributions) by participants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position – end of year	<u>\$ 224,463</u>	<u>\$ (4,180)</u>	<u>\$ (64,345)</u>	<u>\$ (39,171)</u>	<u>\$ (8,381)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2018
(Amounts in Thousands)

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 585	\$ 6,153	\$ 36,512	\$ 19,392	\$ 79,830	\$ 16,596
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	<u>585</u>	<u>6,153</u>	<u>36,512</u>	<u>19,392</u>	<u>79,830</u>	<u>16,596</u>
Operating expenses						
Operations and maintenance	728	2,805	29,314	15,311	66,527	7,317
Depreciation, depletion and amortization	-	1,526	-	-	-	5,814
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	<u>728</u>	<u>4,331</u>	<u>29,314</u>	<u>15,311</u>	<u>66,527</u>	<u>13,131</u>
Operating income (loss)	<u>(143)</u>	<u>1,822</u>	<u>7,198</u>	<u>4,081</u>	<u>13,303</u>	<u>3,465</u>
Non operating revenues (expenses)						
Investment and other income	25	96	293	139	311	899
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	250	(2,344)	(7,923)	(5,095)	(14,799)	(5,298)
Net non operating revenues (expenses)	<u>275</u>	<u>(2,248)</u>	<u>(7,630)</u>	<u>(4,956)</u>	<u>(14,488)</u>	<u>(4,399)</u>
Net increase before special items	132	(426)	(432)	(875)	(1,185)	(934)
Special items						
Asset impairment	-	-	-	-	-	-
Reclamation obligation adjustment	-	-	-	-	-	-
Decommission obligation write down	-	-	-	-	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	132	(426)	(432)	(875)	(1,185)	(934)
Net position – beginning of year	<u>2,839</u>	<u>(4,807)</u>	<u>(18,290)</u>	<u>(6,659)</u>	<u>(39,392)</u>	<u>(9,657)</u>
Net contributions (distributions) by participants	(2,971)	-	-	-	-	-
Net position – end of year	<u>\$ -</u>	<u>\$ (5,233)</u>	<u>\$ (18,722)</u>	<u>\$ (7,534)</u>	<u>\$ (40,577)</u>	<u>\$ (10,591)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 2,384	\$ 5,934	\$ 36,344	\$ 22,556	\$ 84,649	\$ 15,967
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	<u>2,384</u>	<u>5,934</u>	<u>36,344</u>	<u>22,556</u>	<u>84,649</u>	<u>15,967</u>
Operating expenses						
Operations and maintenance	2,759	2,459	29,164	18,423	71,170	7,291
Depreciation, depletion and amortization	-	1,497	-	-	-	5,814
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	<u>2,759</u>	<u>3,956</u>	<u>29,164</u>	<u>18,423</u>	<u>71,170</u>	<u>13,105</u>
Operating income (loss)	<u>(375)</u>	<u>1,978</u>	<u>7,180</u>	<u>4,133</u>	<u>13,479</u>	<u>2,862</u>
Non operating revenues (expenses)						
Investment and other income	29	48	199	1,208	175	843
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	874	(2,385)	(8,293)	(5,200)	(15,264)	(5,392)
Net non operating revenues (expenses)	<u>903</u>	<u>(2,337)</u>	<u>(8,094)</u>	<u>(3,992)</u>	<u>(15,089)</u>	<u>(4,549)</u>
Net increase before special items	528	(359)	(914)	141	(1,610)	(1,687)
Special items						
Asset impairment	-	-	-	-	-	-
Reclamation obligation adjustment	-	-	-	-	-	-
Decommission obligation write down	-	-	-	-	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	528	(359)	(914)	141	(1,610)	(1,687)
Net position – beginning of year	<u>2,311</u>	<u>(4,448)</u>	<u>(17,376)</u>	<u>(6,800)</u>	<u>(37,782)</u>	<u>(7,970)</u>
Net contributions (distributions) by participants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position – end of year	<u>\$ 2,839</u>	<u>\$ (4,807)</u>	<u>\$ (18,290)</u>	<u>\$ (6,659)</u>	<u>\$ (39,392)</u>	<u>\$ (9,657)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	116,080	10,955	28,269
Sales of natural gas	-	-	-
Total operating revenues	<u>116,080</u>	<u>10,955</u>	<u>28,269</u>
Operating expenses			
Operations and maintenance	38,058	2,167	3,898
Depreciation, depletion and amortization	22,754	2,972	6,262
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>60,812</u>	<u>5,139</u>	<u>10,160</u>
Operating income (loss)	<u>55,268</u>	<u>5,816</u>	<u>18,109</u>
Non operating revenues (expenses)			
Investment and other income	1,199	62	311
Derivative gain (loss)	-	-	(2,389)
Debt expense	(22,805)	(1,000)	(1,731)
Net non operating revenues (expenses)	<u>(21,606)</u>	<u>(938)</u>	<u>(3,809)</u>
Net increase before special items	33,662	4,878	14,300
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special Items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	33,662	4,878	14,300
Net position – beginning of year	<u>(260,633)</u>	<u>11,469</u>	<u>29,851</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ (226,971)</u>	<u>\$ 16,347</u>	<u>\$ 44,151</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	114,993	9,947	26,657
Sales of natural gas	-	-	-
Total operating revenues	<u>114,993</u>	<u>9,947</u>	<u>26,657</u>
Operating expenses			
Operations and maintenance	28,097	1,330	3,217
Depreciation, depletion and amortization	22,754	3,064	6,276
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>50,851</u>	<u>4,394</u>	<u>9,493</u>
Operating income (loss)	<u>64,142</u>	<u>5,553</u>	<u>17,164</u>
Non operating revenues (expenses)			
Investment and other income	856	26	101
Derivative gain (loss)	-	-	(2,560)
Debt expense	(32,597)	(1,099)	(1,910)
Net non operating revenues (expenses)	<u>(31,741)</u>	<u>(1,073)</u>	<u>(4,369)</u>
Net increase before special items	32,401	4,480	12,795
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	32,401	4,480	12,795
Net position – beginning of year	<u>(293,034)</u>	<u>6,989</u>	<u>17,056</u>
Net contributions (distributions) by participants	-	-	-
Net position – end of year	<u>\$ (260,633)</u>	<u>\$ 11,469</u>	<u>\$ 29,851</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2018
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	5,617	9,576	19,895
Total operating revenues	<u>5,617</u>	<u>9,576</u>	<u>19,895</u>
Operating expenses			
Operations and maintenance	1,355	2,720	11,645
Depreciation, depletion and amortization	3,422	1,963	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>4,777</u>	<u>4,683</u>	<u>11,645</u>
Operating income (loss)	<u>840</u>	<u>4,893</u>	<u>8,250</u>
Non operating revenues (expenses)			
Investment and other income	56	318	755
Derivative gain (loss)	-	-	-
Debt expense	(1,052)	(2,473)	(15,610)
Net non operating revenues (expenses)	<u>(996)</u>	<u>(2,155)</u>	<u>(14,855)</u>
Net increase before special items	(156)	2,738	(6,605)
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special Items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(156)	2,738	(6,605)
Net position – beginning of year	<u>5,227</u>	<u>26,802</u>	<u>(66,792)</u>
Net contributions (distributions) by participants	<u>-</u>	<u>-</u>	<u>-</u>
Net position – end of year	<u>\$ 5,071</u>	<u>\$ 29,540</u>	<u>\$ (73,397)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2017
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	6,286	10,478	19,493
Total operating revenues	<u>6,286</u>	<u>10,478</u>	<u>19,493</u>
Operating expenses			
Operations and maintenance	1,628	2,982	11,578
Depreciation, depletion and amortization	3,473	3,011	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>5,101</u>	<u>5,993</u>	<u>11,578</u>
Operating income (loss)	<u>1,185</u>	<u>4,485</u>	<u>7,915</u>
Non operating revenues (expenses)			
Investment and other income	20	160	708
Derivative gain (loss)	-	-	-
Debt expense	<u>(1,156)</u>	<u>(2,718)</u>	<u>(15,826)</u>
Net non operating revenues (expenses)	<u>(1,136)</u>	<u>(2,558)</u>	<u>(15,118)</u>
Net increase before special items	49	1,927	(7,203)
Special items			
Asset impairment	-	-	-
Reclamation obligation adjustment	-	-	-
Decommission obligation write down	-	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	49	1,927	(7,203)
Net position – beginning of year	<u>5,178</u>	<u>24,875</u>	<u>(59,589)</u>
Net contributions (distributions) by participants	<u>-</u>	<u>-</u>	<u>-</u>
Net position – end of year	<u>\$ 5,227</u>	<u>\$ 26,802</u>	<u>\$ (66,792)</u>

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2018 and 2017
(Amounts in Thousands)

	<u>POWER PURCHASE AGREEMENTS</u>	
	<u>2018</u>	<u>2017</u>
Operating revenues		
Sales of electric energy	<u>\$ 294,086</u>	<u>\$ 245,737</u>
Total operating revenues	<u>294,086</u>	<u>245,737</u>
Operating expenses		
Operations and maintenance	<u>294,710</u>	<u>246,441</u>
Total operating expenses	<u>294,710</u>	<u>246,441</u>
Operating income (loss)	<u>(624)</u>	<u>(704)</u>
Non operating revenues (expenses)		
Investment and other income	<u>676</u>	<u>721</u>
Net non operating revenues (expenses)	<u>676</u>	<u>721</u>
Change in net position	52	17
Net position – beginning of year	<u>29</u>	<u>12</u>
Net position – end of year	<u><u>\$ 81</u></u>	<u><u>\$ 29</u></u>

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Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 779,764
Sales of transmission services	-	-	-	155,304
Sales of natural gas	-	-	-	35,088
Total operating revenues	-	-	-	970,156
Operating expenses				
Operations and maintenance	-	-	308	715,298
Depreciation, depletion and amortization	-	-	119	104,827
Amortization of nuclear fuel	-	-	-	13,924
Decommissioning	-	-	-	17,500
Pension and other benefits expense (credit)	-	-	1,119	1,119
Total operating expenses	-	-	1,546	852,668
Operating income (loss)	-	-	(1,546)	117,488
Non operating revenues (expenses)				
Investment and other income	-	1,200	308	10,237
Derivative gain (loss)	-	-	-	8,632
Debt expense	-	-	-	(116,543)
Net non operating revenues (expenses)	-	1,200	308	(97,674)
Net increase before special items	-	1,200	(1,238)	19,814
Special items				
Asset impairment	-	-	-	(3,261)
Reclamation obligation adjustment	-	-	-	-
Decommission obligation write down	-	-	-	-
Total special Items	-	-	-	(3,261)
Change in net position	-	1,200	(1,238)	16,553
Net position – beginning of year	-	133,941	4,488	(83,198)
Net contributions (distributions) by participants	-	(15,588)	1,593	(16,966)
Net position – end of year	\$ -	\$ 119,553	\$ 4,843	\$ (83,611)

Southern California Public Power Authority
Individual Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 807,382
Sales of transmission services	-	-	-	151,597
Sales of natural gas	-	-	-	36,257
Total operating revenues	-	-	-	995,236
Operating expenses				
Operations and maintenance	-	-	335	698,443
Depreciation, depletion and amortization	-	-	113	108,708
Amortization of nuclear fuel	-	-	-	14,358
Decommissioning	-	-	-	27,381
Pension expense (credit)	-	-	(243)	(243)
Total operating expenses	-	-	205	848,647
Operating income (loss)	-	-	(205)	146,589
Non operating revenues (expenses)				
Investment and other income	2,097	874	335	13,973
Derivative gain (loss)	-	-	-	7,569
Debt expense	-	-	-	(126,895)
Net non operating revenues (expenses)	2,097	874	335	(105,353)
Net increase before special items	2,097	874	130	41,236
Special items				
Asset impairment	-	-	-	(108,625)
Reclamation obligation adjustment	-	-	-	(10,105)
Decommission obligation write down	-	-	-	56,891
Total special items	-	-	-	(61,839)
Change in net position	2,097	874	130	(20,603)
Net position – beginning of year	(2,097)	147,622	3,447	(48,951)
Net contributions (distributions) by participants	-	(14,555)	911	(13,644)
Net position – end of year	\$ -	\$ 133,941	\$ 4,488	\$ (83,198)

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Cash flows from operating activities					
Receipts from participants	\$ 67,374	\$ 25,476	\$ 45,476	\$ 22,840	\$ 66,294
Receipts from sale of oil and gas	-	-	-	-	-
Payments to operating managers	(43,367)	(26,745)	(27,342)	(3,857)	(34,346)
Other disbursements and receipts	536	-	(1)	2	7
Net cash flows from (used for) operating activities	24,543	(1,269)	18,133	18,985	31,955
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	-	-	-	2,000
Cash flows from capital financing activities					
Additions to plant and prepaid projects, net	(25,636)	-	(161)	(615)	(29,002)
Debt interest and swap payments	(17)	-	(9,007)	(8,339)	(12,453)
Proceeds from sale of bonds	-	-	109,657	229,213	-
Payment for defeasance of revenue bonds	-	-	(108,966)	-	-
Payments for swap termination fee	-	-	(7,334)	-	-
Transfer of funds from (to) escrow	-	-	-	(232,407)	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	(17,790)	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-
Principal payments on debt	(12,410)	-	(7,230)	(7,185)	(9,435)
Payment for bond issue costs	-	-	(712)	(983)	-
Net cash used for capital and related financing activities	(38,063)	(17,790)	(23,753)	(20,316)	(50,890)
Cash flows from investing activities					
Interest received on investments	231	333	861	189	392
Purchases of investments	(41,638)	(4,990)	(39,830)	(13,630)	(18,334)
Proceeds from sale/maturity of investments	48,305	36,165	45,474	18,149	42,016
Net cash provided by (used for) investing activities	6,898	31,508	6,505	4,708	24,074
Net increase (decrease) in cash and cash equivalents	(6,622)	12,449	885	3,377	7,139
Cash and cash equivalents, beginning of year	19,240	4,100	27,764	6,610	7,712
Cash and cash equivalents, end of year	\$ 12,618	\$ 16,549	\$ 28,649	\$ 9,987	\$ 14,851
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (27,664)	\$ (4,648)	\$ 7,321	\$ 6,035	\$ 15,712
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion and amortization	21,982	3,917	10,978	9,602	13,516
Decommissioning	17,500	-	-	-	-
Advances for capacity and energy	-	-	-	-	-
Amortization of nuclear fuel	13,924	-	-	-	-
Changes in assets and liabilities					
Accounts receivable	282	70	(53)	591	2,378
Accounts payable and accruals	(2,261)	(2,106)	2,152	2,793	307
Other	780	1,498	(2,265)	(36)	42
Net cash provided by (used for) operating activities	\$ 24,543	\$ (1,269)	\$ 18,133	\$ 18,985	\$ 31,955
Cash and cash equivalents as stated in the Combined Statements of Net Position					
Cash and cash equivalents – restricted	\$ 4,761	\$ 9,840	\$ 20,373	\$ 8,477	\$ 13,734
Cash and cash equivalents – unrestricted	7,857	6,709	8,276	1,510	1,117
Cash and cash equivalents, end of year	\$ 12,618	\$ 16,549	\$ 28,649	\$ 9,987	\$ 14,851

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2017
(Amounts in Thousands)

	GENERATION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power
Cash flows from operating activities					
Receipts from participants	\$ 73,004	\$ 74,662	\$ 51,513	\$ 22,454	\$ 60,536
Receipts from sale of oil and gas	-	-	-	-	-
Payments to operating managers	(41,447)	(56,395)	(23,345)	(3,531)	(36,011)
Other disbursements and receipts	8,299	(10)	(2)	1	3
Net cash flows from operating activities	<u>39,856</u>	<u>18,257</u>	<u>28,166</u>	<u>18,924</u>	<u>24,528</u>
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	-	-	842	-
Cash flows from capital financing activities					
Additions to plant and prepaid projects, net	(30,370)	(247)	(1,343)	(113)	(2,664)
Debt interest and swap payments	(110)	(169)	(10,578)	(14,391)	(12,537)
Proceeds from sale of bonds	-	-	-	232,200	-
Payment for defeasance of revenue bonds	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	(248,065)	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	(5,250)	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-
Principal payments on debt	(12,030)	(21,345)	(11,470)	(6,735)	(9,375)
Payment for bond issue costs	-	-	-	(497)	-
Net cash used for capital and related financing activities	<u>(42,510)</u>	<u>(27,011)</u>	<u>(23,391)</u>	<u>(37,601)</u>	<u>(24,576)</u>
Cash flows from investing activities					
Interest received on investments	266	117	562	196	215
Purchases of investments	(48,635)	(44,065)	(39,053)	(29,494)	(51,044)
Proceeds from sale/maturity of investments	48,426	54,048	25,478	42,375	47,795
Net cash provided by (used for) investing activities	<u>57</u>	<u>10,100</u>	<u>(13,013)</u>	<u>13,077</u>	<u>(3,034)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,597)</u>	<u>1,346</u>	<u>(8,238)</u>	<u>(4,758)</u>	<u>(3,082)</u>
Cash and cash equivalents, beginning of year	<u>21,837</u>	<u>2,754</u>	<u>36,002</u>	<u>11,368</u>	<u>10,794</u>
Cash and cash equivalents, end of year	<u>\$ 19,240</u>	<u>\$ 4,100</u>	<u>\$ 27,764</u>	<u>\$ 6,610</u>	<u>\$ 7,712</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (13,657)	\$ (2,802)	\$ 12,792	\$ 8,253	\$ 13,211
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion, and amortization	21,600	7,834	10,938	9,587	12,747
Decommissioning	17,964	9,417	-	-	-
Advances for capacity and energy	-	-	-	-	-
Amortization of nuclear fuel	14,358	-	-	-	-
Changes in assets and liabilities					
Accounts receivable	455	306	7,525	(213)	(2,378)
Accounts payable and accruals	(597)	1,609	241	1,336	816
Other	(267)	1,893	(3,330)	(39)	132
Net cash provided by operating activities	<u>\$ 39,856</u>	<u>\$ 18,257</u>	<u>\$ 28,166</u>	<u>\$ 18,924</u>	<u>\$ 24,528</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position					
Cash and cash equivalents – restricted	\$ 8,865	\$ 2,148	\$ 12,368	\$ 5,470	\$ 6,795
Cash and cash equivalents – unrestricted	10,375	1,952	15,396	1,140	917
	<u>\$ 19,240</u>	<u>\$ 4,100</u>	<u>\$ 27,764</u>	<u>\$ 6,610</u>	<u>\$ 7,712</u>

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018
(Amounts in Thousands)

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 594	\$ 6,238	\$ 39,367	\$ 22,751	\$ 82,475	\$ 17,314
Receipts from sale of oil and gas	-	-	-	-	-	-
Payments to operating managers	(99)	(3,325)	(18,594)	(7,077)	(40,653)	(7,473)
Other disbursements and receipts	(2,970)	1	1	98	(1)	2
Net cash flows from operating activities	(2,475)	2,914	20,774	15,772	41,821	9,843
Cash flows from noncapital financing activities						
Advances (withdrawals) by participants, net	-	-	-	-	-	-
Cash flows from capital financing activities						
Additions to plant and prepaid projects, net	-	(128)	-	-	-	-
Debt interest and swap payments	(56)	(2,429)	(9,022)	(6,646)	(19,513)	(5,281)
Proceeds from sale of bonds	-	-	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-	-
Principal payments on debt	(2,135)	(910)	(9,615)	(6,065)	(21,045)	(3,970)
Payment for bond issue costs	-	-	-	-	-	-
Net cash used for capital and related financing activities	(2,191)	(3,467)	(18,637)	(12,711)	(40,558)	(9,251)
Cash flows from investing activities						
Interest received on investments	20	104	310	108	267	62
Purchases of investments	(2,256)	(3,795)	(17,557)	(13,223)	(38,079)	(8,127)
Proceeds from sale/maturity of investments	5,912	4,430	15,386	12,700	40,760	8,450
Net cash provided by (used for) investing activities	3,676	739	(1,861)	(415)	2,948	385
Net increase (decrease) in cash and cash equivalents	(990)	186	276	2,646	4,211	977
Cash and cash equivalents, beginning of year	990	2,390	8,244	5,250	13,265	4,368
Cash and cash equivalents, end of year	\$ -	\$ 2,576	\$ 8,520	\$ 7,896	\$ 17,476	\$ 5,345
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (143)	\$ 1,822	\$ 7,198	\$ 4,081	\$ 13,303	\$ 3,465
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,526	11,338	8,643	27,373	5,814
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	682	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	-	-	1,530	1,200	796	643
Accounts payable and accruals	(46)	(464)	708	1,847	305	(79)
Other	(2,968)	30	-	1	44	-
Net cash provided by operating activities	\$ (2,475)	\$ 2,914	\$ 20,774	\$ 15,772	\$ 41,821	\$ 9,843
Cash and cash equivalents as stated in the Combined Statements of Net Position						
Cash and cash equivalents – restricted	\$ -	\$ 1,814	\$ 5,807	\$ 5,354	\$ 13,761	\$ 5,202
Cash and cash equivalents – unrestricted	-	762	2,713	2,542	3,715	143
	\$ -	\$ 2,576	\$ 8,520	\$ 7,896	\$ 17,476	\$ 5,345

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2017
(Amounts in Thousands)

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 2,389	\$ 6,265	\$ 31,645	\$ 19,347	\$ 82,590	\$ 15,315
Receipts from sale of oil and gas	-	-	-	-	-	-
Payments to operating managers	(134)	(2,125)	(17,827)	(9,039)	(43,324)	(7,087)
Other disbursements and receipts	(1)	-	-	(1)	-	(1)
Net cash flows from operating activities	<u>2,254</u>	<u>4,140</u>	<u>13,818</u>	<u>10,307</u>	<u>39,266</u>	<u>8,227</u>
Cash flows from noncapital financing activities						
Advances (withdrawals) by participants, net	-	-	-	-	-	-
Cash flows from capital financing activities						
Additions to plant and prepaid projects, net	-	(185)	-	-	-	-
Debt interest and swap payments	(165)	(2,468)	(9,476)	(6,934)	(20,449)	(5,459)
Proceeds from sale of bonds	-	-	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	-	-	-
Transfer of funds from (to) other projects	-	-	-	-	-	-
Principal payments on debt	(2,030)	(870)	(9,176)	(5,795)	(20,145)	(3,820)
Payment for bond issue costs	-	-	-	-	-	-
Net cash used for capital and related financing activities	<u>(2,195)</u>	<u>(3,523)</u>	<u>(18,652)</u>	<u>(12,729)</u>	<u>(40,594)</u>	<u>(9,279)</u>
Cash flows from investing activities						
Interest received on investments	27	44	221	61	166	31
Purchases of investments	(3,650)	(4,502)	(28,093)	(13,797)	(37,027)	(7,724)
Proceeds from sale/maturity of investments	3,460	3,097	23,029	15,220	29,995	7,125
Net cash provided by (used for) investing activities	<u>(163)</u>	<u>(1,361)</u>	<u>(4,843)</u>	<u>1,484</u>	<u>(6,866)</u>	<u>(568)</u>
Net increase (decrease) in cash and cash equivalents	<u>(104)</u>	<u>(744)</u>	<u>(9,677)</u>	<u>(938)</u>	<u>(8,194)</u>	<u>(1,620)</u>
Cash and cash equivalents, beginning of year	<u>1,094</u>	<u>3,134</u>	<u>17,921</u>	<u>6,188</u>	<u>21,459</u>	<u>5,988</u>
Cash and cash equivalents, end of year	<u>\$ 990</u>	<u>\$ 2,390</u>	<u>\$ 8,244</u>	<u>\$ 5,250</u>	<u>\$ 13,265</u>	<u>\$ 4,368</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (375)	\$ 1,978	\$ 7,180	\$ 4,133	\$ 13,479	\$ 2,862
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,497	11,338	8,643	27,373	5,814
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	2,640	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	-	137	(1,526)	-	(842)	(643)
Accounts payable and accruals	(13)	528	(3,174)	(2,468)	(812)	91
Other	2	-	-	(1)	68	103
Net cash provided by operating activities	<u>\$ 2,254</u>	<u>\$ 4,140</u>	<u>\$ 13,818</u>	<u>\$ 10,307</u>	<u>\$ 39,266</u>	<u>\$ 8,227</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position						
Cash and cash equivalents – restricted	\$ 737	\$ 1,860	\$ 4,766	\$ 3,281	\$ 10,306	\$ 3,797
Cash and cash equivalents – unrestricted	253	530	3,478	1,969	2,959	571
	<u>\$ 990</u>	<u>\$ 2,390</u>	<u>\$ 8,244</u>	<u>\$ 5,250</u>	<u>\$ 13,265</u>	<u>\$ 4,368</u>

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 115,845	\$ 10,893	\$ 27,966
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(37,458)	(2,560)	(3,927)
Other disbursements and receipts	(3)	28	22
Net cash flows from operating activities	<u>78,384</u>	<u>8,361</u>	<u>24,061</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	-	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	-	8	-
Debt interest and swap payments	(23,540)	(1,740)	(4,359)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(54,315)	(6,850)	(19,820)
Payment for bond issue costs	(1)	-	-
Net cash used for capital and related financing activities	<u>(77,856)</u>	<u>(8,582)</u>	<u>(24,179)</u>
Cash flows from investing activities			
Interest received on investments	827	33	102
Purchases of investments	(59,495)	(4,922)	(22,205)
Proceeds from sale/maturity of investments	62,520	5,401	19,700
Net cash provided by (used for) investing activities	<u>3,852</u>	<u>512</u>	<u>(2,403)</u>
Net increase (decrease) in cash and cash equivalents	4,380	291	(2,521)
Cash and cash equivalents, beginning of year	25,441	4,066	11,685
Cash and cash equivalents, end of year	<u>\$ 29,821</u>	<u>\$ 4,357</u>	<u>\$ 9,164</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 55,268	\$ 5,816	\$ 18,109
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	22,754	2,972	6,262
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(233)	-	737
Accounts payable and accruals	592	(367)	(1,099)
Other	3	(60)	52
Net cash provided by operating activities	<u>\$ 78,384</u>	<u>\$ 8,361</u>	<u>\$ 24,061</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 28,689	\$ 3,444	\$ 8,213
Cash and cash equivalents – unrestricted	1,132	913	951
	<u>\$ 29,821</u>	<u>\$ 4,357</u>	<u>\$ 9,164</u>

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2017
(Amounts in Thousands)

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 111,176	\$ 10,948	\$ 27,408
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(28,537)	(1,366)	(3,748)
Other disbursements and receipts	(3)	-	1
Net cash flows from operating activities	<u>82,636</u>	<u>9,582</u>	<u>23,661</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	620	-	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	-	(115)	(74)
Debt interest and swap payments	(27,140)	(1,604)	(4,642)
Proceeds from sale of bonds	79,056	-	-
Payment for defeasance of revenue bonds	(86,469)	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(53,650)	(5,515)	(17,985)
Payment for bond issue costs	(533)	(23)	(25)
Net cash used for capital and related financing activities	<u>(88,736)</u>	<u>(7,257)</u>	<u>(22,726)</u>
Cash flows from investing activities			
Interest received on investments	718	11	62
Purchases of investments	(62,920)	(5,985)	(19,360)
Proceeds from sale/maturity of investments	39,848	2,900	18,502
Net cash provided by (used for) investing activities	<u>(22,354)</u>	<u>(3,074)</u>	<u>(796)</u>
Net increase (decrease) in cash and cash equivalents	(27,834)	(749)	139
Cash and cash equivalents, beginning of year	53,275	4,815	11,546
Cash and cash equivalents, end of year	<u>\$ 25,441</u>	<u>\$ 4,066</u>	<u>\$ 11,685</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 64,142	\$ 5,553	\$ 17,164
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	22,754	3,064	6,276
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	3,490	272	(936)
Accounts payable and accruals	(7,757)	787	1,593
Other	7	(94)	(436)
Net cash provided by operating activities	<u>\$ 82,636</u>	<u>\$ 9,582</u>	<u>\$ 23,661</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 24,586	\$ 2,752	\$ 10,803
Cash and cash equivalents – unrestricted	855	1,314	882
	<u>\$ 25,441</u>	<u>\$ 4,066</u>	<u>\$ 11,685</u>

See accompanying notes.

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 3,046	\$ 7,236	\$ 8,054
Receipts from sale of oil and gas	861	2,489	11,780
Payments to operating managers	(1,301)	(2,928)	(240)
Other disbursements and receipts	-	-	-
Net cash flows from operating activities	<u>2,606</u>	<u>6,797</u>	<u>19,594</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>1,118</u>	<u>(3)</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(9)	(98)	-
Debt interest and swap payments	(1,104)	(2,596)	(15,226)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(1,980)	(4,640)	(4,605)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(3,093)</u>	<u>(7,334)</u>	<u>(19,831)</u>
Cash flows from investing activities			
Interest received on investments	50	448	733
Purchases of investments	-	(24,683)	(17,709)
Proceeds from sale/maturity of investments	<u>998</u>	<u>27,486</u>	<u>17,371</u>
Net cash provided by (used for) investing activities	<u>1,048</u>	<u>3,251</u>	<u>395</u>
Net increase (decrease) in cash and cash equivalents	1,679	2,711	158
Cash and cash equivalents, beginning of year	<u>9,994</u>	<u>10,845</u>	<u>4,741</u>
Cash and cash equivalents, end of year	<u>\$ 11,673</u>	<u>\$ 13,556</u>	<u>\$ 4,899</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 840	\$ 4,893	\$ 8,250
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	3,422	1,963	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	12	5	(46)
Accounts payable and accruals	(206)	267	13
Other	(1,462)	(331)	11,377
Net cash provided by operating activities	<u>\$ 2,606</u>	<u>\$ 6,797</u>	<u>\$ 19,594</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 4,332	\$ 11,534	\$ 4,789
Cash and cash equivalents – unrestricted	<u>7,341</u>	<u>2,022</u>	<u>110</u>
	<u>\$ 11,673</u>	<u>\$ 13,556</u>	<u>\$ 4,899</u>

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2017
(Amounts in Thousands)

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 4,018	\$ 8,260	\$ 6,611
Receipts from sale of oil and gas	1,196	2,117	12,793
Payments to operating managers	(1,560)	(2,658)	(322)
Other disbursements and receipts	(29)	-	-
Net cash flows from operating activities	<u>3,625</u>	<u>7,719</u>	<u>19,082</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	(304)	(12)	-
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(11)	(101)	-
Debt interest and swap payments	(1,214)	(2,855)	(15,450)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-
Transfer of funds from (to) other projects	-	-	-
Principal payments on debt	(2,249)	(5,266)	(4,275)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(3,474)</u>	<u>(8,222)</u>	<u>(19,725)</u>
Cash flows from investing activities			
Interest received on investments	13	235	688
Purchases of investments	(998)	(36,546)	(16,138)
Proceeds from sale/maturity of investments	1,099	36,400	16,036
Net cash provided by (used for) investing activities	<u>114</u>	<u>89</u>	<u>586</u>
Net increase (decrease) in cash and cash equivalents	<u>(39)</u>	<u>(426)</u>	<u>(57)</u>
Cash and cash equivalents, beginning of year	10,033	11,271	4,798
Cash and cash equivalents, end of year	<u>\$ 9,994</u>	<u>\$ 10,845</u>	<u>\$ 4,741</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 1,185	\$ 4,485	\$ 7,915
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	3,473	3,011	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(15)	(341)	(17)
Accounts payable and accruals	574	1,116	(121)
Other	(1,592)	(552)	11,305
Net cash provided by operating activities	<u>\$ 3,625</u>	<u>\$ 7,719</u>	<u>\$ 19,082</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position			
Cash and cash equivalents – restricted	\$ 3,362	\$ 8,973	\$ 4,669
Cash and cash equivalents – unrestricted	6,632	1,872	72
	<u>\$ 9,994</u>	<u>\$ 10,845</u>	<u>\$ 4,741</u>

See accompanying notes.

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018 and 2017
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS	
	2018	2017
Cash flows from operating activities		
Receipts from participants	\$ 265,243	\$ 231,555
Receipts from sale of oil and gas	-	-
Payments to operating managers	(266,696)	(231,940)
Other disbursements and receipts	11,826	13,069
Net cash flows from operating activities	<u>10,373</u>	<u>12,684</u>
Cash flows from noncapital financing activities		
Advances (withdrawals) by participants, net	-	835
Cash flows from investing activities		
Interest received on investments	480	128
Purchases of investments	(20,096)	(22,337)
Proceeds from sale/maturity of investments	19,400	17,000
Net cash provided by (used for) investing activities	<u>(216)</u>	<u>(5,209)</u>
Net increase (decrease) in cash and cash equivalents	10,157	8,310
Cash and cash equivalents, beginning of year	<u>38,616</u>	<u>30,306</u>
Cash and cash equivalents, end of year	<u>\$ 48,773</u>	<u>\$ 38,616</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (624)	\$ (704)
Changes in assets and liabilities		
Accounts receivable	996	(3,794)
Accounts payable and accruals	10,020	17,126
Other	(19)	56
Net cash provided by operating activities	<u>\$ 10,373</u>	<u>\$ 12,684</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position		
Cash and cash equivalents – restricted	\$ -	\$ -
Cash and cash equivalents – unrestricted	<u>48,773</u>	<u>38,616</u>
	<u>\$ 48,773</u>	<u>\$ 38,616</u>

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Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2018
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 834,482
Receipts from sale of oil and gas	-	-	-	15,130
Payments to operating managers	-	-	-	(527,988)
Other disbursements and receipts	-	-	(308)	9,240
Net cash flows from operating activities	-	-	(308)	330,864
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	(35)	(15,588)	308	(12,200)
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	-	(1,593)	(57,234)
Debt interest and swap payments	-	-	-	(121,328)
Proceeds from sale of bonds	-	-	-	338,870
Payment for defeasance of revenue bonds	-	-	-	(108,966)
Payments for swap termination fee	-	-	-	(7,334)
Transfer of funds from (to) escrow	-	-	-	(232,407)
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	(17,790)
Transfer of funds from (to) other projects	-	-	-	-
Principal payments on debt	-	-	-	(172,210)
Payment for bond issue costs	-	-	-	(1,696)
Net cash used for capital and related financing activities	-	-	(1,593)	(380,095)
Cash flows from investing activities				
Interest received on investments	-	1,469	-	7,019
Purchases of investments	-	(40,494)	-	(391,063)
Proceeds from sale/maturity of investments	-	67,845	-	498,468
Net cash provided by (used for) investing activities	-	28,820	-	114,424
Net increase (decrease) in cash and cash equivalents	(35)	13,232	(1,593)	52,993
Cash and cash equivalents, beginning of year	505	17,196	1,630	224,652
Cash and cash equivalents, end of year	\$ 470	\$ 30,428	\$ 37	\$ 277,645
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ -	\$ -	\$ (1,546)	\$ 117,488
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	119	152,181
Decommissioning	-	-	-	17,500
Advances for capacity and energy	-	-	-	682
Amortization of nuclear fuel	-	-	-	13,924
Pension and other benefits expense	-	-	1,119	1,119
Changes in assets and liabilities				
Accounts receivable	-	-	-	8,908
Accounts payable and accruals	-	-	-	12,376
Other	-	-	-	6,686
Net cash provided by operating activities	\$ -	\$ -	\$ (308)	\$ 330,864
Cash and cash equivalents as stated in the Combined Statements of Net Position				
Cash and cash equivalents – restricted	\$ 470	\$ -	\$ 37	\$ 150,631
Cash and cash equivalents – unrestricted	-	30,428	-	127,014
	\$ 470	\$ 30,428	\$ 37	\$ 277,645

Southern California Public Power Authority
Individual Statements of Cash Flows
For the Year Ended June 30, 2017
(Amounts in Thousands)

	MISCELLANEOUS			Total Combined
	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 839,696
Receipts from sale of oil and gas	-	-	-	16,106
Payments to operating managers	(2,097)	-	-	(512,493)
Other disbursements and receipts	-	-	(335)	20,991
Net cash flows from operating activities	<u>(2,097)</u>	<u>-</u>	<u>(335)</u>	<u>364,300</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	<u>(195)</u>	<u>(14,556)</u>	<u>335</u>	<u>(12,435)</u>
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	-	(911)	(36,134)
Debt interest and swap payments	-	-	-	(135,641)
Proceeds from sale of bonds	-	-	-	311,256
Payment for defeasance of revenue bonds	-	-	-	(86,469)
Transfer of funds from (to) escrow	-	-	-	(248,065)
Transfer of funds from (to) Mine Reclamation Trust Fund	-	-	-	(5,250)
Transfer of funds from (to) other projects	-	-	-	-
Principal payments on debt	-	-	-	(191,731)
Payment for bond issue costs	-	-	-	(1,078)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(911)</u>	<u>(393,112)</u>
Cash flows from investing activities				
Interest received on investments	-	827	-	4,588
Purchases of investments	-	(101,605)	-	(572,973)
Proceeds from sale/maturity of investments	-	97,695	-	529,528
Net cash provided by (used for) investing activities	<u>-</u>	<u>(3,083)</u>	<u>-</u>	<u>(38,857)</u>
Net increase (decrease) in cash and cash equivalents	(2,292)	(17,639)	(911)	(80,104)
Cash and cash equivalents, beginning of year	<u>2,797</u>	<u>34,835</u>	<u>2,541</u>	<u>304,756</u>
Cash and cash equivalents, end of year	<u>\$ 505</u>	<u>\$ 17,196</u>	<u>\$ 1,630</u>	<u>\$ 224,652</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ -	\$ -	\$ (205)	\$ 146,589
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	113	156,062
Decommissioning	-	-	-	27,381
Advances for capacity and energy	-	-	-	2,640
Amortization of nuclear fuel	-	-	-	14,358
Pension expense	-	-	(243)	(243)
Changes in assets and liabilities				
Accounts receivable	-	-	-	1,480
Accounts payable and accruals	(2,097)	-	-	8,778
Other	-	-	-	7,255
Net cash provided by operating activities	<u>\$ (2,097)</u>	<u>\$ -</u>	<u>\$ (335)</u>	<u>\$ 364,300</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position				
Cash and cash equivalents – restricted	\$ 505	\$ 17,196	\$ 1,630	\$ 134,869
Cash and cash equivalents – unrestricted	-	-	-	89,783
	<u>\$ 505</u>	<u>\$ 17,196</u>	<u>\$ 1,630</u>	<u>\$ 224,652</u>

See accompanying notes.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose

The Southern California Public Power Authority (the Authority or SCPPA), a public entity organized under the laws of the State of California, was formed by a Joint Powers Agreement dated as of November 1, 1980 pursuant to the Joint Exercise of Powers Act of the State of California. The Authority's participants consist of eleven municipal electric utilities and one irrigation district in the State of California. The Authority was formed for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation, transmission, and procurement of electric energy and natural gas for sale to its participants. The Joint Powers Agreement has a term expiring in 2030 or such later date as all bonds and notes of the Authority and the interest thereon have been paid in full or adequate provision for payments have been made.

The Authority has interests in the following projects:

GENERATION PROJECTS

Palo Verde Project – On August 14, 1981, the Authority purchased a 5.91% interest in the Palo Verde Nuclear Generating Station (PVNGS), a 3,810 MW nuclear-fueled generating station near Phoenix, Arizona, a 5.44% ownership interest in the Arizona Nuclear Power Project High Voltage Switchyard (ANPP HVS), and a 6.55% share of the right to use certain portions of the Arizona Nuclear Power Project Valley Transmission System (collectively, the Palo Verde Project). Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988, respectively.

Since inception of the ANPP HVS capital additions, new terminations, and other events have successively changed the respective ownership interests in the ANPP HVS. In FYE 2011, the PVNGS fourth transformer became the 14th termination in the ANPP HVS, and caused the Authority's proportional ownership percentage to change from 5.56% to 5.44%. This change became effective on April 1, 2011.

Units 1, 2, and 3 each operated under a 40-year Full-Power Operating License from the Nuclear Regulatory Commission (NRC), expiring in 2025, 2026, and 2027, respectively. In April 2011, after a detailed, two-year process, the NRC approved the application to extend the operating licenses for all three units for an additional 20 years, allowing Unit 1 to operate through 2045, Unit 2 through 2046, and Unit 3 through 2047.

San Juan Project – On July 1, 1993, the Authority purchased a 41.80% interest in Unit 3 and related common facilities of the San Juan Generating Station (SJGS) from Century Power Corporation. Unit 3, a 497-MW unit, is one unit of a four-unit coal-fired power generating station in New Mexico.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

On July 31, 2015, the SCPPA Board of Directors approved Resolution No. 2015-076 authorizing the San Juan Generating Station Restructuring Agreement (the “Restructuring Agreement”). The Restructuring Agreement required the SJGS owners to shut down SJGS Units 2 and 3 on December 31, 2017, per an agreement with the Environmental Protection Agency (EPA) and allowed those SJGS owners wishing to divest coal ownership in Units 3 and 4, to transfer their ownership interests to the plant operator and largest SJGS owner Public Service Company of New Mexico (PNM).

To consummate the necessary transactions to enable the Authority and other SJGS owners to divest or terminate their ownership in the Project and allow other SJGS owners to retain or increase their ownership in the Project, the SJGS owners have negotiated and developed a comprehensive set of binding agreements collectively called SJGS Restructuring Agreements, including:

- Restructuring Agreement, whereby, among other things, the Authority and the SJGS owners divest their ownership interests in the Project and the other SJGS owners retain or increase their ownership in the Project;
- Amended and Restated Mine Reclamation and Trust Funds Agreement (the “Mine Reclamation Agreement”), whereby the Authority and the other SJGS owners agree to amend the current Mine Reclamation and Trust Funds Agreement to provide for additional trust funds by means of a trust arrangement wherein such funds shall be held in trust for the purpose of funding the mine reclamation costs;
- San Juan Decommissioning and Trust Funds Agreement (the “Decommissioning Agreement”), whereby the Authority and other SJGS owners agreed to establish a methodology for planning and approving Decommissioning Work and funding and allocating the cost of Decommissioning Work;
- Restructuring Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (the “SJPPA Restructuring Amendment”) regarding rights and obligations in respect of the ownership and operation of the San Juan Project for the period prior to the divestiture on or after December 31, 2017; and
- Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (the “SJPPA Exit Date Amendment”), whereby the Authority and the other SJGS owners will amend certain provisions of the SJPPA regarding rights and obligations in respect of the ownership and operation of the San Juan Project for the period after the divestiture on or after December 31, 2017.

On July 20, 2017, the SCPPA Board of Directors approved Resolution No. 2017-073 authorizing the final closing of San Juan Unit 3 on December 31, 2017. To complete the divestiture of SCPPA’s SJGS ownership under the Restructuring Agreement, SCPPA executed nine agreements collectively called SJGS Divestiture Agreements, including:

- Assignment Assumption Termination and Release Agreement (“AATRA”), whereby, SCPPA and the other SJGS owners are approving the transfer of PNMR Development and Management Corporation (“PNMR-D”) shares to PNM;

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- New Exit Date Amendment to the SJPPA, amendment to the document governing all operations of SJGS to reflect the change in ownership from PNMR-D to PNM approved in the AATRA;
- Amended and Restated Designated Representative Agreement (“ARDA”), to restate the designation to PNM as the representative to report the emissions from the SJGS under the Clean Air Act programs after the Exit Date. The Authority and the other Exiters signed the ARDA for the sole purpose of acknowledging that, while they are parties to the Prior Designated Representative Agreement, they are not parties to the ARDA for operations past the exit date, December 31, 2017;
- Amended and Restated NERC Delegation Agreement, to amend the Original Delegation Agreement to reflect the Exiters leaving ownership positions in the SJGS, and the Remainers affirming their delegation to PNM to comply with the generator operator reliability standards;
- Instrument of Sale and Conveyance, whereby SCPPA transferred all of its interests in SJGS to PNM on the exit date, December 31, 2017;
- SCPPA-Tucson Electric Power Company (“TEP”)-Tri-State Generation and Transmission Associations, Inc. (“Tri-State”) Interconnection Agreement Termination (“ITA”), whereby among other things, the agreement terminates SCPPA’s rights in interconnection to the TEP System at the SJGS that had been transferred to SCPPA for the life of Unit 3;
- SCPPA-TEP-TRI-State Assumption Agreement Termination (“AAT”), whereby, among other things, the AAT terminates SCPPA’s use rights in the Unit 3 step-up transformer;
- SCPPA Termination Easement and License (“TEL”), whereby, among other things, the TEL terminates SCPPA’s rights on the exit date, December 31, 2017, as an owner to the entirety of the SJGS plant site; and
- Template Decommissioning Trust Funds Agreement, whereby all SJGS owners agree that they will use this template to establish decommissioning trust funds to prepay their decommissioning liabilities per the Restructuring Agreement.

The SJGS Divestiture Agreements facilitated the Authority’s divestiture of its ownership interest in the SJGS and did not commit the Authority to a project with potentially significant impact on the environment. SJGS Unit 3 has permanently ceased operations in December 2017. However, the Authority retains certain liabilities for a share of the environmental (mine reclamation) and plant decommissioning costs of SJGS Unit 3.

Magnolia Power Project – The Magnolia Power Project (MAG) consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 MW and was built on a site in Burbank, California. The plant is the first that is wholly owned by the Authority and entitlements to 100% of the capacity and energy of the Project have been sold to six of its members.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The City of Burbank, a Project participant, managed its construction and also serves as the operating agent for the Project. Commercial operations began on September 22, 2005.

- **Gas Supply and Services Agreement** – SCPPA entered into an agreement with Occidental Energy Marketing, Inc. (OEMI) beginning January 2005. This agreement is renewed each year unless notification is given by either party prior to December 31, of each year. OEMI provides 100% of the natural gas plant requirements on a daily basis, and also includes an option for the participants to bring in their own gas supply. In addition, OEMI provides gas balancing services.
- **Natural Gas Transportation** – SCPPA has an agreement with Southern California Gas Company (SoGas) for intrastate transmission services. The agreement took effect in January 2005 and was renewed in February 2016 for an additional three years thereafter unless canceled by the Authority prior to February 1 of each year. SoGas provides transportation, storage, and balancing services of natural gas from the Southern California Border to the Magnolia Plant.
- **Parts and Special Services Agreement** – SCPPA entered into an 18-year agreement with General Electric International (GEI) in September 2005. Initially, the agreement covered only the gas turbine, but the agreement was amended in August 2007, to include coverage for the gas generator, the steam turbine, and the steam generator. GE provides planned and unplanned maintenance, including replacement parts, based on factored fired hours.

Canyon Power Project – The Canyon Power Project (the Project) consists of a simple cycle natural gas-fired power generating plant, comprised of four combustion turbines with a combined nominally rated net base capacity of 200 MW, and auxiliary facilities, located in an industrial area of the City of Anaheim, California (Anaheim). The Project is owned by the Authority and constructed, operated, and maintained by Anaheim. The Project achieved full commercial operation in September 2011.

Apex Power Project – On March 26, 2014, the Authority acquired the Apex Power Project (the Project) pursuant to an Asset Purchase Agreement, dated as of October 17, 2013. The Project consists of a natural gas-fired, combined cycle generating facility (the “Facility”), nominally-rated at 531 MW, located in Clark County, Nevada, generator interconnection facilities, related assets and property, and interconnection and transmission contractual rights. The Facility is interconnected through a 3.13 mile 500 kV radial generation tie line owned by Nevada Power Company that connects the Facility to the Nevada Power Company’s transmission system at its Harry Allen 500 kV Substation. The Los Angeles Department of Water & Power (LADWP) serves as project manager and operating agent of the Project.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- **Operation and Maintenance Agreement** – The Facility is operated by EthosEnergy Power Operations (West), LLC (EthosEnergy), formerly Wood Group Power Operations (West), Inc., pursuant to an Operations and Maintenance Agreement dated February 12, 2007. Under the O&M Agreement, EthosEnergy provides all operations, routine maintenance, budget control, purchasing, billing, and reporting for the operation of the Facility, other than the maintenance provided by General Electric International (“GEI”), under a long-term service agreement. EthosEnergy currently employs 22 people at the Facility for operation and maintenance purposes. The O&M Agreement initially between the Seller and EthosEnergy was assumed and amended by the Authority. The term of the O&M Agreement, which expired on February 12, 2016, has been extended to February 12, 2020.
- **Large Generator Interconnection Agreement (LGIA)** – The LGIA between Nevada Power Company and the Seller, dated July 1, 2001, provides for the interconnection of the Facility, and firm transmission service for the Facility output through a Firm Point-to-Point Transmission Service Agreement by and between Nevada Power Company and LADWP as Agent for the Authority, dated in November 2015 with a point of delivery at the McCullough 500 kV Substation. The term of the Transmission Service Agreement extends to July 30, 2023. The Authority expects to renegotiate these agreements prior to their expiration date (with a term extension if it is economic) or to provide for alternative transmission service from the facility to the McCullough 500 kV Substation.
- **Long-Term Service Agreement** – Major maintenance, including parts supply, parts repair and labor for the Facility’s combustion turbine generators and the steam turbine are provided pursuant to a Long-Term Service Agreement (“LTSA”) between the Seller and GEI, dated June 16, 2004. It is not currently possible to determine when the LTSA will expire, but the Authority anticipates that it will not expire prior to six years after the Facility acquisition date.
- **Operational Balancing Authority Agreement and Letter Agreement** – The natural gas to fuel the Facility will be provided by LADWP and delivered by facilities owned by the Kern River Gas Transmission Company through an Operational Balancing Authority Agreement and Letter Agreement.
- **Water Agreement** – Water for the facility will be provided by Las Vegas Valley Water District pursuant to an agreement, dated June 5, 2001 and assigned to the Authority upon acquisition of the Facility. The Facility’s acquisition date was on March 26, 2014. Unless extended, the Water Agreement expires on June 5, 2038.
- **Transmission Service Agreements (TSAs)** – Under the TSAs, Nevada Power Company currently provides transmission services to deliver the output of the Facility to the McCullough 500 kV Substation. The rates, terms and conditions for such services are regulated by the Federal Energy Regulatory Commission pursuant to Nevada Power Company’s open access transmission tariff. Changes to the rates are not accurately predictable and subject to numerous factors unrelated to the Apex Project.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

LADWP, as the Operating Agent, will administer, supervise, monitor and enforce all the preceding agreements in accordance with the Agency Agreement.

GREEN POWER

Hoover Upgrading Project – As of March 1, 1986, the Authority and six participants entered into an agreement pursuant to which each participant assigned its entitlement to Hoover Upgrading capacity and associated firm energy to the Authority in return for the Authority's agreement to provide for the advancement of funds for the upgrading to the United States Bureau of Reclamation (USBR) on behalf of such participants. The agreement expired on September 30, 2017.

On December 20, 2011, the Hoover Power Allocation Act, which extends the availability of Hoover Power to the existing contractors for an additional fifty years and creates a pool for new entrants, was signed into law. The participants entered into new agreements with the federal government for the capacity and energy, effective from October 1, 2017 through September 30, 2067.

There is no SCPPA debt service related to Hoover, and the Authority has no contract with the federal government regarding the Project. Certain SCPPA members have requested the Authority to continue attending project meetings and monitoring activities at Hoover on their behalf. Participating members agreed to reimburse the Authority for all costs and expenses associated with the services. As of June 30, 2018, the remaining funds of \$2.97 million from the Project were distributed to the participants.

Tieton Hydropower Project – On November 30, 2009, the Authority acquired the Tieton Hydropower Plant pursuant to an Asset Purchase Agreement, dated as of October 19, 2009. The Tieton Hydropower Project (the Project) consists of a 13.6 MW nameplate capacity "run-of-the-reservoir" hydroelectric generation facility, comprised of a powerhouse located in Yakima County, Washington, a 21-mile 115 kV transmission line and other related assets, property, and contractual rights.

- **Contractor Service Agreement** – SCPPA entered into an agreement with Energy Northwest on July 1, 2014 to direct the operations of the Tieton Hydropower facility and to provide certain technical services with respect to the operation and maintenance of the facility. On July 2018, the contract was amended for one additional year from July 1, 2018 to June 30, 2019 with an option to renew on an annual basis for up to four additional years.
- **Facilities Maintenance Agreement** – SCPPA entered into an agreement with PacifiCorp to provide supervision, labor, materials, and equipment necessary to perform routine non-emergency maintenance of the facilities and routine vegetation management. The agreement started on April 28, 2010 and will continue for as long as the Interconnection Agreement is in effect, unless terminated by mutual agreement.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- **Small Generator Interconnection Agreement** – SCPPA entered into an agreement with PacifiCorp to perform certain interconnection requests submitted under the Small Generator Interconnection Procedures. This agreement governs the terms and conditions under which SCPPA's Small Generating Facility will interconnect with PacifiCorp's Transmission System. The agreement became effective on November 30, 2009 and will remain in effect for a period of 10 years after which it will automatically renew for successive one-year periods, unless terminated by a 20-day written notice in accordance with this agreement.

Milford I Wind Project – On February 9, 2010, the Authority financed the prepayment of a specified supply of electricity from a wind farm located in Milford, Utah (the Facility). The Facility is a 203.5 MW nameplate capacity wind farm comprised of 97 wind turbines located near Milford, Utah, together with a 90-mile transmission line, and other related facilities. Under the related power purchase agreements by and between SCPPA and Milford Wind Corridor Phase I, LLC (the Seller), SCPPA will receive 6.7 million MW hours over a 20-year delivery term. SCPPA has also agreed to make monthly payments to the Seller for any energy delivered in each year that exceeds the guaranteed annual quantity of 338,215 MW hours. Commercial operation began on November 16, 2009.

Milford II Wind Energy Project – On August 25, 2011, the Authority financed the prepayment of a specified supply of energy from the Milford Wind Corridor Phase II Project (the Milford II Project), for a delivery term of 20 years (unless terminated earlier) pursuant to a Power Purchase Agreement dated March 1, 2010. The Authority also entered into power sales agreements with LADWP and the City of Glendale (Glendale) to sell 100% of its entitlement to capacity and energy in the Facility on a "take-or-pay basis." Through a separate layoff agreement, the City of Glendale has sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement. The Facility is a 102 MW nameplate capacity wind powered electric generating facility comprised of 68 1.5 MW wind turbines and related facilities located near Milford, Utah. The Milford II Project achieved commercial operation on May 2, 2011.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Linden Wind Energy Project – On September 15, 2010, the Authority acquired the Linden Wind Energy Project (the Project) pursuant to the terms of the Asset Purchase Agreement, dated as of June 23, 2009. The Project is a 50 MW nameplate capacity wind farm comprised of 25 wind turbines and related facilities, located in Klickitat County, Washington, developed and constructed by Northwest Wind Partners, LLC. The Authority has also entered into power sales agreements with LADWP and Glendale to sell 100% of its entitlement to capacity and energy in the Project on a “take-or-pay” basis. Through a separate layoff agreement, the city of Glendale has sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement.

- **Operation and Maintenance Service Agreement** – SCPPA entered into a three-year agreement with Senvion Wind Energy Solutions (“Senvion”) (formally, REpower Systems AG) in February 2012. This agreement automatically renews for an additional two years unless either party provides written notice to the other party to cancel the contract. Senvion performs fixed fee services such as scheduled maintenance, periodic operational checks and tests, and regular preventive maintenance required on the wind turbine generators (WEC) in accordance with the maintenance manual. Senvion also performs remote monitoring services, repair services, and services related to the availability of the WEC. The agreement with Senvion remains in effect as of June 30, 2018.
- **Energy Exchange Agreement** – SCPPA entered into a two-year agreement with Shell Energy North America, L.P. (“Shell”) on January 1, 2018 for delivery of energy to Shell for shaping and moving services. The delivery term may be renewed for up to five additional one-year terms commencing on January 1 of each successive calendar year, if the parties have confirmed in writing their agreement to extend this contract not less than ninety days prior to the commencement of each renewal term. The agreement with Shell remains in effect as of June 30, 2018.
- **Balance of Plant Agreement** – Cannon Power Services Company, LLC assumed responsibility for operations of the Linden Wind Energy Project from EDF Renewable Energy (formerly EnXco Service Corporation) through an agreement with SCPPA that was executed on July 9, 2013 and was effective September 3, 2013. This agreement to operate, maintain, and repair the Wind Plant will continue for a period of three years and will automatically be extended for successive one-year periods unless either party provides written notice to terminate the contract. The agreement with Cannon Power Services Company, LLC remains in effect as of June 30, 2018.

Windy Point/Windy Flats Project – On September 9, 2010, the Authority financed the purchase of a supply of energy from the Windy Point/Windy Flats Project (the Project) for an initial delivery term of 20 years, pursuant to the terms of a power purchase agreement, dated June 24, 2009. The Authority also entered into power sales agreements with LADWP and the City of Glendale to sell 100% of its entitlement to capacity and energy in the Project on a “take-or-pay” basis.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Through a separate layoff agreement, the City of Glendale sold 100% of its entitlement to capacity and energy to LADWP, but remains responsible for all payments associated with its participation in the power sales agreement if LADWP fails to buy the energy pursuant to the layoff agreement.

The Project is a facility with a 262.2 MW nameplate capacity wind farm comprised of 114 wind turbines located in the Columbia Hills area of Klickitat County, Washington near the city of Goldendale. The Project is owned by Windy Flats Partners, LLC, a limited liability company organized and existing under the laws of the State of Delaware. The initial delivery term began on the commercial operation date of the first of two phases of the facility. The first phase commenced operations on January 25, 2010 and the second phase on March 1, 2010.

TRANSMISSION PROJECTS

Southern Transmission System Project – On May 1, 1983, the Authority entered into an agreement with the Intermountain Power Agency (IPA), to defray all the costs of acquisition and construction of the Southern Transmission System Project (STS), which provides for the transmission of energy between the Southern California and the Rocky Mountain regional markets, including long-term renewable resources such as Milford I Wind and Milford II Wind, from the Intermountain Generating Station located in Utah to Southern California. STS commenced commercial operations in July 1986. Construction to upgrade two AC/DC converter stations and increase their combined rating from 1,920 MW to 2,400 MW was completed in May 2011. The LADWP, a member of the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP).

Mead-Phoenix and Mead-Adelanto Projects – Authority Interest (Members) – As of August 4, 1992, the Authority entered into an agreement to acquire an interest in the Mead-Phoenix Project (Mead-Phoenix), a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project component, a 17.76% interest in the Mead Substation project component, and a 22.41% interest in the Mead-Marketplace project component.

As of August 4, 1992, the Authority also entered into an agreement to acquire a 67.92% interest in the Mead-Adelanto Project (Mead-Adelanto), a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer of funds from the Multiple Project Fund and commercial operations commenced in April 1996. LADWP serves as project manager and operating agent of Mead-Adelanto.

Mead-Phoenix and Mead-Adelanto Projects – Authority Interest (LADWP) – On May 25, 2016 the Authority acquired all of M-S-R Public Power Agency's ("MSR PPA") ownership interests and associated participation share and related rights and interests in the Mead-Adelanto (MA) and the Mead-Phoenix (MP) Projects on behalf of LADWP.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The Authority Interest (LADWP) in Mead-Adelanto and in Mead-Phoenix, collectively the “Authority Interests” (LADWP), is separate and distinct from the Authority Interest (Members) and the Authority Interest (Western) in the existing MA and MP Projects. The acquisition represents an additional 17.5% ownership share in the MA Project and an additional 11.54% ownership share in the Westwing-Mead Component and an additional 8.10% ownership share in the Mead-Marketplace Component of the MP Project, pursuant to a Purchase and Sale Agreement dated August 31, 2015 between MSR PPA and the Authority. Pursuant to separate Transmission Service Contracts (LADWP), each dated as of March 17, 2016, LADWP is entitled to transmission services using 100% of the available capability of the Authority Interests (LADWP) in the MA and MP Projects.

NATURAL GAS PROJECTS

Pinedale Project – On July 1, 2005, the Authority, together with LADWP and Turlock Irrigation District (TID), acquired 42.5% of an undivided working interest in three natural gas leases located in the Pinedale Anticline region of the State of Wyoming. The Authority’s individual share in these interests equals 14.9%. The purchase includes 38 operating oil and gas wells and associated lateral pipelines, equipment, permits, rights of way, and easements used in production. The natural gas field production is expected to increase for several more years as additional capital is invested on drilling new wells and then decline over a life expectancy greater than 30 years.

- **Joint Operating Agreement (JOA)** – In July 2005, SCPPA’s purchase of the natural gas reserve interests at Pinedale, Wyoming (Pinedale) included an underlying long-term JOA with the operator, Ultra Resources, Inc. (“Ultra”). SCPPA pays the operator for SCPPA’s share of both operating and drilling/capital expenses on a monthly basis.

Ultra-Resources Inc., filed for Chapter 11 on April 29, 2016 after failing to reach a debt-restructuring agreement with its lenders and bondholders. Ultra continues as the Project Operator and has made no significant changes to the operation of the project. Currently, there is no effect on the participants of the Pinedale Project.

- **Gathering and processing agreements** – SCPPA’s purchase of Pinedale included underlying agreements with Jonah Gas Gathering Company, Tesoro Logistics, formerly Questar Gas Management Company, and Western Gas Resources, Inc. for gathering and processing of the natural gas.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Barnett Project – Natural gas resources in the Barnett shale geological formation in Texas were acquired from Collins and Young Holding, LLP (C&Y) for a total of \$84 million. The acquisition settled on October 26, 2006 and was completed on December 7, 2006 when the participants, together with TID, exercised their option to purchase additional resources from C&Y.

- **Joint Operating Agreement (JOA)** – In October 2006, SCPPA's purchase of the natural gas reserve interests in Barnett, TX (Barnett) included an underlying long-term JOA with the operator, Devon Energy Production Company, LP. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

Prepaid Natural Gas Project – On October 11, 2007, the Authority made a one-time prepayment of \$481 million to acquire the right to receive approximately 135 billion cubic feet of natural gas from J. Aron & Company (J. Aron) to be delivered over a 30-year term, beginning July 1, 2008. On October 3, 2007, prior to the acquisition of the prepaid gas supply, the Authority entered into five separate Prepaid Natural Gas Sales Agreements (the Gas Sales Agreements) with J. Aron and simultaneously, five Prepaid Natural Gas Supply Agreements (the Gas Supply Contracts) in which the Authority sold its interest in the natural gas, on a "take-and-pay" basis, to the cities of Anaheim, Burbank, Colton, Glendale, and Pasadena (the Project Participants). Through the Gas Supply Contracts, SCPPA has provided for the sale to the Project Participants, on a "pay-as-you-go" basis, of all of the natural gas to be delivered to SCPPA pursuant to the Gas Sales Agreements.

- On October 22, 2009, the Prepaid Natural Gas Sales Agreements and certain other agreements were restructured to reduce risk, provide an acceleration of a portion of the long-term savings, reduce the remaining volumes of gas to be delivered from 135 billion to 90 billion cubic feet, and shorten the term of the agreements from 30 years to 27 years. As a result of the restructuring, the Natural Gas contracts will now expire in 2035 and \$165.5 million principal of the 2007 Natural Gas Project Bonds were terminated (see Note 7).

Southern California Public Power Authority Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

- Under the Gas Supply Contracts, the approximate average Daily Quantity of gas to be purchased by each Project Participant is as follows:

Project Participant	Average Daily Quantity (1)		Participant Percentage (%)
	Revised Volumes	Original Volumes	
City of Anaheim	1,467	2,000	16.5%
City of Burbank	2,924	4,000	33.0%
City of Colton	1,007	1,375	11.0%
City of Glendale	2,015	2,750	23.0%
City of Pasadena	1,464	2,000	16.5%
Total	8,877	12,125	100.0%

(1) The Average Daily Quantity is in MMBtu and is calculated over the term of the applicable Gas Supply Contracts. The contracts were restructured and volumes revised in October 2009.

Participant ownership interests – The Authority’s participants may elect to participate in the projects. As of June 30, 2018, the members have the following participation percentages in the Authority’s operating projects:

Participants	GENERATION					TRANSMISSION				
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Mead-Phoenix (LADWP)	Mead-Adelanto (LADWP)
City of Los Angeles	67.0%	-	-	-	100.0%	59.5%	24.8%	35.7%	100.0%	100.0%
City of Anaheim	-	-	38.0%	100%	-	17.6%	24.2%	13.5%	-	-
City of Riverside	5.4%	-	-	-	-	10.2%	4.0%	13.5%	-	-
Imperial Irrigation District	6.5%	51.0%	-	-	-	-	-	-	-	-
City of Vernon	4.9%	-	-	-	-	-	-	-	-	-
City of Azusa	1.0%	14.7%	-	-	-	-	1.0%	2.2%	-	-
City of Banning	1.0%	9.8%	-	-	-	-	1.0%	1.3%	-	-
City of Colton	1.0%	14.7%	4.2%	-	-	-	1.0%	2.6%	-	-
City of Burbank	4.4%	-	31.0%	-	-	4.5%	15.4%	11.5%	-	-
City of Glendale	4.4%	9.8%	16.5%	-	-	2.3%	14.8%	11.1%	-	-
City of Cerritos	-	-	4.2%	-	-	-	-	-	-	-
City of Pasadena	4.4%	-	6.1%	-	-	5.9%	13.8%	8.6%	-	-
	<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>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Participants	GREEN POWER						NATURAL GAS		
	Hoover Upgrading	Tieton Hydro- power	Milford I Wind	Milford II Wind	Linden Wind Energy	Windy Point	Pinedale	Barnett	Prepaid Natural Gas
City of Los Angeles	-	-	92.5%	95.1%	90.0%	92.4%	-	-	-
City of Anaheim	42.6%	-	-	-	-	-	35.7%	45.4%	16.5%
City of Riverside	31.9%	-	-	-	-	-	-	-	-
Imperial Irrigation District	-	-	-	-	-	-	-	-	-
City of Vernon	-	-	-	-	-	-	-	-	-
City of Azusa	4.2%	-	-	-	-	-	-	-	-
City of Banning	2.1%	-	-	-	-	-	-	-	-
City of Colton	3.2%	-	-	-	-	-	7.1%	9.1%	11.0%
City of Burbank	16.0%	50.0%	5.0%	-	-	-	14.3%	27.3%	33.0%
City of Glendale	-	50.0%	-	4.9%	10.0%	7.6%	28.6%	-	23.0%
City of Cerritos	-	-	-	-	-	-	-	-	-
City of Pasadena	-	-	2.5%	-	-	-	14.3%	18.2%	16.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

The contracts expire as follows:

Palo Verde Project	2030
San Juan Project	2018
Magnolia Power Project	2036
Canyon Power Project	2040
Apex Power Project	2038
Tieton Hydropower Project	2040
Milford I Wind Project	2030
Milford II Wind Project	2031
Linden Wind Energy Project	2035
Windy Point Project	2030
Southern Transmission System Project	2027
Mead-Phoenix Project	2030
Mead-Adelanto Project	2030
Natural Gas Pinedale Project	2040
Natural Gas Barnett Project	2040
Prepaid Natural Gas Project	2038

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

The Authority's interests or entitlements in natural gas, generation, and transmission projects are jointly owned with other utilities, except for the Magnolia Power Project, Canyon Power Project, Apex Power Project, Tieton Hydropower Project, and the Linden Wind Energy Project, which are wholly owned by the Authority. Under these arrangements, a participating member has an undivided interest in a utility plant and is responsible for its proportionate share of the costs of construction and operation and is entitled to its proportionate share of the energy, available transmission capacity, or natural gas produced. Each joint plant participant, including the Authority, is responsible for financing its share of construction and operating costs. The financial statements reflect the Authority's interest in each jointly owned project as well as the projects that it owns. Additionally, the Authority's share of expenses for each project is included in the statements of revenues, expenses, and changes in net position as part of operations and maintenance expenses.

POWER PURCHASE AGREEMENTS

Ormat Geothermal Energy Project – The Authority entered into long-term power purchase agreements in December 2005 with divisions of Ormat Technologies, Inc. for up to 20 MW of electric generation. The Project started delivery of approximately 5 MW in January 2006 from geothermal energy facilities located in Heber, California, and the agreements were amended to allow for excess capacity in May 2008. The City of Anaheim acts as the scheduling coordinator on behalf of the project participants. The term of the contract is 25 years.

MWD Small Hydro Project – Consists of a power purchase agreement for the output from four small hydroelectric plants on the MWD system in Southern California, having a total nameplate capacity of 17.04 MW, and a historical output of 40,130 MWH per year. Transmission is accomplished through the California Independent System Operator, with the City of Anaheim acting as scheduler. The term of the contract is 15 years and 2 months, expiring December 31, 2023. Operations began on November 1, 2008.

Pebble Springs Wind Project – In December 2007, the Authority entered into a power purchase agreement for the facility output of a wind project with 98.7 MW, located in Gilliam County, Oregon. SCPPA along with LADWP, Burbank, and Glendale are now scheduling the energy through transmission agreements which bring this renewable energy from the project substation to the project participants. The term of the Project is 18 years with a right of first offer to potentially purchase the entire project after the 10th contract year. Operations formally began on January 31, 2009.

Ameresco Chiquita Energy Project – In March 2004, SCPPA entered into a power purchase agreement with Ameresco Chiquita Energy LLC, subsequently amended in September 2006, for 100% of the electric generation from a landfill gas to energy facility located at the landfill site in Valencia, California (Ameresco Landfill Gas to Energy Project). The SCPPA participants in the project include the cities of Burbank and Pasadena. This project will initially be for 10 MW with the right of first refusal on any increase in output. Operations began in November 2010. The term of the contract is 20 years from the commercial operation date.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Don A. Campbell/Wild Rose Geothermal Energy Project – On December 31, 2012 the Authority entered into a power purchase agreement with Ormat Nevada, Inc. to purchase renewable geothermal energy from the Don A. Campbell/Wild Rose Facility (the “Facility”) beginning December 31, 2013, for a 20-year term. The Facility is a geothermal power generating facility with a 16.2 MW nameplate capacity and a 95 percent capacity factor located in Mineral County, Nevada. The commercial operating date was December 31, 2013 but early delivery of energy began in November 2013. The two participants are LADWP and the City of Burbank. LADWP acts as project manager and has balancing authority at the point of delivery of energy at the Mead 230kV Substation in Southern Nevada. Electricity from the Project will be transmitted through Nevada Energy’s transmission system that includes the new 500 kV One Nevada Transmission Line.

Copper Mountain Solar 3 Project – On August 31, 2012, SCPPA entered into a power purchase agreement with Sempra U.S. Gas and Power to purchase certain renewable energy and associated environmental attributes from the Copper Mountain Solar 3 Facility. The Facility is a fixed tilt photovoltaic system with a capacity of 250 MW located near Boulder City, Nevada. Full commercial operation was achieved on December 31, 2015. The term of the contract is 20 years. LADWP is the scheduling coordinator on behalf of the participants.

Columbia 2 Solar Project – On September 19, 2013, SCPPA entered into a power purchase agreement with RE Columbia Two, LLC to purchase all of the output of the Columbia 2 Solar Project, and to acquire other rights and resources, including but not limited to the purchase option and the rights under other ancillary agreements associated with the project. The project is a photovoltaic solar power generating facility located in Kern County, California with an expected nameplate capacity of 15 MW. Commercial operation began on December 20, 2014. The term of the contract is 20 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

Don A. Campbell 2 Geothermal Energy Project – On December 18, 2014, the Authority entered into a power purchase agreement with ORNI 37 LLC to purchase renewable geothermal energy from the Don A. Campbell 2 Facility (DAC2) beginning December 31, 2016, for a 20-year term. The Facility is a geothermal power generating facility with a 16.2 MW nameplate capacity and a 95% capacity factor located in Mineral County, Nevada. The commercial operating date was September 17, 2015, but early delivery of energy began in August 2015. The LADWP acts as project manager and has balancing authority at the point of delivery of energy at the Mead 230 kV Substation in Southern Nevada. Electricity from the Project will be transmitted through Nevada Energy’s Transmission System that includes the new 500 kV One Nevada Transmission Line. Consequently, the Don A. Campbell/Wild Rose Facility is now called Don A. Campbell 1 to distinguish from the expansion, DAC2.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Heber-1 Geothermal Energy Project – On May 31, 2013, the Authority entered into a power purchase agreement with Heber Geothermal Company for 45 MW of generating capacity. The Facility is a geothermal power generating facility with a 62.5 MW gross nameplate capacity located in Imperial County, California. The project began deliveries of energy under the power purchase agreement on February 2, 2016. The term of the contract is 10 years. Global is the third party scheduling coordinator on behalf of the participants.

Kingbird Solar B Project – On September 19, 2013, the Authority entered into a power purchase agreement with Kingbird Solar B, LLC for 20 MW of generating capacity. The project is a solar photovoltaic power generating facility located near Rosamond, California. The commercial operation date for the project was declared on April 30, 2016. The term of the contract is 20 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

Springbok 1 Solar Farm Project – On August 21, 2014, SCPA on behalf of LADWP, entered into a power purchase agreement with 62 SK 8me, LLC for 100 MW of solar energy with all associated environmental attributes, and photovoltaic generating capacity from the Springbok 1 Solar Farm located in western Kern County, California. The commercial operation began on July 2016, starting a term of 25 years. SCPA has an Early Buy Out option at the end of the 15th, 20th, and 25th Contract Years. The project is expected to have a measured initial generation capacity factor up to 34% with a 0.7% annual degradation. LADWP serves as the Project Manager on behalf of SCPA.

Astoria 2 Solar Project – On July 23, 2014, SCPA on behalf of Azusa, Banning, Colton and Vernon, entered into a power purchase agreement with Recurrent Energy for solar energy from the Astoria 2 Solar Project. SCPA is entitled to 35 MW of photovoltaic generating capacity from commercial operation to December 31, 2021 and 45 MW of generating capacity from January 1, 2022 until the expected expiration date of December 31, 2036. The commercial operation date was December 2016. Power and Water Resources Pooling Authority, Lodi, Corona, Moreno Valley, and Rancho Cucamonga, are each buying the output of a separate portion of the facility, which is located in Kern County, California. SCPA has purchase options in the 10th, 15th, and 20th Contract Years.

The project is forecasted to start at a capacity factor of 31% with a 0.5% annual degradation. ACES Power Marketing is the Scheduling Coordinator for the Project.

Summer Solar Project – On November 15, 2012, SCPA on behalf of Azusa, Pasadena and Riverside, entered into a power purchase agreement with Sustainable Power Group (“sPower”) for 20 MW of solar photovoltaic generating capacity from the Summer Solar Facility for a term of 25 years from January 1, 2017. The facility is located in Lancaster, California, and was commercial in July 2016. The project is forecasted to start at a capacity factor of 28% with a 0.5% annual degradation. SCPA does not have purchase options on this project. Riverside serves as the Scheduling Coordinator for the project.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Springbok 2 Solar Farm Project – On August 28, 2015, SCPPA on behalf of LADWP, entered into a power purchase agreement with 63SU 8me, LLC for 150 MW of solar photovoltaic generating capacity from the Springbok 2 Solar Farm located 70 miles north of Los Angeles in Kern County, California. The commercial operation began on September 2016, starting a term of 27 years, with an option for a three-year extension. SCPPA has an Early Buy Out option at the end of the 15th, 20th, 27th, and 30th Contract Years. The project is expected to start at a capacity factor of 33% with a 0.7% annual degradation. LADWP serves as the Project Manager on behalf of SCPPA.

Antelope Big Sky Ranch Solar Project – On November 15, 2012, SCPPA on behalf of Azusa, Pasadena and Riverside, entered into a power purchase agreement with sPower for 20 MW of solar photovoltaic generating capacity from the Antelope Big Sky Ranch Facility. The facility is located near Lancaster, California, and commercial operation occurred in late August 2016 for a term of 25 years from January 1, 2017. The project is expected to start at a capacity factor of 28% with a 0.5% annual degradation. SCPPA has purchase options in the 10th, 15th, and 20th Contract Years. Pasadena is the Scheduling Coordinator for the project.

Antelope DSR 1 Solar Project – On July 16, 2015, the Authority, on behalf of Riverside and Vernon, entered into a power purchase agreement with Antelope DSR 1, LLC for 50 MW solar photovoltaic generating capacity from the Antelope DSR 1 Solar Facility. The facility is located near Lancaster, California, and commercial operation occurred on December 16, 2016 for a term of 20 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

Antelope DSR 2 Solar Project – On July 16, 2015, the Authority, on behalf of Azusa and Colton, entered into a power purchase agreement with Antelope DSR 2, LLC for 5 MW solar photovoltaic generating capacity from the Antelope DSR 2 Solar Facility. The facility is located near Lancaster, California, and commercial operation occurred on December 6, 2016 for a term of 20 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

Puente Hills Landfill Gas-to-Energy Project – On June 25, 2014, the Authority entered into a power purchase agreement with County Sanitation District No. 2 of Los Angeles County for 46 MW of the electric generation from a landfill gas to energy facility, located at Whittier, California. The project began deliveries to the Authority on January 1, 2017 for a term of 10 years.

Ormat Northern Nevada Geothermal Project – On October 20, 2016, the Authority entered into a power purchase agreement with ONGP, LLC, a subsidiary company of Ormat Technologies, Inc., based in Reno Nevada. The Ormat Northern Nevada Geothermal Portfolio Project is a renewable geothermal power generating with nine separate facilities, and with a total of 150 MW nameplate capacity located in the different counties of Nevada.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Each facility has its own schedule of commercial operation date and expiration date. The first facility provided 24 MW on December 31, 2017, and subsequent development will bring the remainder in commercial operation by December 31, 2022. LADWP maintains 100% entitlement of the entire 150 MW, and will provide project management services on behalf of SCPPA. The term of the contract is 25 years.

Ormesa Geothermal Complex Energy Project – On March 1, 2016, the Authority entered into a power purchase agreement with Ormesa, LLC, to purchase renewable geothermal energy. The project has a generating facility of 30 MW nameplate capacity located in Imperial Valley, California. The official delivery commencement date was on November 30, 2017 for a term of 25 years.

ARP-Loyalton Biomass Project – On April 2, 2018, the Authority entered into a power purchase agreement with ARP-Loyalton Cogen LLC, seller and developer of the existing biomass power generation facility in California. The project has a total energy output of 18 MW located in Loyalton, California. The commercial operation date occurred on April 20, 2018 for a term of 25 years. The City of Riverside is the scheduling coordinator on behalf of the participants.

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

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

Participant Ownership Interests

Power Purchase Agreements	Participants											Total
	City of Los Angeles	City of Anaheim	City of Imperial	City of Vernon	City of Riverside	City of Azusa	City of Banning	City of Colton	City of Burbank	City of Glendale	City of Pasadena	
Ormat Geothermal Energy	-	60.0%	-	-	-	-	10.0%	-	-	15.0%	15.0%	100.0%
Pebble Springs Wind	69.6%	-	-	-	-	-	-	-	10.1%	20.3%	-	100.0%
MWD Small Hydro	-	56.4%	-	-	-	21.8%	-	21.8%	-	-	-	100.0%
Ameresco Chiquita Landfill Gas	-	-	-	-	-	-	-	-	16.7%	-	83.3%	100.0%
Don A Campbell/Wild Rose Geothermal	84.6%	-	-	-	-	-	-	-	15.4%	-	-	100.0%
Copper Mountain Solar 3	84.0%	-	-	-	-	-	-	-	16.0%	-	-	100.0%
Columbia 2 Solar	-	-	-	-	74.3%	8.6%	-	-	-	-	17.1%	100.0%
Don A. Campbell 2 Geothermal	100.0%	-	-	-	-	-	-	-	-	-	-	100.0%
Heber-1 Geothermal	66.7%	-	33.3%	-	-	-	-	-	-	-	-	100.0%
Kingbird Solar	-	-	-	-	70.0%	15.0%	-	15.0%	-	-	-	100.0%
Summer Solar	-	-	-	-	50.0%	17.5%	-	-	-	-	32.5%	100.0%
Springbok 1	100.0%	-	-	-	-	-	-	-	-	-	-	100.0%
Springbok 2	100.0%	-	-	-	-	-	-	-	-	-	-	100.0%
Astoria 2 Solar	-	-	-	57.1%	-	-	22.9%	20.0%	-	-	-	100.0%
Antelope Big Sky Ranch Solar	-	-	-	-	50.0%	17.5%	-	-	-	-	32.5%	100.0%
Antelope DSR 1 Solar	-	-	-	50.0%	50.0%	-	-	-	-	-	-	100.0%
Antelope DSR 2 Solar	-	-	-	-	-	100.0%	-	-	-	-	-	100.0%
Puente Hills Landfill Gas	-	-	-	23.3%	-	-	23.2%	23.3%	-	-	30.2%	100.0%
Ormat Northern Nevada Geothermal	100.0%	-	-	-	-	-	-	-	-	-	-	100.0%
Ormesa Geothermal Complex	85.7%	-	14.3%	-	-	-	-	-	-	-	-	100.0%
ARP-Loyalton Biomass Project	74.1%	6.7%	12.5%	-	6.7%	-	-	-	-	-	-	100.0%

(1) In accordance to the project's respective "Contract for Sale and Purchase" agreement between the City of Glendale, LADWP, and SCPA, LADWP agrees to pay from and after the Commencement Date, the Contract Monthly Costs and other obligations of Glendale associated with the Contract Output Entitlement Shares of the project until Glendale exercises its option to repurchase its Entitlement Share by providing LADWP with a 60 day prior written notice of its intent.

(2) In accordance with Board Resolution No. 2017-097, the City of Azusa assigned its interest of energy and capacity to the City of Banning and terminated the Power Sales Agreement with the Authority in the Puente Hills Landfill Gas Project effective January 1, 2018.

(3) In accordance with Board Resolution No. 2017-105, the City of Azusa and the City of Colton have mutually negotiated and agreed to transfer their respective rights and obligations among themselves in the Antelope DSR 2 Solar and Astoria 2 Solar projects. The resolution authorized the transfer of rights and obligation in the Antelope DSR 2 Solar Project from the City of Colton to the City of Azusa and the transfer of rights and obligation in the Astoria 2 Solar Project from the City of Azusa to the City of Colton.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

As of June 30, 2018, the Authority’s power purchase agreements are summarized as follows:

Project Name	Location	Capacity	Agreement Date	Commercial Operations Date	Project Manager	Contract Expiration
Ormat Geothermal Energy Project	Heber, California	17.0 MW	December 2005	January 2006	SCPPA	2031
Pebble Springs Wind Project	Gilliam County, Oregon	98.7 MW	December 2007	January 2009	LADWP	2025
MWD Small Hydro Project	Southern California	17.04 MW	November 2008	November 2008	SCPPA	2023
Ameresco Chiquita Landfill Gas Project	Valencia, California	10.0 MW	March 2006	November 2010	SCPPA	2030
Don A. Campbell 1 Project	Mineral County, Nevada	16.2 MW	December 2012	December 2013	LADWP	2033
Copper Mountain Solar 3 Project	Clark County, Nevada	250.0 MW	August 2012	December 2012	LADWP	2040
Columbia 2 Solar Project	Kern County, California	15.0 MW	September 2013	December 2014	SCPPA	2033
Don A. Campbell 2 Project	Mineral County, Nevada	16.2 MW	December 2014	September 2015	LADWP	2035
Heber-1 Geothermal Project	Imperial Valley, California	46.0 MW	May 2013	February 2016	LADWP	2025
Kingbird Solar Project	Kern County near Rosamund, California	20.0 MW	July 2013	February 2016	SCPPA	2036
Summer Solar Project	Los Angeles County	20.0 MW	November 2012	July 2016	SCPPA	2042
Springbok 1 Solar Project	Kern County, California	100.0 MW	April 2015	July 2016	LADWP	2040
Springbok 2 Solar Project	Kern County, California	150.0 MW	April 2015	October 2016	LADWP	2045
Astoria 2 Solar Project	Kern County, California	45.0 MW	July 2014	December 2016	SCPPA	2036
Antelope Big Sky Ranch Solar Project	Los Angeles County	20.0 MW	November 2012	August 2016	SCPPA	2036
Antelope DSR 1 Solar Project	Los Angeles County	50.0 MW	September 2015	December 2016	SCPPA	2036
Antelope DSR 2 Solar Project	Los Angeles County	5.0 MW	September 2015	August 2016	SCPPA	2036
Puente Hills Landfill Gas-to-Energy Project	Whittier, California	46.0 MW	June 2014	January 2017	SCPPA	2030
Ormat Northern Nevada Geothermal	Nevada Counties	150.0 MW	October 2016	October 2017	LADWP	2042
Ormesa Geothermal Complex	Imperial County, California	125.6 MW	March 2016	November 2017	LADWP	2042
ARP-Loyalton Biomass Project	Loyalton, California	18.0 MW	April 2018	April 2018	SCPPA	2043

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 1 – Organization and Purpose (continued)

MISCELLANEOUS FUNDS

Project Development Fund – Holds funds related to projects in the development phase.

Project Stabilization Fund – In fiscal year 1997, the Authority authorized the creation of a Projects' Stabilization Fund. Deposits may be made into the fund from budget under-runs, after authorization of individual participants, and by direct contributions from the participants. Participants have discretion over the use of their deposits within SCPPA project purposes. This fund is not a project-related fund; therefore, it is not governed by any project Indenture of Trust. The members participate in the Projects' Stabilization Fund by making deposits to the fund at their discretion.

SCPPA Fund – In June 2011, the Authority acquired an 11,500 sq. ft. building located in the City of Glendora to be used as SCPPA office facilities. Acquisition and construction costs were financed by contributions from SCPPA members and the building was put into service during fiscal year 2012. All costs associated with the management, administration, and ongoing operations of the SCPPA Office Building are deemed to be SCPPA overhead costs and will be budgeted and paid in accordance with the projects annual budgets pursuant to SCPPA's traditional budgetary process. On July 18, 2013, the SCPPA Board authorized the installation of Solar Voltaic Equipment and Carports at the SCPPA Glendora Office Building. The estimated cost was financed by the SCPPA Members in accordance with their ownership interests in the SCPPA Building.

On January 21, 2016, the SCPPA Board of Directors approved Resolution No. 2016-003 authorizing the purchase and renovation of the building adjacent to the office building that SCPPA currently owns.

The building was negotiated and put into escrow on January 16, 2016 at a price of \$1.54 million. The acquisition will be allocated to each member based on the methodology that was used to fund the purchase of the original SCPPA Office Building which was acquired in June 2011. On January 2, 2018, the Authority had commenced the close of the escrow for the new building (see Note 3).

Reclassification – Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 combined financial statements. Such reclassifications have no effect on net position or the changes in net position.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and presentation – The combined and individual financial statements of the Authority are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting. Revenues are recognized when earned and expenses are recognized when incurred. The format of the Statement of Net Position follows the inverted approach which is consistent with the Federal Energy Regulatory Commission (FERC).

Southern California Public Power Authority Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

In March 2016, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for financial statement for periods beginning after June 15, 2017. Statement 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities (see Note 11).

Net position: The Authority's net position is classified as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, other borrowings, and advances from participants that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** – This component consists of net position on which constraints are placed as to their use. Constraints include those imposed by creditors (such as through debt covenants), contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or through enabling legislation.
- **Unrestricted** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Utility plant – The Authority’s share of construction and betterment costs, natural gas reserves, intangibles, and nuclear fuel associated with PVNGS, STS, Mead-Phoenix, Mead-Adelanto, SJGS, Magnolia Power Project, the Natural Gas Pinedale Project and the Natural Gas Barnett Project (together the Natural Gas Projects), Canyon Power, Tieton Hydropower, Linden Wind Energy, and the Apex Power Projects are included as utility plant and recorded at cost. Utility plant also includes the SCPPA Building. Costs include labor, materials, capitalized interest costs on funds used in construction, and allocated indirect charges such as engineering, supervision, transportation and construction equipment, retirement plan contributions, health care costs, and certain administrative and general expenses. The costs of routine maintenance, repairs, and minor replacements incurred to maintain the plant in operating condition are charged to the appropriate operations and maintenance expense accounts in the period incurred. The original cost of property retired, net of removal and salvage costs, is charged to accumulated depreciation.

Depreciation expense is computed using the straight-line method based on the estimated service lives, principally 35 years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto; 30 years for Magnolia and Canyon Power Project; 50 years for the Tieton Hydropower Project; 25 years for Linden Wind Energy Project; 24 Years for the Apex Power Project; and 35 years for the SCPPA Building Fund. In June 2017 due to the Authority’s divestiture from the SJ Project, the Authority decided to write down the utility plant (see Notes 1 and 2).

Natural gas reserve depletion – Depletion expense for the Natural Gas Projects is computed using the unit of production method based on the future production of the proven producing wells, estimated at 50 years for the Natural Gas Pinedale Project and 50 years for the Natural Gas Barnett Project. The estimate is based on site specific studies prepared by independent consultants as of December 2016 for both projects. The depletion rate for the Natural Gas Pinedale Project was \$5.17/MMBtu for fiscal years 2018 and 2017; and the estimated total net revenue volume was 6,977,121 MMBtu and 7,333,092 MMBtu, for fiscal years 2018 and 2017, respectively.

The depletion rate for the Natural Gas Barnett Project was \$2.78/MMBtu for fiscal years 2018 and 2017; and the estimated total net revenue volume was 15,660,008 MMBtu and 16,039,014 MMBtu, for fiscal years ended June 30, 2018 and 2017, respectively.

Nuclear fuel – Nuclear fuel is amortized and charged to expense on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel. Under the provisions of the Nuclear Waste Policy Act of 1982, the federal government assesses each entity with nuclear operations, including the participants in PVNGS, \$1 per MW hour of nuclear generation. The Authority records this charge as a current year expense. See Note 12 for information about spent nuclear fuel disposal.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Nuclear decommissioning – Decommissioning of PVNGS is expected to commence subsequent to the year 2046. The total cost to decommission the Authority's interest in PVNGS is estimated to be \$161.9 million in 2017 dollars (\$696.3 million in 2042 dollars). This estimate is based on an updated site specific study prepared by an independent consultant in 2016. The Authority is providing for its share of the estimated future decommissioning costs over the remaining life of the nuclear power plant through annual charges to expense, which amounted to \$17.5 million and \$18.0 million at June 30, 2018 and 2017, respectively. In fiscal year 2017, the decommissioning liability was included as a component of accumulated depreciation but was reclassified under noncurrent liabilities in the statements of net position. The decommissioning liability reported under noncurrent liabilities in the statements of net position was \$303.8 million and \$286.3 million at June 30, 2018 and 2017, respectively.

The Authority contributes to external trusts set up in accordance with the Arizona Nuclear Power Plant participation agreement and Nuclear Regulatory Commission requirements. As of June 30, 2018, decommissioning funds totaled approximately \$175.5 million, including approximately \$0.6 million of interest receivable.

San Juan reclamation and decommission obligation – The Authority has certain obligations relating to its ownership interests in the SJGS Unit 3, to participate in the development of plans and arrangements for the eventual demolition of SJGS and reclamation of the San Juan Coal Mine after the expiration in December 2017 of the Underground Coal Sales Agreement dated August 31, 2001.

To meet the 2017 deadline, a legal review commenced to determine whether a full dismantling of the plant was required by State laws or contracts. Prior to this review, a full dismantling and remediation were assumed to occur, in which SCPPA's share would be approximately \$80.0 million. However, it was determined that the dismantling is not required by the State or Federal laws, thereby, causing a significant reduction to decommissioning obligation.

As a result of the foregoing, for the fiscal year 2017, the Authority recognized \$3.7 million decommissioning liability and reported it under noncurrent liabilities in the statements of net position. For the fiscal year ended June 30, 2017, the Authority also wrote down the \$56.9 million decommissioning liability, included as a component of accumulated depreciation, as a special item in the statements of revenues, expenses, and changes in net position.

Based upon the agreement, the Decommissioning Trust Fund is required to be funded by 2022. The Authority's share of \$3.7 million was fully funded in December 2017.

As of June 30, 2018 and 2017, the Authority recognized \$25.4 million and \$25.9 million reclamation liability and reported it under noncurrent liabilities in the statements of net position, respectively. For the fiscal year ended June 30, 2017, the \$10.1 million reclamation obligation adjustment, which is included as a component of accumulated depreciation, was recognized as a special item in the statements of revenues, expenses, and changes in net position.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

The Authority contributes to a Reclamation Trust Fund set up in accordance with the Mine Reclamation Trust Funds Agreement among the San Juan Participants, dated June 1, 2012. The Reclamation Trust Fund was fully funded in December 2017. As of June 30, 2018 and 2017, reclamation funds totaled \$25.9 million and \$11.9 million, respectively. For the fiscal year ended June 30, 2018, actual reclamation expenses totaled \$0.52 million.

San Juan asset retirement obligation write-down – Due to the termination of the Authority’s ownership of SJGS plant, for the fiscal year 2017, the Authority also decided to write down the Project’s Net utility plant to \$3.9 million in the statements of net position. As a result, the Authority recognized \$108.6 million asset retirement obligation write down as a special item in the statements of revenues, expenses, and changes of net position. The remaining net utility plant was fully amortized on December 31, 2017. Effective January 2018, the Authority wrote off \$3.3 million assets and liabilities due to the transfer of ownership interests in SJGS plant.

Investments – Investments include United States government and governmental agency securities, guaranteed investment contracts, medium term notes, and money market accounts. These investments are reported at fair value and changes in unrealized gains and losses are recorded in the statement of revenues, expenses, and changes in net position with the exception of the guaranteed investment contracts which are recorded at amortized cost. Gains and losses realized on the sale of investments are generally determined using the specific identification method.

The Bond Indentures for the Projects require the use of trust funds to account for the Authority’s receipts and disbursements. Cash and investments held in these funds are restricted to specific purposes as stipulated in the Bond Indentures.

Accounts receivable – Accounts receivable consists primarily of participant receivables. As such no allowance is deemed necessary.

Prepaid and other assets – SCPA entered into a prepaid gas contract with a supplier for a 30-year gas supply at a fixed discount and simultaneously entered into a contract with each of the project participants for the delivery of natural gas. The prepaid contracts were subsequently restructured and the term of the agreements were shortened to 27 years. SCPA has also entered into 20-year term prepaid contracts for all of the energy generated by the Milford I Wind, Milford II Wind, and the Windy Point/Windy Flats Facilities, with corresponding power sales contracts with each project participant (see Note 1).

Advance to IPA – Advance to IPA consists of cash transferred to IPA for reserve, contingency, and self-insurance funding and relates to the STS Project.

Unamortized premiums and discounts – Unamortized premiums and discounts are recorded as part of long-term debt and amortized over the life of the related debt issue.

Cash and cash equivalents – Cash and cash equivalents include cash and investments with original maturities of 90 days or less.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted cash and investments – Restricted cash and investments are set aside to meet externally imposed legal and contractual obligations. Restricted cash and investments are used in accordance with their requirements and include certain proceeds of the Authority's revenue bonds, as well as resources set aside for their repayment, and participant advances restricted for costs of certain capital projects.

Deferred outflow and inflow of resources – Losses on refunding related to bonds redeemed by refunding bonds are reported as deferred outflows of resources and are amortized over the shorter life of the refunding bonds, or the remaining term of bonds in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

In addition, the accumulated decrease in the fair value of effective hedging derivative instruments are reported as deferred outflow of resources. Under hedge accounting, the changes in the fair value of an effective hedging derivative instrument, in asset or liability positions, are reported as a deferred inflow of resources or deferred outflow of resources, respectively, on the Statements of Net Position.

See Note 11 for a description of the deferred outflows of resources and the deferred inflows of resources related to the pension and other post-employment benefits liabilities (OPEB).

Materials and supplies – Materials and supplies consist primarily of items for construction and maintenance of plant assets and are stated at the lower of cost or market.

Arbitrage rebate and yield restrictions – The unused proceeds from the issuance of tax-exempt debt have been invested in taxable financial instruments. The excess of earnings on investments, if any, over the amount that would have been earned if the investments had a yield equal to the bond yield or yield restricted rate, is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter until final maturity of the related bonds.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of SPCPA's California Public Employees' Retirement System (CalPERS), Miscellaneous plans (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported to CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Revenues – Revenues consist of billings to participants for the sales of electric energy, natural gas, and transmission service in accordance with the participation agreements. Generally, revenues are fixed at a level to recover all operating and any debt service costs over the commercial life of the property.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

In September 1998, the Palo Verde participants approved a resolution authorizing the Authority to bill the participants an additional \$65 million annually through June 30, 2004 to pay for increased debt service costs as a result of a refunding completed in October 1997. In addition, the participants resolved to transfer any over billings, renewal and replacement excess funds, or surplus amounts through June 30, 2004 into the Palo Verde reserve account. On November 20, 2003, the Authority adopted a resolution to utilize the amounts on deposit in the reserve accounts to pay a portion of the operating and maintenance expenses of the Palo Verde Project starting July 1, 2004. In fiscal year 2017, the funds held in the reserve account have been fully utilized.

Transportation costs – As a result of the sales and purchases agreements for natural gas entered into by SCPPA, the participants receive less volume than processed incurring embedded transportation costs. These costs are recorded as participants' revenue and expense to the Natural Gas Pinedale Project. At June 30, 2018 and 2017, transportation costs were approximately \$119,100 and \$95,700, respectively, for the Natural Gas Pinedale Project.

Non-exchange contribution – Each participant of the Magnolia Power Plant is responsible for its own share of natural gas. They may elect to bring fuel to the plant or purchase fuel from Occidental Energy Marketing, Inc. (OEMI). OEMI computes the daily imbalances of fuel volume per participant using the daily consumption data that the operating manager provides. Monthly, actual fuel burnt is reported together with the daily imbalances, participants' in kind contribution, and fuel purchases from OEMI.

Non-exchange contributions are valued at fair market value and recorded as participant revenue and fuel expense to the Magnolia Power Project. SCPPA values the participants' fuel contribution using monthly average pricing from the Project's OEMI fuel purchases. During the fiscal years ended June 30, 2018 and 2017, the participants' contribution in kind was approximately 9.9 MMBtu and 8.8 MMBtu and was valued at approximately \$34.7 million and \$28.3 million, respectively.

Build America Bonds (BABs) – These are taxable municipal bonds that were created under the American Recovery and Reinvestment Act of 2009, and carry special tax credits and federal subsidies for either the bond issuer or the bondholder. BABs provide for a subsidy payment from the Department of the Treasury to be paid directly to the issuer (Direct Payment) or the bondholder (Tax Credit BABs) in an amount equal to 35% of the bond's interest. On June 9, 2010, SCPPA issued \$191 million of Canyon Power 2010 Series B, Direct Payment BABs. \$41.5 million of the Linden Wind 2010 Series B, Direct Payment BABs, were issued on September 28, 2010. On January 26, 2017, the Canyon Power 2010 Series B Bonds were refunded by the 2017 Series A Refunding Bonds, resulting to the termination of the BABs subsidy received from the US Treasury.

The budget sequestration or automatic spending cuts of the United States Government that went into effect in 2013 resulted in a 7.2% decrease of the BABs subsidies received by the Authority for the related bonds. During the fiscal year ended June 30, 2018, BABs subsidy received for the debt service payments made on July 1, 2017 was reduced by 6.9% and by 6.6% for the payments made on January 1, 2018.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 3 – Utility Plant

At June 30, 2018, Net utility plant consisted of the following (amounts in thousands):

	June 30, 2018							
	GENERATION					GREEN POWER		
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Upgrading	Tieton Hydro-power	Linden Wind Energy
Utility plant								
Production	\$ 748,300	\$ 3,917	\$ 289,348	\$ 253,020	\$ 310,272	\$ -	\$ 35,247	\$ 123,082
Transmission	18,615	-	15,247	31,853	-	-	13,371	23,431
General	4,329	-	16,233	550	323	-	11	-
Natural gas reserves	-	-	-	-	-	-	-	-
	771,244	3,917	320,828	285,423	310,595	-	48,629	146,513
Less accumulated depreciation	564,841	3,917	142,197	64,837	53,781	-	12,396	45,298
	206,403	-	178,631	220,586	256,814	-	36,233	101,215
Construction work in progress	36,535	-	654	28	19,527	-	-	-
Nuclear fuel, at amortized cost	45,578	-	-	-	-	-	-	-
Net utility plant	<u>\$ 288,516</u>	<u>\$ -</u>	<u>\$ 179,285</u>	<u>\$ 220,614</u>	<u>\$ 276,341</u>	<u>\$ -</u>	<u>\$ 36,233</u>	<u>\$ 101,215</u>
	TRANSMISSION			NATURAL GAS		OTHERS		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	SCPPA Fund	Total	
Utility plant								
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,763,186	
Transmission	770,498	82,070	206,404	-	-	-	1,161,489	
General	44,400	3,159	509	4,092	-	7,226	80,832	
Natural gas reserves	-	-	-	73,196	85,104	-	158,300	
	814,898	85,229	206,913	77,288	85,104	7,226	3,163,807	
Less accumulated depreciation	644,147	35,719	104,107	43,180	43,519	692	1,758,631	
	170,751	49,510	102,806	34,108	41,585	6,534	1,405,176	
Construction work in progress	-	28	-	5	78	-	56,855	
Nuclear fuel, at amortized cost	-	-	-	-	-	-	45,578	
Net utility plant	<u>\$ 170,751</u>	<u>\$ 49,538</u>	<u>\$ 102,806</u>	<u>\$ 34,113</u>	<u>\$ 41,663</u>	<u>\$ 6,534</u>	<u>\$ 1,507,609</u>	

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 3 – Utility Plant (continued)

The SCPPA Board of Directors approved Resolution No. 2015-076, authorizing the divestiture of the Authority's ownership interest in San Juan Project effective December 2017. Consequently, the Authority decided to write down its net utility plant and recognized reclamation and decommissioning obligation as of June 30, 2017.

At June 30, 2017, Net utility plant consisted of the following (amounts in thousands):

	June 30, 2017							
	GENERATION					GREEN POWER		
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Linden Wind Energy
Utility plant								
Production	\$ 745,413	\$ 3,917	\$ 287,860	\$ 252,403	\$ 295,802	\$ -	\$ 35,118	\$ 123,082
Transmission	18,485	-	15,248	31,853	-	-	13,371	23,431
General	4,183	-	16,232	550	5,086	21	11	-
Natural gas reserves	-	-	-	-	-	-	-	-
	<u>768,081</u>	<u>3,917</u>	<u>319,340</u>	<u>284,806</u>	<u>300,888</u>	<u>21</u>	<u>48,500</u>	<u>146,513</u>
Less accumulated depreciation	<u>543,576</u>	<u>-</u>	<u>131,219</u>	<u>55,286</u>	<u>40,265</u>	<u>21</u>	<u>10,870</u>	<u>39,484</u>
	<u>224,505</u>	<u>3,917</u>	<u>188,121</u>	<u>229,520</u>	<u>260,623</u>	<u>-</u>	<u>37,630</u>	<u>107,029</u>
Construction work in progress	27,454	-	1,981	196	113	-	-	-
Nuclear fuel, at amortized cost	45,642	-	-	-	-	-	-	-
Net utility plant	<u>\$ 297,601</u>	<u>\$ 3,917</u>	<u>\$ 190,102</u>	<u>\$ 229,716</u>	<u>\$ 260,736</u>	<u>\$ -</u>	<u>\$ 37,630</u>	<u>\$ 107,029</u>

	TRANSMISSION		NATURAL GAS		OTHERS		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	SCPPA Fund	Total
	Utility plant						
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,743,595
Transmission	770,498	82,007	206,142	-	-	-	1,161,035
General	44,400	3,218	771	4,092	-	4,635	83,199
Natural gas reserves	-	-	-	73,182	84,986	-	158,168
	<u>814,898</u>	<u>85,225</u>	<u>206,913</u>	<u>77,274</u>	<u>84,986</u>	<u>4,635</u>	<u>3,145,997</u>
Less accumulated depreciation	<u>621,393</u>	<u>32,748</u>	<u>97,845</u>	<u>39,758</u>	<u>41,556</u>	<u>573</u>	<u>1,654,594</u>
	<u>193,505</u>	<u>52,477</u>	<u>109,068</u>	<u>37,516</u>	<u>43,430</u>	<u>4,062</u>	<u>1,491,403</u>
Construction work in progress	-	42	-	14	117	998	30,915
Nuclear fuel, at amortized cost	-	-	-	-	-	-	45,642
Net utility plant	<u>\$ 193,505</u>	<u>\$ 52,519</u>	<u>\$ 109,068</u>	<u>\$ 37,530</u>	<u>\$ 43,547</u>	<u>\$ 5,060</u>	<u>\$ 1,567,960</u>

Southern California Public Power Authority Notes to Combined Financial Statements

Note 3 – Utility Plant (continued)

A summary of changes in Utility Plant follows (amounts in thousands):

	Balance July 1, 2017	Additions	Disposals	Transfers	Balance June 30, 2018
Nondepreciable utility plant					
Land	\$ 56,102	\$ -	\$ -	\$ -	\$ 56,102
Construction work in progress	30,793	35,541	-	(9,550)	56,784
Construction work in progress – gas	123	83	-	(132)	74
Nuclear fuel*	45,642	13,576	(13,640)	-	45,578
Total nondepreciable utility plant	132,660	49,200	(13,640)	(9,682)	158,538
Depreciable utility plant					
Production					
Nuclear generation (Palo Verde Project)	744,501	(265)	(1,690)	4,841	747,387
Coal-fired plant (San Juan Unit 3 Project)	6,490	-	-	-	6,490
Gas-fired plant	829,810	9,651	(50)	2,117	841,528
Green power	160,706	128	-	-	160,834
Transmission	1,112,636	137	(2)	-	1,112,771
General	74,748	362	(120)	2,592	77,582
Natural gas reserves	161,003	-	-	132	161,135
Total depreciable utility plant	3,089,894	10,013	(1,862)	9,682	3,107,727
Less accumulated depreciation	(1,654,594)	(104,827)	765	-	(1,758,656)
Total utility plant, net	\$ 1,567,960	\$ (45,614)	\$ (14,737)	\$ -	\$ 1,507,609

*Nuclear fuel disposals represent amortization.

Note 4 – Investments

The Authority's investment function operates within a legal framework established by Sections 6509.5 and 53600 et. seq. of the California Government Code, Indentures of Trust, and instruments governing financial arrangements entered into by the Authority to finance and operate Projects and the Authority's Investment Policy.

Guaranteed investment contracts (GICs) are contracts that guarantee the owner principal repayment and a specified interest rate for a predetermined period of time. GICs are typically issued by insurance companies and marketed to institutions that qualify for favorable tax status under federal laws. These types of securities provide institutions with guaranteed returns. GICs are negotiated on a case-by-case basis.

Based on SCPA's Investment Policy, certain vehicles such as GICs, flexible repurchase agreements or forward debt service agreements, may be entered into only upon approval of the SCPA Board. In addition, eligible securities and general limitations are derived from each Project's Indenture of Trust, the Government Code and SCPA's evolving investment practices.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

The operative Indentures of Trust in which securities are authorized for investment purposes relate to the Palo Verde Project Bonds, the Southern Transmission System Project Bonds, the Hoover Upgrading Project Bonds, the Mead-Phoenix Project Bonds, the Mead-Adelanto Project Bonds, the San Juan Project Bonds, the Magnolia Power Project Bonds, the Pinedale Project Bonds, the Barnett Project Bonds, Prepaid Natural Gas Project Bonds, the Canyon Power Project Bonds, the Milford Wind Phase I Project Bonds, the Milford Wind Phase II Project Bonds, the Linden Wind Project Bonds, the Tieton Project Bonds, the Windy Point/Windy Flats Bonds, and the Apex Power Project Bonds. Authorized investments for the Projects' Stabilization Fund are set forth in a resolution approved by the Board in 1996 and amended and approved in 2016.

Eligible securities include:

- United States Treasury Securities, which are bonds or other obligations secured by the full faith and credit of the United States of America;
- Federal Agency Obligations, which have the full financial backing of the U.S. Government;
- Government Sponsored Enterprise Obligations, which are created by acts of Congress to provide liquidity for selected lending programs targeted by Congress;
- Repurchase Agreements, which are collateralized loan contracts where the seller includes a written agreement to repurchase the securities at a later date for a specified amount;
- Negotiable Certificates of Deposit, which are deposit liabilities issued by a nationally or state-chartered bank, a savings or a federal association or by a state-licensed branch of a foreign bank, which has short-term ratings of at least "A-1" by S&P and at least "P-1" by Moody's;
- Bankers' Acceptances, a short-term draft or bill of exchange guaranteed for payment at face value to the holder of the instrument on its maturity date, which has a short-term rating of at least "A-1" by S&P and at least "P-1" by Moody's;
- Commercial Paper, a short-term unsecured promissory note issued by non-financial or financial firms with a rating of at least "A-1" by S&P and at least "P-1" by Moody's;
- Medium Term Notes rated "A" or better and only those issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States;
- Mortgage-Backed and Asset-Backed Obligations, which are secured by a mortgage or collection of mortgages, credit card receivables, student and auto loans, which are rated "AA" or its equivalent or better by NRSRO and whose issuer have a rating of "A" or higher for the issuer's debt as provided by NRSRO;
- State of California Obligations such as warrants, treasury notes, or bonds, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the State of California or by a department, board, agency, or authority of the State of California with a rating of "A" or better;
- California Local Agency Obligations such as notes, warrants, or bonds including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency with a rating of "A" or better;

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

- State (Other than California) Obligations such as notes or bonds of any of the other 49 states in addition to California was a rating of “A” or better;
- Supranationals, which are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank of Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank with the rating of “AA” or better;
- Placement Service Deposits placed through a deposit placement service that meet the requirements of Code Section 53601.8, with a maximum term of one year or less; and
- Equity-Linked Notes, which are categorized as medium-term corporate notes and are subject to the constraints set forth in the Government Code and the Authority’s Investment Policy.

As of June 30, 2018, the Authority held the following as cash and cash equivalents and investments:

Investment Type	Fair Value (in thousands)	Weighted Average Maturity (Years)	Percent of Portfolio
U.S. Agency Securities	\$ 411,807	0.42	44.4%
Guaranteed Investment Contracts	19,972	18.98	2.2%
Money Market Funds	87,982	0.08	9.5%
Supranational Securities	32,049	0.11	3.5%
Commercial Paper	3,198	0.04	0.3%
U.S. Treasury Securities	22,073	0.32	2.4%
Medium Term Corporate Notes	3,075	3.01	0.3%
Negotiable CDs	20,048	0.04	2.2%
Municipal Bonds	2,119	1.08	0.2%
U.S. Agency Discount Notes	324,138	0.06	35.0%
Total	<u>\$ 926,461</u>	<u>0.65</u>	<u>100.0%</u>

The “weighted average maturity in years” calculation assumes that all investments are held until maturity.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

Investments at June 30, 2018 are as follows (amounts in thousands):

	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
U.S. agencies	\$ 187,807	\$ 24,577	\$ 32,478	\$ 6,430	\$ 11,041	\$ -	\$ 4,922	\$ 21,187	\$ 3,118	\$ 10,090	\$ 2,317
Agency discount notes	17,723	10,595	38,156	12,800	15,800	-	1,550	11,350	12,078	31,004	7,200
Supranational Securities	6,756	3,394	-	-	3,000	-	-	3,100	2,100	6,100	1,300
Negotiable CDs	-	3,999	3,999	-	-	-	-	-	-	-	-
Commercial paper	-	1,599	-	-	-	-	-	-	-	-	-
GICs	-	-	-	-	-	-	-	-	-	-	-
U.S. Treasury Securities	-	-	1,984	-	-	-	-	1,994	-	-	-
Medium Term Corporate Notes	3,075	-	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	2,119	-	-	-	-	-	-	-	-
Money Market Funds	5,838	1,622	10,363	4,387	2,652	-	1,826	3,820	1,698	779	845
Total	\$ 221,199	\$ 45,786	\$ 89,099	\$ 23,617	\$ 32,493	\$ -	\$ 8,298	\$ 41,451	\$ 18,994	\$ 47,973	\$ 11,662
Restricted investments	\$ 192,198	\$ 29,237	\$ 57,474	\$ 13,630	\$ 17,642	\$ -	\$ 5,722	\$ 32,931	\$ 7,418	\$ 28,011	\$ 6,317
Unrestricted investments	16,383	-	2,976	-	-	-	-	-	3,680	2,486	-
Cash and cash equivalents	12,618	16,549	28,649	9,987	14,851	-	2,576	8,520	7,896	17,476	5,345
Total	\$ 221,199	\$ 45,786	\$ 89,099	\$ 23,617	\$ 32,493	\$ -	\$ 8,298	\$ 41,451	\$ 18,994	\$ 47,973	\$ 11,662

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 4 – Investments (continued)

Investments at June 30, 2018 are as follows (amounts in thousands):

	TRANSMISSION			NATURAL GAS			POWER PURCHASE AGREEMENTS	MISCELLANEOUS			Total
	Southern Transmission System	Mead-Phoenix	Mead- Adelanto	Pinedale	Barnett	Prepaid Natural Gas	Combined	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
U.S. agencies	\$ 8,645	\$ -	\$ 1,987	\$ -	\$ 17,320	\$ -	\$ -	\$ -	\$ 79,888	\$ -	\$ 411,807
Agency discount notes	62,599	4,000	20,374	3,995	8,527	1,995	45,012	-	19,380	-	324,138
Supranational Securities	1,100	1,100	1,600	-	-	-	-	-	2,499	-	32,049
Negotiable CDs	7,000	-	1,000	-	1,450	-	-	-	2,600	-	20,048
Commercial paper	-	-	-	-	-	-	-	-	1,599	-	3,198
GICs	7,789	-	-	-	-	12,183	-	-	-	-	19,972
U.S. Treasury Securities	-	2,040	1,860	-	7,747	-	-	-	6,448	-	22,073
Medium Term Corporate Notes	-	-	-	-	-	-	-	-	-	-	3,075
Municipal Bonds	-	-	-	-	-	-	-	-	-	-	2,119
Money Market Funds	4,323	2,157	3,364	7,678	7,459	2,904	18,910	470	6,850	37	87,982
Total	\$ 91,456	\$ 9,297	\$ 30,185	\$ 11,673	\$ 42,503	\$ 17,082	\$ 63,922	\$ 470	\$ 119,264	\$ 37	\$ 926,461
Restricted investments	\$ 61,635	\$ 4,940	\$ 21,021	\$ -	\$ 28,947	\$ 12,183	\$ -	\$ -	\$ 88,836	\$ -	\$ 608,142
Unrestricted investments	-	-	-	-	-	-	15,149	-	-	-	40,674
Cash and cash equivalents	29,821	4,357	9,164	11,673	13,556	4,899	48,773	470	30,428	37	277,645
Total	\$ 91,456	\$ 9,297	\$ 30,185	\$ 11,673	\$ 42,503	\$ 17,082	\$ 63,922	\$ 470	\$ 119,264	\$ 37	\$ 926,461

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

Investments at June 30, 2017 are as follows (amounts in thousands):

	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
U.S. agencies	\$ 182,307	\$ 15,481	\$ 44,160	\$ 8,029	\$ 29,124	\$ 2,256	\$ 3,455	\$ 21,292	\$ 3,142	\$ 9,226	\$ 2,317
Agency discount notes	42,568	29,465	33,774	15,100	15,700	2,295	2,300	15,697	11,100	32,200	7,588
Negotiable CDs	2,400	-	7,408	-	1,000	-	1,530	1,700	1,200	4,400	-
Commercial paper	2,987	1,998	2,500	-	1,600	-	-	-	-	-	-
GICs	-	-	-	-	-	-	-	-	-	-	-
Bankers acceptance	1,988	-	-	-	-	-	-	-	-	-	-
Money market funds	2,106	219	6,052	1,610	1,613	91	1,490	347	351	566	1,070
Total	\$ 234,356	\$ 47,163	\$ 93,894	\$ 24,739	\$ 49,037	\$ 4,642	\$ 8,775	\$ 39,036	\$ 15,793	\$ 46,392	\$ 10,975
Restricted investments	\$ 198,917	\$ 19,608	\$ 66,130	\$ 18,129	\$ 41,325	\$ 3,153	\$ 6,385	\$ 30,792	\$ 9,343	\$ 31,027	\$ 5,607
Unrestricted investments	16,199	23,455	-	-	-	499	-	-	1,200	2,100	1,000
Cash and cash equivalents	19,240	4,100	27,764	6,610	7,712	990	2,390	8,244	5,250	13,265	4,368
Total	\$ 234,356	\$ 47,163	\$ 93,894	\$ 24,739	\$ 49,037	\$ 4,642	\$ 8,775	\$ 39,036	\$ 15,793	\$ 46,392	\$ 10,975

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 4 – Investments (continued)

Investments at June 30, 2017 are as follows (amounts in thousands):

	TRANSMISSION			NATURAL GAS			POWER PURCHASE AGREEMENTS	MISCELLANEOUS			Total
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	Prepaid Natural Gas	Combined	Project Development Fund	Projects' Stabilization Fund	SCPPA Fund	
U.S. agencies	\$ 11,693	\$ -	\$ 1,990	\$ -	\$ 21,947	\$ -	\$ -	\$ -	\$ 99,584	\$ -	\$ 456,003
Agency discount notes	62,201	7,100	23,300	5,997	10,982	1,300	37,057	-	21,970	-	377,694
Negotiable CDs	1,065	-	2,800	-	-	-	-	-	-	-	23,503
Commercial paper	1,499	-	-	998	2,994	-	-	-	6,896	-	21,472
GICs	7,789	-	-	-	-	11,841	-	-	-	-	19,630
Bankers acceptance	-	-	-	-	-	-	-	-	-	-	1,988
Money market funds	5,542	2,366	1,985	5,998	6,852	3,441	15,932	505	5,252	1,630	65,018
Total	\$ 89,789	\$ 9,466	\$ 30,075	\$ 12,993	\$ 42,775	\$ 16,582	\$ 52,989	\$ 505	\$ 133,702	\$ 1,630	\$ 965,308
Restricted investments	\$ 62,348	\$ 5,400	\$ 18,390	\$ 1,000	\$ 31,930	\$ 11,841	\$ -	\$ -	\$ 116,506	\$ -	\$ 677,831
Unrestricted investments	2,000	-	-	1,999	-	-	14,373	-	-	-	62,825
Cash and cash equivalents	25,441	4,066	11,685	9,994	10,845	4,741	38,616	505	17,196	1,630	224,652
Total	\$ 89,789	\$ 9,466	\$ 30,075	\$ 12,993	\$ 42,775	\$ 16,582	\$ 52,989	\$ 505	\$ 133,702	\$ 1,630	\$ 965,308

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

Interest rate risk – The Authority’s investment policy limits the maturity of its investments to a maximum of five years for investments in the United States Treasury, Federal Agency, and Government Sponsored Enterprise securities, excluding: investments held in Project Debt Service Reserve; long-term commitments or agreements approved by the Authority’s Board; five years for medium term corporate notes; 270 days for commercial paper; 180 days for bankers’ acceptances; and one year for negotiable certificates of deposits.

Credit risk – Under its investment policy and the State of California Government Code, the Authority is subject to the prudent investor standard of care in managing all aspects of its portfolios. As an investment standard, each investment shall be made with “judgment and care under circumstances then prevailing, which a person of prudence, discretion and intelligence would exercise in the management of his/her affairs, not in regard for speculation, but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of the capital to be invested.” The Authority’s investment policy does not preclude active management of the portfolio to address market opportunities. All transactions shall be undertaken in the best interest of the Authority and its participants.

The Authority’s investment policy specifies that all project funds may be invested in shares of beneficial interest for temporary periods, pending disbursement or reinvestment as allowed under the state of California Government Code (Code). The Code requires that the fund must have either 1) attained the highest ranking or highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations (NRSRO) or 2) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of \$500 million. As of June 30, 2018, money market funds in the portfolios with Bank of New York Mellon have attained the following ratings: AAAM by Standard and Poor’s, and Aaa-mf by Moody’s Investors Service; while money market funds in the portfolios with US Bank have attained ratings of AAAM by Standard and Poor’s, AAAMf by Moody’s Investors Service, and AAAMmf by Fitch Ratings.

The U.S. government agency securities in the portfolio consist of securities issued by government-sponsored enterprises, which are not explicitly guaranteed by the U.S. government. As of June 30, 2018 and 2017, the U.S. government agency securities in the portfolio carried the highest possible credit ratings by the NRSRO that rated them.

The Guaranteed Investment Contracts in the portfolio with American International Group (AIG) consist of securities issued by corporations and carry a rating of Baa1 by Moody’s Investors Service, BBB+ by Standard and Poor’s, and BBB+ by Fitch Rating.

The Investment Agreement Contract with American General Life consists of securities issued by corporations and carries a rating of A+ by Standard and Poor’s, A2 by Moody’s and A+ by Fitch Ratings.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 4 – Investments (continued)

The Investment Agreement Contract in the portfolio with Assured Guaranty (formerly Financial Security Assurance) consists of securities issued by corporations and carries a rating of A by Standard and Poor's, and Baa2 by Moody's Investors Service.

Concentration of credit risk – The Authority's investment policy specifies a 100% percentage limitation on the amount that can be invested in U.S. government agency securities, except in certain issues of other Authority projects, such as the STS project, specifically relating to the 1992 Subordinate Refunding Bond.

Of the Authority's total investments as of June 30, 2018, \$340.6 million (36.8%) was invested in securities issued by the Federal Home Loan Bank; \$44.5 million (4.8%) was invested with Farm Credit Bank; \$97.2 million (10.5%) was invested in securities issued by the Federal National Mortgage Association; \$253.7 million (27.4%) was invested with Federal Home Loan Mortgage; \$22.1 million (2.4%) was invested in US Treasuries; \$20.0 million (2.2%) was invested in Certificates of Deposit; \$3.2 million (0.3%) was invested in Commercial Paper; \$20.0 million (2.2%) was invested in GICs; \$32.0 million (3.5%) was invested in Supranational Securities; \$3.1 million (0.3%) was invested in Medium Term Corporate Notes; and \$2.1 million (0.2%) was invested in Municipal Bonds.

Of the Authority's total investments as of June 30, 2017, \$292.8 million (30.3%) was invested in securities issued by the Federal Home Loan Bank; \$69.6 million (7.2%) was invested with Farm Credit Bank; \$134.1 million (13.9%) was invested in securities issued by the Federal National Mortgage Association; \$337.2 million (34.9%) was invested with Federal Home Loan Mortgage; \$23.5 million (2.4%) was invested in Certificates of Deposit; \$1.99 million (0.2%) was invested in Medium Term Corporate Notes; \$21.5 million (2.2%) was invested in Commercial Paper; and \$19.6 million (2.0%) was invested in GICs.

Note 5 – Derivative Instruments

Objective of the swaps – SCPPA uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps and also to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts. An interest rate swap is the exchange of payments between SCPPA and a counterparty in order to potentially obtain a lower cost of funding than traditional fixed rate bonds, or to hedge interest rate exposure on SCPPA's assets or liabilities. The Authority has entered into separate pay-fixed, receive-variable interest rate swaps and four basis swaps to produce savings or to result in lower costs over the life of each transaction than what the Authority would have paid using fixed-rate debt.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

The Authority has adopted Statement No. 53 of the GASB, *Accounting and Financial Reporting for Derivative Instruments (GASB 53)*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. In accordance with GASB 53, SCPA recognizes the changes in fair values of effective hedging derivative instruments as either deferred inflows or outflows of resources on the Authority's Statements of Net Position and includes changes in the fair value of an ineffective derivative instrument in earnings.

For fiscal year ended June 30, 2018, the balance for the swaps deemed to qualify for effective hedge accounting under GASB 53 was a net liability and corresponding deferred outflows of resources of \$17.2 million. It is a decrease of \$7.5 million from the liability balance of \$24.7 million at June 30, 2017.

For the swaps that were deemed ineffective derivative instruments under GASB 53, the changes were reported in the statements of revenues, expenses and changes in net position. The net liability balance for the ineffective derivative instruments at June 30, 2018 was \$5.5 million, a decrease of \$8.6 million from the liability balance of \$14.1 million at June 30, 2017.

For fiscal year ended June 30, 2017, the balance for the swaps deemed to qualify for effective hedge accounting under GASB 53 was a net liability and corresponding deferred outflows of resources of \$24.7 million. It is a decrease of \$13.2 million from the liability balance of \$37.9 million at June 30, 2016.

For the swaps that were deemed ineffective derivative instruments under GASB 53, the changes were reported in the statements of revenues, expenses and changes in net position. The net liability balance for the ineffective derivative instruments at June 30, 2017 was \$14.1 million a decrease of \$7.5 million from the liability balance of \$21.6 million at June 30, 2016.

Terms, fair values, and credit risk – The terms, including the fair values and credit ratings of the counterparties under the outstanding swaps as of June 30, 2018, are included in the table on the following page. In most cases, and with the exclusion of basis swaps, the notional amount of any swap matches the principal amount of the associated debt. Except as discussed under the rollover risk, and when associated with basis swaps, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

	Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (in thousands)	Swap Termination Date	Counterparty Credit Rating*
MAG 2010-1 Swap (Barclays)	\$ 100,000	5/11/2010	SIFMA	80.4% of 3-month LIBOR	\$ 1,140	7/1/2036	A/A2/A
MAG 2010-2 Swap (RBC)	100,000	5/12/2010	SIFMA	81% of 3-month LIBOR	1,339	7/1/2036	AA-/A1/AA
MAG 2009-1 Swap (BNYMellon)	109,041	5/1/2012	3.125%	SIFMA	(9,769)	7/1/2036	AA-/Aa2/AA
MAG 2009-2 Swap (JPMorgan)	-	9/22/2017	3.139%	SIFMA	(6,773)	7/1/2036	A+/Aa3/AA
MA 2007 Swap (JPMorgan)	100,000	6/1/2018	1-month LIBOR	100% of 10-yr LIBOR CMS rate less .414%	(1,218)	9/15/2030	A+/Aa3/AA
PNG 2007 Swap (J. Aron)	36,000	5/1/2009	5.0475%	67% of 3-Month LIBOR plus 1.47%	(7,425)	11/1/2035	BBB+/A3/A
	<u>\$ 445,041</u>				<u>\$ (22,706)</u>		

* S&P/Moody's/Fitch ratings

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

- **MAG 2017-1 Swap (amended/restated)** – This swap transaction amends and restates the MAG 2009-2 Swap which amended the MAG 2007-1 Swap. The original transaction was novated from Bear Stearns to JP Morgan on November 6, 2008 and was amended and restated on April 21, 2009. Under the MAG 2009-2 Swap, the Authority was paying its counterparty a fixed rate of 3.139% in exchange for receiving 100% of the SIFMA Index on a notional amount of \$109.9 million. In order to provide more favorable terms to the participants, SCPA made a payment of \$15.7 million to the counterparty which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. The amendment allowed the parties to re-coupon the swaps, change the collateral posting requirements, and to move to uninsured swaps. In August 2012, the swap documents were amended to raise the collateral threshold.

On September 22, 2017 the MAG 2017-1 Swap restructured the MAG 2009-2 Swap. Under the MAG 2017-1 Swap, SCPA makes scheduled monthly payments to the counterparty commencing on October 1, 2017 through July 1, 2020. Commencing July 1, 2020, SCPA will recommence making fixed rate payments at 3.139% and receive floating rate payments at 100% of the SIFMA Index on an initial notional amount of \$63,840,000. Additionally, a portion of the MAG 2009-2 swap was terminated and SCPA paid the counterparty a restructure payment of \$7.3 million.

- **MAG 2010-1 Swap** – In May 2010, SCPA executed \$100 million Securities Industry and Financial Markets Association Swap Index (SIFMA)/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-1. SCPA pays the 6-month average of the weekly reset SIFMA Municipal Swap Index semi-annually on an Actual/Actual basis in exchange for receiving 80.4% of average 3-Month LIBOR, reset quarterly and paid semi-annually on an Actual/360 day basis. The swap expires on July 1, 2036.
- **MAG 2010-2 Swap** – In May 2010, SCPA executed \$100 million SIFMA/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-2. SCPA pays the 6-month average of the weekly reset SIFMA Municipal Swap Index semi-annually on an Actual/Actual basis in exchange for receiving 81.0% of average 3-Month LIBOR, reset quarterly and paid semi-annually on an Actual/360 day basis. The swap expires on July 1, 2036.
- **MAG 2009-1 Swap (restated/novated)** – This swap transaction amends the MAG 2007-1 Swap, which had an original trade date of April 30, 2007. The transaction was amended and restated as of April 21, 2009. The Authority pays its counterparty a fixed rate of 3.125% in exchange for receiving 100% of the SIFMA on a notional amount of \$109.0 million. In order to provide more favorable terms to the participants, SCPA made a payment of \$15.7 million to the counterparty which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. The amendment allowed the parties to re-coupon the swaps, change the collateral posting requirements, and to move to uninsured swaps. In May 2012, the swap was novated to a new counterparty and the swap documents were amended to raise the collateral threshold.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

- **MA 2007 Swap (amended)** – In January 2007, the Authority entered into a Constant Maturity Swap (CMS) in connection with its outstanding Mead-Adelanto Project bonds. The transaction consisted of a \$100 million basis swap and does not relate to any single series of the Mead-Adelanto bonds. The amended swap terms became effective on February 1, 2008 and the Authority pays the swap counterparty 100% of the one month LIBOR in exchange for receiving 100% of the 10-year LIBOR minus 41.4 basis points. The swap expires on September 15, 2030.

On November 5, 2008 the MA 2007 Swap was novated from Bear Stearns to JP Morgan. In addition, the swap was suspended until November 1, 2011. As part of the novation, the credit terms of the existing swap agreements were maintained and SCPPA received \$4.1 million from JP Morgan as compensation for the suspension of the cash flows of the MA 2007 CMS. The \$4.1 million was deferred to be amortized over the suspension term.

In June 2010, the MA 2007 CMS Agreement was amended to extend the suspension period from November 1, 2011 to June 1, 2018. SCPPA received \$5 million as compensation for the suspension of the cash flows of the swap, which was deferred and is being amortized over the suspension term. The credit terms of the existing swap agreements remains unchanged. Payment on the MA 2007 CMS Agreement will recommence on July 1, 2018.

- **PNG 2007 Swap** – In October 2007, SCPPA entered into an interest rate swap agreement in connection with the issuance of the Prepaid Natural Gas Project No. 1 Series 2007B Bonds. The swap hedges the interest-rate risk on the LIBOR Floating-rate bonds, where SCPPA pays a fixed rate of 5.0475% in exchange for receiving 67% of three-month LIBOR plus 1.47%. The floating index on the swap exactly matches the coupon on the Bonds and therefore provides a hedge with no tax or basis risk. The swap expires on November 1, 2035.
- **PNG 2007 Commodity Swap** – At the same time, SCPPA also entered into five commodity price swap agreements, on behalf of each of the Prepaid Natural Gas Project No. 1 Participants, in order to hedge against reductions to its gas sale revenues resulting from changes in monthly market index prices. SCPPA pays a floating natural gas price over a 30-year period and receives specified fixed natural gas prices at an agreed pricing point as determined in the Prepaid Natural Gas No. 1 Agreements. The swaps became effective on July 1, 2008 and will all expire on September 30, 2035.

Fair value – The Authority reports its derivative instruments in accordance with GASB 53 and records its fair values in accordance with GASB 72 (see Note 6).

While some of SCPPA's current mark to market values are negative, this valuation would be realized only if the swaps were terminated at the valuation date, and only SCPPA retains the right to optionally terminate most of the transactions.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

Interest-rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of SCPPA's financial instruments or cash flows. SCPPA is exposed to interest-rate risk on its pay-fixed, receive variable interest rate swaps. As the LIBOR or the SIFMA swap index decreases, SCPPA's net payment on swaps increases. In addition, SCPPA is exposed to interest rate risk if the counterparty to the swap defaults or if the swap is terminated.

Market access risk – Market access risk is the risk that SCPPA will not be able to enter credit markets or that credit will become more costly. SCPPA's financial rating is tied to the credit strength of the major participants of the specific project for which each financial instrument is issued. SCPPA is also exposed to market access risks caused by disruptions in the municipal bond market.

Credit risk – As of June 30, 2018, the net fair values of the Authority's applicable swaps for which payments were made were negative for each counterparty except for the MAG 2010-1 and MAG 2010-2 swap. However, should interest rates change and the fair values of the swaps become positive, the Authority may be exposed to credit risk in the amount of the derivatives' fair value.

The swap agreements contain varying collateral agreements with the counterparties. The swaps require full collateralization of the fair value of the swap should the counterparty's (or if applicable, the guarantors of the counterparty's) credit rating fall below AA- as issued by Standard & Poor's or Aa3 as issued by Moody's Investors Service for the MA 2007 Swaps; A/A2 for the PNG 2007 Commodity Swap; and A-/A3 for the MAG 2010-1, MAG 2010-2, MAG 2009-1, and MAG 2009-2. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

The swap agreements provide that when the Authority has more than one derivative transaction with a given counterparty involving the same Authority project (and having the same swap/bond insurer), should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all such related transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Basis risk – Basis risk is the risk that the interest rate paid by the Authority on underlying variable rate bonds to bondholders exceeds the variable swap rate received from the counterparty, and the risk that both legs of a basis swap are not exactly equal. With the exception of the PNG 2007 Swap, the Authority bears basis risk on each of its swaps. The PNG 2007 Swap is perfectly hedged since the counterparty pays the Authority its actual variable bond rate on the related bonds.

All the other swaps have a basis risk since under each of those swaps the Authority received a percentage of LIBOR or a percentage of, or spread to, SIFMA to offset the actual variable bond rate or variable swap rate the Authority pays on any related bonds or on any basis swap. The Authority is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on any related bonds; or in the case of the floating-to-floating fixed-spread basis swap, less than the variable rate paid to the swap counterparty.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from a swap may not be fully realized.

The following is a summary of interest rates paid to and received from the counterparties as of June 30, 2018:

	MAG 2009-1 Swap	MAG 2010-1 Swap	MAG 2010-2 Swap	PNG 2007 Swap
Payments to counterparty	3.125%	1.268%	1.268%	5.048%
Less, variable payments from counterparty	1.268%	1.856%	1.870%	2.358%
Net interest-rate swap payments	1.857%	-0.588%	-0.602%	2.690%
Add, variable-rate bond coupon payments	1.400%	N/A	N/A	2.358%
Synthetic interest rate on bonds	<u>3.257%</u>	<u>-0.588%</u>	<u>-0.602%</u>	<u>5.048%</u>

Termination risk – The Authority or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps were terminated, any associated variable rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk – Rollover risk is the risk that the swap contract is not co-terminus with the related bonds. In the event that this type of swap terminates, the Authority would be exposed to variable interest rates on the underlying bonds.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 5 – Derivative Instruments (continued)

Swap payments and associated debt – Using rates as of June 30, 2018, debt service requirements of the Authority’s outstanding variable rate debt and net swap payments are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	(amounts in thousands)			
	Variable-Rate Bonds		Interest-Rate Swaps, Net	Total
	Principal	Interest		
2019	\$ 465	\$ 1,997	\$ 2,783	\$ 4,780
2020	485	1,990	2,770	4,760
2021	900	3,342	3,555	6,897
2022	940	3,329	3,428	6,757
2023	5,665	3,256	3,322	6,578
2024–2028	112,465	13,836	13,801	27,637
2029–2033	175,815	9,129	9,633	18,762
2034–2038	189,875	3,048	3,470	6,518
	<u>\$ 486,610</u>	<u>\$ 39,927</u>	<u>\$ 42,762</u>	<u>\$ 82,689</u>

The following table shows the changes in fair value of derivative instruments (amounts in thousands):

Description	June 30, 2017	Change in Fair Value	June 30, 2018
Assets			
Mead Adelanto – Derivative instruments	\$ 1,171	\$ (1,171)	\$ -
	<u>\$ 1,171</u>	<u>\$ (1,171)</u>	<u>\$ -</u>
Deferred outflows of resources			
Magnolia – Deferred outflows	\$ 14,999	\$ (2,751)	\$ 12,248
Prepaid Natural Gas – Deferred outflows	9,704	(2,279)	7,425
	<u>\$ 24,703</u>	<u>\$ (5,030)</u>	<u>\$ 19,673</u>
Liabilities			
Magnolia – Derivative instruments	\$ 30,314	\$ (13,772)	\$ 16,542
Mead Adelanto – Derivative instruments	-	1,218	1,218
Prepaid Natural Gas – Derivative instruments	9,704	(2,279)	7,425
	<u>\$ 40,018</u>	<u>\$ (14,833)</u>	<u>\$ 25,185</u>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for years beginning after June 15, 2015. This statement clarifies the definition of fair value, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. This statement establishes a three-level hierarchy to the valuation techniques used to measure fair value. Disclosure is required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

In accordance with GASB 72, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair Value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different Levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The Authority's fair value measurements are performed on a recurring basis. Because investing is not a core part of the Authority's mission, the Authority determines that the disclosures related to these investments only need to be disaggregated by major type. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of SCPA's swaps reflect the nonperformance risk of their client counterparty relating to that liability, and the nonperformance risk of the bank counterparty relating to that asset. The tables on pages 90 and 91 present fair value balances and their levels within the fair value hierarchy as of June 30, 2018 and 2017. The investment balances presented exclude amounts related to Government Money Market Funds and Guaranteed Investment Contracts.

Fair value of SCPA's investments under GASB 72 – Debt and other securities classified in Level 1 of the fair value hierarchy are valued through the evaluation of information obtained from live data sources, including active market makers and inter-dealer brokers and the use of prices quoted in active markets for those securities. Level 2 Securities are valued using a multi-dimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement (continued)

Fair value of SCPPA's swaps under GASB 72 – Fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of a given transaction. The expected swap cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

The Authority has the following fair value measurements at June 30, 2018:

	Fair Value Using			
	June 30, 2018	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. government securities	\$ 22,073	\$ 22,073	\$ -	\$ -
U.S. agencies	735,945	-	735,945	-
Supranational securities	32,049	-	32,049	-
Municipal bonds	2,119	-	2,119	-
Total debt securities	<u>792,186</u>	<u>22,073</u>	<u>770,113</u>	<u>-</u>
Other				
Commercial paper	3,198	-	3,198	-
Certificate of deposit	20,048	-	20,048	-
Medium term corporate notes	3,075	-	3,075	-
Total other	<u>26,321</u>	<u>-</u>	<u>26,321</u>	<u>-</u>
Total investments by fair value level	<u>\$ 818,507</u>	<u>\$ 22,073</u>	<u>\$ 796,434</u>	<u>\$ -</u>
Derivative instruments by fair value level				
Investment derivative	\$ (5,512)	\$ -	\$ (5,512)	\$ -
Effective hedge	(17,194)	-	(17,194)	-
Total derivative instruments by fair value level	<u>\$ (22,706)</u>	<u>\$ -</u>	<u>\$ (22,706)</u>	<u>\$ -</u>

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 6 – Fair Value Measurement (continued)

The Authority has the following fair value measurements at June 30, 2017:

	Fair Value Using			
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2017	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Debt securities				
U.S. government securities	\$ -	\$ -	\$ -	\$ -
U.S. agencies	833,697	-	833,697	-
Total debt securities	833,697	-	833,697	-
Other				
Commercial paper	21,472	-	21,472	-
Certificate of deposit	23,503	-	23,503	-
Banker's acceptances	1,988	-	1,988	-
Total other	46,963	-	46,963	-
Total investments by fair value level	\$ 880,660	\$ -	\$ 880,660	\$ -
Derivative instruments by fair value level				
Investment Derivative	\$ (14,144)	\$ -	\$ (14,144)	\$ -
Effective hedge	(24,703)	-	(24,703)	-
Total derivative Instruments by fair value level	\$ (38,847)	\$ -	\$ (38,847)	\$ -

Long-term debt outstanding at June 30, 2018, consisted of “new money” bonds, refunding bonds, and subordinate refunding bonds due in varying annual amounts through July 1, 2040. The new money bonds were issued to finance the purchase and construction or acquisition of the Authority’s interest in each of the Projects. The refunding and subordinate refunding bonds were issued to refund specified new money bonds.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt

In accordance with the bond indentures, the new money bonds and refunding bonds are special, limited obligations of the Authority. With the exception of the Magnolia Power Project B, Lease Revenue Bonds (City of Cerritos, California) 2003-1 (Project B Bonds), the bonds issued by each project are payable solely from and secured solely by interests in that project as follows:

- Proceeds from the sale of bonds;
- All revenues, incomes, rents, and receipts attributable to that project and interest earned on securities held under the bond indenture or indentures; and
- All funds established by the indenture or indentures.

The Authority has agreed to certain covenants with respect to bonded indebtedness, including the requirement to enforce the natural gas, power, and transmission sales agreements with the participants. At the option of the Authority, all outstanding new money bonds and refunding bonds are subject to redemption prior to maturity, except as follows:

- Southern Transmission System – 1992 Series A, 2008 Series A, 2009 Series A, 2011 Series A, 2012 Series A, 2013 Series A, 2015 Series A and B, portions of the 2015 Series C Subordinate Refunding bonds;
- Mead-Phoenix and Mead-Adelanto – portions of 2012 Series A and 2016 Series A Revenue bonds;
- Prepaid Natural Gas – 2007 Series A and B Revenue bonds;
- Canyon Power – 2010 Series A and 2016 Series A Refunding Revenue bonds;
- Milford I Wind – portions of the 2010-1 Revenue bonds;
- Milford II Wind – portions of the 2011-1 Revenue bonds;
- Linden Wind – portions of the 2010 Series A Revenue bonds; and
- Windy Point/Windy Flats – portions of the 2010-1 Revenue bonds.

Variable rate debt includes debt with rates based on daily, weekly, and long-term rates as determined by a remarketing or calculation agent.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

A summary of changes in long-term debt follows (amounts in thousands):

	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind
Total long-term debt at June 30, 2017	\$ -	\$ -	\$ 298,887	\$ 338,659	\$ 303,297	\$ 1	\$ 48,022	\$ 183,761	\$ 134,250	\$ 411,772	\$ 118,300
Total debt due within one year at June 30, 2017	12,410	-	7,230	7,185	9,435	2,135	910	9,615	6,065	21,045	3,970
Total debt at June 30, 2017	12,410	-	306,117	345,844	312,732	2,136	48,932	193,376	140,315	432,817	122,270
Principal payments	(12,410)	-	(7,230)	(7,185)	(9,435)	(2,135)	(910)	(9,615)	(6,065)	(21,045)	(3,970)
Revenue bonds issued	-	-	-	-	-	-	-	-	-	-	-
Bonds refunded/defeased	-	-	(108,930)	(232,200)	-	-	-	-	-	-	-
Refunding bonds issued	-	-	107,525	228,915	-	-	-	-	-	-	-
Change in unamortized premiums & discounts	-	-	867	(1,792)	(748)	(1)	(64)	(929)	(1,453)	(4,306)	(688)
Total debt at June 30, 2018	-	-	298,349	333,582	302,549	-	47,958	182,832	132,797	407,466	117,612
Total debt due within one year at June 30, 2018	-	-	(7,210)	(7,540)	(9,545)	-	(950)	(10,085)	(6,370)	(22,020)	(4,170)
Total long-term debt at June 30, 2018	\$ -	\$ -	\$ 291,139	\$ 326,042	\$ 293,004	\$ -	\$ 47,008	\$ 172,747	\$ 126,427	\$ 385,446	\$ 113,442

	TRANSMISSION				NATURAL GAS		
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	Prepaid Natural Gas	Total
Total long-term debt at June 30, 2017	\$ 536,503	\$ 42,672	\$ 89,050	\$ 18,260	\$ 42,930	\$ 299,008	\$ 2,865,372
Total debt due within one year at June 30, 2017	54,315	6,850	19,820	1,980	4,640	4,605	172,210
Total debt at June 30, 2017	590,818	49,522	108,870	20,240	47,570	303,613	3,037,582
Principal payments	(54,315)	(6,850)	(19,820)	(1,980)	(4,640)	(4,605)	(172,210)
Revenue bonds issued	-	-	-	-	-	-	-
Bonds refunded/defeased	-	-	-	-	-	-	(341,130)
Refunding bonds issued	-	-	-	-	-	-	336,440
Change in unamortized premiums & discounts	(10,212)	(904)	(2,468)	-	-	(237)	(22,935)
Total debt at June 30, 2018	526,291	41,768	86,582	18,260	42,930	298,771	2,837,747
Total debt due within one year at June 30, 2018	(56,100)	(7,185)	(20,705)	(1,770)	(4,150)	(5,385)	(163,185)
Total long-term debt at June 30, 2018	\$ 470,191	\$ 34,583	\$ 65,877	\$ 16,490	\$ 38,780	\$ 293,386	\$ 2,674,562

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Palo Verde Project – All Palo Verde Project bonds have matured on July 1, 2017. From and after July 1, 2017, the Authority has no bonds outstanding with respect to the Palo Verde Project.

San Juan Project – All San Juan Project bonds have matured on January 1, 2017. From and after January 1, 2017, the Authority has no bonds outstanding with respect to the San Juan Project.

Magnolia Power Project – Debt consists of revenue and refunding series bonds with variable and fixed interest rates between 2.00% and 5.00% with final maturities occurring in 2036.

Of the outstanding Magnolia Power Project Revenue Bonds, \$11.005 million of “Project B Bonds” are secured by lease rental payments to be made by the City of Cerritos (the City) in connection with the lease of certain facilities and premises owned by the City to the Authority and the leaseback of such facilities and premises to the City. The Base Rental Payments will be equal to the principal and interest on the Project B Bonds. In accordance with the Assignment Agreement between the Authority and the Trustee, the Authority will assign certain of its rights under the lease, including its right to receive the Base Rental Payments, to the Trustee for the benefit of the owners of the Project B Bonds.

The City has covenanted to budget and appropriate sufficient funds to make all payments required to be made under the lease. The lease has a term of 55 years.

Magnolia Power Project Refunding Revenue Bonds – On September 22, 2017, SCPPA issued \$107,525,000 of Magnolia Power Project 2017-1 Refunding Revenue Bonds (the “2017-1 Bonds”) with a premium of \$2,132,221. The 2017-1 Bonds are being issued to refund all the outstanding Magnolia Power Project A, Refunding Revenue Bonds 2009-2, and to pay the costs of issuance relating to the 2017-1 Bonds. The 2017-1 Bonds are a 3-year Put Bond/Swap reversal. \$44 million of the swap notional was terminated and the remainder of the swap was successfully reversed. The refunding transactions have resulted in a net present value savings of \$1.02 million and have an average life of 2.775 years.

Canyon Power Project – As of June 30, 2018, debt consists of revenue bonds with variable and fixed interest rates ranging from 1.05% to 5.00% and final maturity occurring in 2040.

Canyon Power Project Refunding Revenue Bonds – On January 26, 2017, SCPPA issued \$232,200,000 of Canyon Power Project 2017 Series A Refunding Bonds (the “2017 Series A Bonds”). These bonds were issued for the purpose of refunding the outstanding CPP 2010 Refunding Series B Revenue Bonds (the 2010 “BABs” Bonds) and to pay the costs of issuance relating to the 2017 Series A Bonds. As such, the refunding resulted in the termination of the BABs subsidy from the US Treasury. The refunding transaction was accomplished through a direct purchase index floater from Bank of America for a term of three years, bearing interest at a rate of 70% of 1-month LIBOR plus 55 basis points.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

On May 15, 2018, SCPA issued \$114.31 million of Canyon Power Project 2018 Series A Refunding Revenue Bonds (the “2018A Bonds”) with a premium of \$298,349 and \$114,605,000 of Canyon Power Project 2018 Series B Refunding Revenue Bonds (the “2018B Bonds”). The 2018A & 2018B Bonds are being issued to refund all of the outstanding Canyon Power Project, Refunding Revenue Bonds 2017 Series A, and pay the costs of issuance relating to the 2018A & 2018B Bonds. The Series 2018A Bonds were issued as Fixed Rate Tender Bonds, bearing a fixed yield of 2.14% through the initial mandatory tender date of May 1, 2021, at which point the bonds will be remarketed for another fixed rate period or converted into another permissible mode. The Series 2018B Bonds were issued as Index Tender Bonds, bearing a variable rate at a fixed spread of 0.25% to the SIFMA Index through the initial mandatory tender date of May 1, 2021, at which point the bonds will be remarketed for another index rate period or converted into another permissible mode. Based on the assumed rate, the Refunding has a present value savings of \$1.68 million.

Apex Power Project – Debt consists of revenue bonds with fixed interest rates between 1.728% and 5.00% and final maturity occurring in 2038.

Hoover Uprating Project – Debt consists of refunding series bonds with fixed interest rates of 5.25% and a final maturity on October 1, 2017. From and after October 1, 2017, the Authority has no bonds outstanding with respect to the Hoover Uprating Project.

Tieton Hydropower Project – As of June 30, 2018, debt consists of revenue bonds with fixed interest rates between 4.938% and 5.798% and final maturity occurring in 2040.

Milford I Wind Project – As of June 30, 2018, debt consists of revenue bonds with fixed interest rates ranging from 4.00% to 5.00% and final maturity occurring in 2030.

Milford II Wind Project – As of June 30, 2018, debt consists of revenue bonds with fixed interest rates ranging from 4.00% to 5.25% and final maturity occurring in 2031.

Linden Wind Energy Project – As of June 30, 2018, debt consists of revenue bonds with fixed interest rates between 4.00% and 5.92% and final maturity occurring in 2035.

Southern Transmission System Project – Debt consists of refunding and subordinate refunding series bonds with fixed interest rates ranging from 1.43% to 5.00% and final maturities occurring in 2027.

STS Project Refunding Bonds – On March 14, 2017, SCPA successfully closed \$67,010,000 of tax-exempt Southern Transmission Project 2017 Series A Refunding Bonds (the “2017 Series A Bonds”). These fixed rate bonds were issued to advance refund a portion of the outstanding STS 2009 Refunding Series A, and to pay the cost of issuance relating to the 2017 Series A Bonds. The transaction exceeded savings targets set by the STS Participants, generating a net present value savings of \$7.9 million, and an escrow efficiency of 90%. This transaction resulted in a net loss for accounting purposes of \$9.9 million.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Windy Point/Windy Flats Project – As of June 30, 2018, debt consists of revenue bonds with fixed interest rates between 3.00% and 5.00% and final maturity occurring in 2030.

Mead Phoenix/Mead Adelanto Projects – Debt consists of revenue and refunding series bonds with variable interest and fixed interest rates. Fixed interest rates range from 2.81% and 5.00% with final maturities occurring in 2030.

Natural Gas Projects – Debt consists of revenue bonds with fixed interest rates ranging from 5.51% to 6.03% and final maturities occurring in 2032.

Prepaid Natural Gas Project – Debt consists of revenue bonds with variable and fixed interest rates ranging from 5.00% to 5.25% and final maturity occurring in 2035.

Premiums/Discounts – Unamortized premiums and discounts, net, which are included in the statements of net position as a component of long-term debt, are as follows (amounts in thousands):

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Unamortized (Premium) Discount, Net	June 30, 2018 (Premium) Discount
Magnolia Power Project	\$ (2,909)
Canyon Power Project	(10,211)
Apex Power Project	(11,834)
Hoover Uprating Project	-
Tieton Hydropower Project	(908)
Milford I Wind Project	(5,247)
Milford II Wind Project	(7,292)
Windy Point Project	(21,271)
Linden Wind Energy Project	(3,572)
Southern Transmission System Project	(39,885)
Mead-Phoenix Project	(3,828)
Mead-Adelanto Project	(5,878)
Prepaid Natural Gas Project No. 1	(2,111)
	\$ (114,946)
	June 30, 2017 (Premium) Discount
Magnolia Power Project	\$ (2,042)
Canyon Power Project	(12,003)
Apex Power Project	(12,582)
Hoover Uprating Project	(1)
Tieton Hydropower Project	(972)
Milford I Wind Project	(6,176)
Milford II Wind Project	(8,745)
Windy Point Project	(25,577)
Linden Wind Energy Project	(4,260)
Southern Transmission System Project	(50,097)
Mead-Phoenix Project	(4,732)
Mead-Adelanto Project	(8,346)
Prepaid Natural Gas Project No. 1	(2,348)
	\$ (137,881)

Southern California Public Power Authority Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Advance refundings – The Authority has established irrevocable escrow trusts with the proceeds from issuance of subordinate refunding bonds. These investments will be used to pay specified revenue bonds called at scheduled redemption dates.

Defeasance of debt – The Authority has defeased specified revenue bonds by placing the proceeds from the issuance of subordinate refunding bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. The trust investments and related liability for bonds that are considered legally defeased are not included in the Authority's financial statements. At June 30, 2018 and 2017, \$206.7 million and \$478.1 million, respectively, of revenue bonds outstanding are considered legally defeased.

The refunded bonds constitute a contingent liability of the Authority only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirements and are therefore excluded from the combined financial statements because the likelihood of additional funding requirements is considered remote.

Debt service – The scheduled debt service payments for future years ending June 30 are included in the table on the following page. The variable rate used for the MAG 2009-1 was 1.40%. The variable rate used for the CPP 2018B Bonds was 1.51%. All of the preceding variable rates were the rates at June 30, 2018. The variable rates are set by the bond-remarketing agent on a weekly basis based on economic conditions and bond ratings.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

Future principal and interest payments are as follows (amounts in thousands):

FISCAL YEAR	GENERATION					GREEN POWER					
	Palo Verde	San Juan	Magnolia Power	Canyon Power	Apex Power	Hoover Uprating	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
2019 Principal	\$ -	\$ -	\$ 7,210	\$ 7,540	\$ 9,545	\$ -	\$ 950	\$ 10,085	\$ 6,370	\$ 22,020	\$ 4,170
2019 Interest	-	-	8,650	7,408	12,316	-	2,385	8,545	6,346	18,515	5,903
2020 Principal	-	-	7,560	7,835	9,710	-	1,000	10,570	6,665	23,040	4,335
2020 Interest	-	-	8,298	8,833	12,128	-	2,336	8,040	6,030	17,462	5,711
2021 Principal	-	-	115,450	8,185	9,920	-	1,050	11,090	7,000	24,125	4,555
2021 Interest	-	-	6,847	8,453	11,892	-	2,284	7,508	5,691	16,362	5,511
2022 Principal	-	-	8,320	8,595	10,185	-	1,105	11,635	7,345	25,240	4,735
2022 Interest	-	-	5,377	8,033	11,609	-	2,226	6,955	5,335	15,186	5,308
2023 Principal	-	-	7,085	9,025	10,490	-	1,165	12,200	7,710	26,475	4,960
2023 Interest	-	-	5,014	7,593	11,286	-	2,164	6,369	4,949	13,907	5,071
2024 - 2028 Principal	-	-	36,000	52,375	58,210	-	8,665	70,610	45,070	153,520	28,780
2024 - 2028 Interest	-	-	21,454	30,546	50,413	-	9,490	21,995	18,061	47,871	21,277
2029 - 2033 Principal	-	-	44,060	78,825	71,245	-	9,280	51,395	45,345	111,775	36,640
2029 - 2033 Interest	-	-	14,990	19,840	36,825	-	7,164	3,937	4,913	8,564	12,986
2034 - 2038 Principal	-	-	69,755	91,775	90,505	-	11,845	-	-	-	25,865
2034 - 2038 Interest	-	-	5,920	10,865	16,981	-	4,536	-	-	-	2,336
2039 - 2043 Principal	-	-	-	59,216	20,905	-	11,990	-	-	-	-
2039 - 2043 Interest	-	-	-	1,840	523	-	1,082	-	-	-	-
Principal	\$ -	\$ -	\$ 295,440	\$ 323,371	\$ 290,715	\$ -	\$ 47,050	\$ 177,585	\$ 125,505	\$ 386,195	\$ 114,040
Interest	\$ -	\$ -	\$ 76,550	\$ 103,411	\$ 163,973	\$ -	\$ 33,667	\$ 63,349	\$ 51,325	\$ 137,867	\$ 64,103

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 7 – Long-Term Debt (continued)

FISCAL YEAR	TRANSMISSION			NATURAL GAS			Total
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto	Pinedale	Barnett	Prepaid Natural Gas	
2019 Principal	\$ 56,100	\$ 7,185	\$ 20,705	\$ 1,770	\$ 4,150	\$ 5,385	\$ 163,185
2019 Interest	21,557	1,471	3,381	1,003	2,357	14,978	114,815
2020 Principal	49,005	7,365	21,565	1,627	3,818	6,445	160,540
2020 Interest	19,014	1,214	2,347	907	2,134	14,675	109,129
2021 Principal	61,315	5,990	17,110	1,522	3,573	7,725	278,610
2021 Interest	16,664	949	1,441	819	1,926	14,303	100,650
2022 Principal	79,310	1,415	1,695	1,427	3,353	8,940	173,300
2022 Interest	13,643	798	1,024	736	1,732	13,865	91,827
2023 Principal	61,080	1,475	1,780	1,345	3,160	9,705	157,655
2023 Interest	10,329	740	937	658	1,550	13,376	83,943
2024 - 2028 Principal	179,596	8,405	10,329	5,766	13,559	72,310	743,195
2024 - 2028 Interest	18,898	2,608	3,221	2,243	5,295	56,945	310,317
2029 - 2033 Principal	-	6,105	7,520	4,803	11,317	119,690	598,000
2029 - 2033 Interest	-	468	576	698	1,647	32,695	145,303
2034 - 2038 Principal	-	-	-	-	-	66,460	356,205
2034 - 2038 Interest	-	-	-	-	-	4,394	45,032
2039 - 2043 Principal	-	-	-	-	-	-	92,111
2039 - 2043 Interest	-	-	-	-	-	-	3,445
Principal	\$ 486,406	\$ 37,940	\$ 80,704	\$ 18,260	\$ 42,930	\$ 296,660	\$ 2,722,801
Interest	\$ 100,105	\$ 8,248	\$ 12,927	\$ 7,064	\$ 16,641	\$ 165,231	\$ 1,004,461

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 8 – Notes Payable and Other Liabilities

Notes payable and other liabilities consist mainly of an allowance for future major maintenance expenses for the Magnolia Power Project; swap-related transaction fees received in the Mead Adelanto Project, the Authority's net pension liability, and other OPEB.

As of June 30, 2018, the three-year suspension of the Mead Adelanto 2007 CMS (the CMS Swap) has been terminated. The total deferred balance of the CMS Swap was fully amortized as of June 30, 2018. Payments on the CMS Swap will recommence on July 1, 2018.

Notes payable and other liabilities rollforward (amounts in thousands):

Description	June 30, 2017	Additions	Payments/ Amortization	Amortization of Surplus Fund	June 30, 2018
MPP major maintenance	\$ 14,157	\$ 6,263	\$ (278)	\$ -	\$ 20,142
Mead Adelanto 2007 Swap suspension	592	-	-	(592)	-
Net pension and OPEB liabilities	1,264	1,037	-	-	2,301
	<u>\$ 16,013</u>	<u>\$ 7,300</u>	<u>\$ (278)</u>	<u>\$ (592)</u>	<u>\$ 22,443</u>

Note 9 – Advances from Participants

Advances from participants consist mainly of billings to participants related to acquisition, capital drilling, inventory and working capital reserves wherein the matching operating expenses will be recognized at a future date. Also, and specific only to the Natural Gas Pinedale Project, advances held by the project are funds from LADWP and TID, and are for their share of operating costs and capital expenditures pursuant to their respective Agency Agreements.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 9 – Advances from Participants (continued)

Advances from participants' rollforward (amounts in thousands):

Description	June 30, 2017	Activity	June 30, 2018
San Juan Project	\$ 19,954	\$ -	\$ 19,954
Magnolia Power Project	26,262	(9,058)	17,204
Canyon Power Project	1,630	(1,630)	-
Apex Power Project	1,451	2,000	3,451
Tieton Hydropower Project	202	-	202
Milford I Wind Project	250	-	250
Milford II Wind Project	250	-	250
Windy Point Project	1,000	-	1,000
Linden Wind Energy Project	2,004	-	2,004
Mead-Adelanto Project	-	1,100	1,100
Pinedale Project	21,881	(2,063)	19,818
Barnett Project	9,210	(193)	9,017
Ormat Geothermal Project	1,382	(525)	857
MWD Small Hydro Project	500	-	500
Ameresco Chiquita Landfill Gas Project	400	-	400
Project Development Fund	505	(35)	470
SCPPA Building	1,598	(1,561)	37
Don A. Campbell/ Wild Rose Geothermal Project	960	-	960
Columbia 2 Solar Project	405	-	405
Don A. Campbell 2 Geothermal Project	960	-	960
Kingbird Solar Project	171	-	171
Heber-1 Geothermal Project	400	-	400
Springbok 1 Solar Project	2,000	-	2,000
Springbok 2 Solar Project	2,000	-	2,000
Summer Solar Project	600	-	600
Astoria 2 Solar Project	800	-	800
Antelope Big Sky Ranch Solar Project	300	-	300
Antelope DSR 1 Solar Project	900	-	900
Antelope DSR 2 Solar Project	90	-	90
Puente Hills Landfill Gas Project	420	-	420
Ormat Northern Nevada Geothermal Project	-	1,800	1,800
	<u>\$ 98,485</u>	<u>\$ (10,165)</u>	<u>\$ 88,320</u>

Note 10 – Net Position

The Authority's billing amounts to the participants are determined by its Board of Directors and are subject to review and approval by the participants. Billings to participants are designed to recover "costs" as defined by the power sales, natural gas sales, and transmission service agreements. The billings are structured to systematically provide for debt service requirements, operating funds, and reserves in accordance with these agreements. The accumulated difference between billings and the Authority's expenses calculated in accordance with accounting principles generally accepted in the United States of America are presented as Net Position. It is intended that this difference will be recovered in the future through billings for repayment of principal on the related bonds.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 10 – Net Position (continued)

Net position is comprised of the following (in thousands):

	Fiscal Year		Fiscal Year		
	June 30, 2016	2017 Activity	June 30, 2017	2018 Activity	June 30, 2018
GAAP items not included in billings to participants					
Depreciation of plant	\$ (1,833,446)	\$ (108,708)	\$ (1,942,154)	\$ (104,827)	\$ (2,046,981)
Nuclear fuel amortization	(5,860)	-	(5,860)	-	(5,860)
Decommissioning expense	(256,581)	(27,381)	(283,962)	(17,500)	(301,462)
Amortization of bond discount, debt issue costs, and loss on refundings	(808,308)	6,573	(801,735)	3,554	(798,181)
Interest expense	(54,900)	-	(54,900)	-	(54,900)
Loss on defeasance of bonds	(85,827)	(1,682)	(87,509)	-	(87,509)
Derivatives and related charges	(21,386)	7,569	(13,817)	8,632	(5,185)
Pension expense	(815)	(243)	(1,058)	(1,119)	(2,177)
Bond requirements included in billings to participants					
Operations and maintenance, net of investment income	(31,507)	(30,607)	(62,114)	(32,960)	(95,074)
Costs of acquisition of capacity	1,894	(1,630)	264	(431)	(167)
Billings to amortize costs recoverable	382,050	-	382,050	-	382,050
Reduction in debt service billings due to transfer of excess funds	(93,883)	(660)	(94,543)	-	(94,543)
Principal repayments	2,321,709	182,747	2,504,456	163,459	2,667,915
Withdrawal of funds	(24,821)	-	(24,821)	(2,971)	(27,792)
Other	315,108	(46,544)	268,564	(1,862)	266,702
	(196,573)	(20,566)	(217,139)	13,975	(203,164)
Projects' Stabilization Fund net position	147,622	(13,681)	133,941	(14,388)	119,553
	<u>\$ (48,951)</u>	<u>\$ (34,247)</u>	<u>\$ (83,198)</u>	<u>\$ (413)</u>	<u>\$ (83,611)</u>

Note 11 – Pension and Other Postemployment Retirement Plans

Pension Plan

Plan descriptions – All qualified permanent and probationary employees are eligible to participate in SCPPA's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and SCPPA resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52 – 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.5%
Required employer contribution rates	19.6%	6.7%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SCPPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plans were \$269,886.

Pension liabilities, pension expenses and deferred outflows / inflows of resources related to pensions – As of June 30, 2018, SCPPA reported a net pension liability of \$1.472 million for its proportionate share of the net pension liability. SCPPA's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. SCPPA's proportion of the net pension liability was based on a projection of SCPPA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. SCPPA's proportionate share of the net pension liability for the Plans were 0.0388% and 0.03779% as of the June 30, 2017 and 2016 measurement dates, respectively.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

For the year ended June 30, 2018, SCPPA recognized pension expense of \$279,262. At June 30, 2018, SCPPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 269,886	\$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	70,523	-
Differences between actual and expected experience	2,090	-
Changes in assumptions	259,314	(19,773)
Net differences between projected and actual earnings on plan investments	58,646	(29,942)
Total	\$ 660,459	\$ (49,715)

\$269,886 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

For the Period Ended June 30, 2019	\$ 201,220
2020	119,574
2021	(23,550)
	\$ 297,244

Actuarial assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPERS' Membership Data

(1) Net pension plan investment expenses, including inflation

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount rate – The discount rate used to measure the total pension liability was 7.15% for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Global Debt Securities	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents SCPPA's proportionate share of the net pension liability for the Plans, calculated using the discount rate for each Plan, as well as what SCPPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 2,384,289
Current Discount Rate	7.15%
Net Pension Liability	\$ 1,472,764
1% Increase	8.15%
Net Pension Liability	\$ 821,575

Pension plan fiduciary net position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the pension plan – At June 30, 2018, SCPPA did not have an outstanding amount of contributions payable to the pension plan for the year ended June 30, 2018.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

Postemployment benefits other than pension

On July 1, 2017 SCPPA implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions as amended, and GASB No. 57, OPEB Measurement by Agent Employers and Agent Multiple-employer Plans. Specifically, Statement No. 75 recognizes the long-term obligation for health and life insurance benefits offered to retirees.

SCPPA's defined benefit OPEB plan provides health care and life insurance benefits for eligible employees. SCPPA's plan is a single employer defined benefit OPEB plan administered by the SCPPA Board. The authority to establish and amend the benefit terms and financing is accomplished through the SCPPA Board of Directors.

SCPPA's plan provides healthcare and life insurance benefits for retirees. The benefit terms vary depending on the employee's date of hire. Below is a brief summary of employee eligibility and benefits provided.

Eligibility for OPEB

- 1) Employee must retire with 120 days from date of separation
- 2) The retiree must be receiving benefits from CalPERS (California Public Employees' Retirement System)
- 3) Employee was either hired before December 18, 2014 or has at least 10 years of service is eligible for a supplemental contribution upon retirement

Net OPEB Liability - At June 30, 2017 the following employees were covered by the benefit terms:

Active employees electing coverage	10
Active employees waiving coverage	4
Retirees electing coverage	4
Total	18

SCPPA's net OPEB liability of \$827,411 was measured on June 30, 2017 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

Inflation:	2.75%
Salary Increases	Varied on years of experience
Discount Rate	3.56%
Healthcare cost trend rates:	
Not Medicare Eligible	Medicare Eligible
6.9% in 2018, trending down to 4.4% in 2074 thereafter	6.5% in 2018, trending down to 4.4% in 2074 thereafter

Retirees are required to pay the applicable retiree premiums, less any direct subsidies provided by SCPAA. Retiree premiums can vary from \$357 to \$878 for the retiree and \$713 to \$1,756 for the retiree plus spouse depending on the care the provider selected.

The discount rate was based on the index rate for 20-year, tax exempt municipal bonds.

Mortality rates were based on assumptions for the Public Agency Miscellaneous members used in the June 30, 2016 CalPERS actuarial valuation.

Balance at June 30, 2016	\$ 818,744
Changes for the year	
Service Cost	86,517
Interest	26,114
Changes of assumptions	(82,085)
Benefit Payments	(21,879)
Net changes	8,667
Balance at June 30, 2017	\$ 827,411

Changes in the Net OPEB Liability - There were no changes to benefit terms during the year. Changes of assumptions and other inputs reflect a change in the discount rate from 2.92% percent as of June 30, 2016 to 3.56% as of June 30, 2017. In addition, changes of assumptions were made to update healthcare costs and trends, and a change was made to the spousal coverage assumptions.

Benefit payments in the measurement period included \$13,286 in direct subsidy payments to retirees. And \$8,593 estimated implicit subsidy costs incurred during measurement period ended June 30, 2017.

Southern California Public Power Authority
Notes to Combined Financial Statements

Note 11 – Pension and Other Postemployment Retirement Plans (continued)

The following presents the net OPEB liability of SCPPA, as well as what SCPPA’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	2.56%	3.56%	4.56%
Net OPEB Liability	\$ 961,145	\$ 827,411	\$ 720,071

The following presents the net OPEB liability of SCPPA, as well as what SCPPA’s net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend	1% Increase
	\$ 711,640	\$ 827,411	\$ 975,356
Net OPEB Liability	\$ 711,640	\$ 827,411	\$ 975,356

There were no deferred inflows or outflows in the current year.

Note 12 – Commitments and Contingencies

Public benefits – The members continue to collect the public benefit charge through existing rate structures and have instituted programs to benefit their customers including conservation and energy efficiency programs, public educational programs, research and development, and low income rate subsidies, totaling a combined \$2.0 billion since their inception in 1997. The decisions on how these funds are allocated are made by the local governing authority, in most cases this is the city council.

Executive action and state legislation – A number of bills affecting the electric industry have been introduced or enacted by the California Legislature. In general, these bills regulate greenhouse gas emissions and provide for greater investment in energy efficiency and environmentally friendly generation and storage alternatives through more stringent renewable resource portfolio standard requirements. The following is a brief summary of bills that have been enacted:

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Greenhouse gas emissions – Executive Orders – Executive Order S-3-05 placed an emphasis on efforts to reduce greenhouse gas emissions by establishing statewide greenhouse gas reduction targets. The targets are: (i) a reduction to 2000 emission levels by 2010; (ii) a reduction to 1990 levels by 2020; and (iii) a reduction to 80% below 1990 levels by 2050. The Executive Order also called for the California EPA to lead a multi-agency effort to examine the impacts of climate change on California and develop strategies and mitigation plans to achieve the targets. In addition, Executive Order S-06-06 directs the State of California to meet a 20% biomass utilization target within the renewable generation targets of 2010 and 2020 for the contribution to greenhouse gas emission reduction. Executive Order B-30-15 was issued on April 29, 2015 setting a new interim statewide greenhouse gas emissions reduction target to 40% below 1990 levels by 2030 to ensure achieving the 2050 emissions reduction target. The interim goal was since incorporated into Senate Bill 32 (SB 32), was signed on 2016 and became effective as law on January 1, 2017. SB 32 requires the California Air Resources Board (“CARB”), to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level no later than December 31, 2030.

Greenhouse gas emissions – Global Warming Solutions Act – Assembly Bill 32, the Global Warming Solutions Act of 2006 (the GWSA) became effective as law on January 1, 2007. The GWSA prescribed a statewide cap on global warming pollution with a goal of reaching 1990 greenhouse gas emission levels by 2020. In addition, the GWSA establishes an annual mandatory reporting program for all investor-owned utilities (IOUs), local publicly-owned electric utilities (“POUs”), and other load-serving utilities (electric utilities providing energy to end-use customers) to inventory and report greenhouse gas emissions to the California Air Resources Board (CARB) and requires CARB to adopt regulations for significant greenhouse gas emission sources (allowing CARB to design a cap-and-trade system), and gives CARB the authority to enforce such regulations beginning in 2012. CARB adopted a “scoping plan” to reduce greenhouse gas emissions which included a mixed approach of market structures, regulation, fees and voluntary measures, and included a cap-and-trade program. On October 20, 2011, CARB adopted a regulation, which was approved on December 13, 2011, implementing a cap-and-trade system. The cap-and-trade regulation became effective on January 1, 2012, and emission compliance obligations under the cap-and-trade regulation began on January 1, 2013. The cap-and-trade program is the largest of its type in the United States and covers sources accounting for 85% of California’s greenhouse gas emissions. The scoping plan is required to be updated every five years and the first updated scoping plan was approved on May 22, 2014.

In January 2017, CARB released its draft 2017 scoping plan update. The 2017 scoping plan update was approved in final form by CARB on December 14, 2017. The 2017 scoping plan update identifies the overall strategy for California to reduce greenhouse gas emissions by 40 percent below 1990 levels by 2030, the target set by Executive Order B-30-15 and codified by SB 32 as described above. The strategy under the 2017 scoping plan update includes contributions from all economic sectors and includes a combination of extending key reduction programs and new actions that would prioritize direct emissions reductions. The 2017 scoping plan update includes the continuation of the cap-and-trade program through 2030 under Assembly Bill 398 (“AB 398”), as described below.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Greenhouse gas emissions – cap-and-trade program – The cap-and-trade program is being implemented in phases. The first phase of the program was implemented from January 1, 2013 to December 31, 2014 and introduced a hard emissions cap that covered emissions from electricity generators, electricity importers, and large industrial sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases (CDE) per year.

In 2015, the program was expanded to cover emissions from transportation fuels, natural gas, propane, and other fossil fuels. The cap will decline each year until the end of the program, which is currently scheduled for December 2020 unless otherwise extended.

The cap-and-trade program includes the distribution of carbon allowances equal to the annual emissions cap. Each allowance is equal to one metric ton of CDE. Initially, as part of the transition process, most of the carbon allowances were distributed for free. Quarterly auctions for additional allowances began in November 2012. IOUs, as well as POUs that sell electricity into the ISO markets (including some Project Participants), will be required to auction their allowances. They will then need to purchase allowances to meet their compliance obligations, and use the remaining from the sale of their allocated allowances for the benefit of their rate payers.

On January 1, 2014, the California cap and trade program was linked to the equivalent program in Quebec, Canada, as part of the Western Climate Initiative. The Western Climate Initiative is a regional effort consisting of California and four Canadian provinces (Quebec, British Columbia, Ontario, and Manitoba), which have established a greenhouse gas reduction trading framework.

On April 25, 2014, CARB adopted various changes to the cap-and-trade program, including provisions relating to the electricity sector such as “safe harbor” provisions under the “resource shuffling” prohibition. These changes became effective on July 1, 2014.

On July 12, 2016, CARB released proposed amendments to the cap-and-trade program to extend major provisions of the program to 2030. Four stated objectives were identified by CARB for the proposed amendments: (i) to extend the program beyond 2020; (ii) to improve programmatic efficiencies (including for auctions and data reporting); (iii) to incorporate updates to better reflect the latest technical data on global warming potential and experiences with other emissions trading programs; and (iv) to maintain the environmental and market integrity of California’s program. Under the proposed amendments, the linkage of California’s cap-and-trade program to the equivalent Quebec cap-and-trade system would continue, and a new linkage with the province of Ontario would be established which took effect on January 1, 2018, but was ended in July 2018. The program may in future years be linked to additional Canadian provincial cap-and-trade programs, and possibly other U.S. state cap-and-trade programs, as part of the Western Climate Initiative.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

On December 21, 2016, CARB released certain modifications to the text of the proposed amendments. Subsequently, on April 13, 2017, CARB announced a substantially revised post-2020 cap-and-trade proposal that included significantly more favorable allowance allocations to utilities; the methodology proposed removing the “cap adjustment factor” for electric utilities along with other programmatic improvements for utilities.

On July 27, 2017, CARB approved various additional amendments to the cap-and trade program. The effective date of these amendments was October 1, 2017. The amendments establish a framework for the extension of the program beyond 2020 (based upon an ongoing rulemaking process to reflect the requirements of AB 398 described below) through 2030. Under the amendments, the linkage of California’s cap-and trade program to the equivalent Quebec cap-and-trade system continues. Other amendments address how carbon allowances are allocated to prevent economic and emissions “leakage” (*i.e.*, the risk that an industry would move operations out of state due to competitive disadvantage), establish new and revised rules for offsets, and clarify use of allowance values, and streamline other requirements of the program. The amendments also include provisions that would allow the State to use the cap-and-trade program to comply with the federal Clean Power Plan (which is currently proposed to be repealed or replaced as discussed below).

On July 17, 2017, the California Legislature passed AB 398, extending the cap-and-trade program. AB 398 was passed by a two-thirds majority vote. Under AB 398, the cap-and-trade program is extended until 2030 and the distribution of free carbon allowances is continued for certain industrial sectors. However, AB 398 imposes stricter limits on the use of offset credits for compliance, with 4% of a covered entity’s compliance obligation to be allowed to be satisfied with offsets from 2021 through 2025, and 6% thereafter. In addition, one-half of any such offsets will be required to be in California. Under AB 398, after 2020 CARB will set a hard ceiling on the price of allowances in the auctions as well as establish price containment points (effective on January 1, 2021). CARB issued rulemaking documents on April 19, 2018 as it seeks to finalize the latest programmatic revisions to the program, including changes based on AB 398, by year-end. In conjunction with the passage of AB 398, the California Legislature also passed Assembly Bill 617 (“AB 617”) creating a new community air monitoring program. AB 617 requires new monitoring protocols of criteria pollutants at existing sources located in or near disadvantaged communities. The bill also requires air districts to set an expedited schedule for setting new permit limits that incorporate best available retrofit control technologies. AB 398 was signed into law on July 25, 2017 and AB 617 was signed into law on July 26, 2017.

The Authority and the Project Participants are unable to predict at this time the full impact of the cap-and-trade program on the Project Participants’ respective electric utilities or on the electric utility industry in general. However, the Project Participants could be adversely affected if the carbon emissions of their respective resource portfolios are in excess of the allowances administratively allocated to them, and they are required to purchase allowances on the market to cover their emissions.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Greenhouse gas emissions – emissions performance standard – Senate Bill 1368 (SB 1368) became effective as law on January 1, 2007. It provides for an emission performance standard, restricting new investments in baseload fossil fuel electric generating resources that exceed the rate of greenhouse gas emissions for existing combined-cycle natural gas baseload generation. SB 1368 allows the California Energy Commission (CEC) to establish a regulatory framework to enforce the greenhouse gas emission performance standard for POUs such as the Project Participants. In January 2012, the CEC initiated a review of these regulations to ensure there is adequate review of investments in facilities that do not meet the emission performance standard.

On March 19, 2014, the CEC issued its Final Conclusions in the EPS proceeding. The CEC proposed to expand the public notice requirement so that a publicly-owned utility would have to post a notice of a public meeting at which its governing board would consider any expenditures over \$2.5 million to meet environmental regulatory requirements at a non-EPS compliant baseload facility. The CEC further proposed to require each POU to file an annual notice identifying all investments over \$2.5 million that it anticipates making during the subsequent 12 months on non-EPS compliant baseload facilities to comply with environmental regulatory requirements. This requirement would be waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. The CEC did not propose to lower the EPS. Further, by letter from the CPUC to the CEC, the CPUD expressed its view that the EPS not be lowered.

A final regulatory package was unanimously adopted at the CEC's June 18, 2014 business meeting. The adopted regulations had limited changes to the proposed POU reporting requirements. CEC staff has also since confirmed that the \$2.5 million threshold applies to an individual investment by each utility – not the combined investment of all participants in a project. These changes and any future changes to the EPS regulations may impact Authority members.

Energy procurement and efficiency reporting – Senate Bill 1037, which was signed into law on September 29, 2005, requires that each POU, including the Project Participants, prior to procuring new energy generation resources, first acquire all available energy efficiency, demand reduction, and renewable resources that are cost effective, reliable and feasible, then report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. Each Project Participant has complied with such reporting requirements.

Assembly Bill 2021, signed on September 29, 2006, requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets every three years for a ten-year horizon since 2007. A subsequent bill has changed the time interval for establishing annual targets to every four years. Each of the Project Participants has complied with this reporting requirement.

Assembly Bill 802, signed into law on October 8, 2015 allows savings, in conjunction with the established targets for reduction, to bring buildings up to code to count (rather than only "above code" savings to count) towards energy efficiency and demand reduction targets while setting new benchmarking requirements for California utilities.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Senate Bill 859, signed in September 2016, requires IOUs and POUs that serve more than 100,000 customers, including certain of the Project Participants, to procure, through financial commitments of five years, their proportionate shares (based on the ratio of the utility's peak demand to the total statewide peak demand), of 125 MW of cumulative rated capacity from existing bioenergy projects that generate energy from wood harvested from high-fire-hazard zones.

Renewable Portfolio Standard (RPS) – Senate Bill X1 2 (SBX1-2), the “California Renewable Energy Resources Act,” was signed into law on April 12, 2011. SBX1-2 codifies the RPS target for retail electricity sellers to serve 33% of their loads with eligible renewable energy resources by 2020 as provided in Executive Order S-14-08. As enacted, SBX 1-2 makes the requirements of the RPS program applicable to POUs. The governing boards of POUs are responsible for implementing the requirements, rather than the CPUC, as in the case of the IOUs, and each POU is required to adopt and implement a renewable energy resources procurement plan. The plan must require the utility to procure a minimum quantity of electricity product from eligible renewable energy resources, including renewable energy certificates (“RECs”), as a specified percentage of total kilowatt hours sold to the utility's retail end-use customers to achieve specific targets. Certain enforcement authority with respect to POUs is given to the CEC and CARB is given the authority to impose penalties.

SBX1-2 grandfathers any facility approved by the governing board of a POU prior to June 1, 2010 for procurement to satisfy renewable energy procurement obligations adopted under prior law if the facility is a “renewable electrical generation facility” as defined in the bill (subject to certain restrictions). The CEC has developed detailed rules to implement SBX1-2 and on June 12, 2013, the CEC adopted regulations for the enforcement of the RPS program requirements for POUs.

In connection with the implementation of SBX1-2, the CEC is responsible for certifying the electric generation facilities as “eligible renewable energy resources” for purposes of the RPS program and has adopted guidelines for this purpose that identifies the requirements, conditions and process for certification of facilities as eligible renewable energy resources. These guidelines are revised periodically including to reflect changes in statute and market conditions and were most recently updated on June 10, 2015. Certain amendments to the RPS Enforcement Procedure regulations were approved by the CEC on October 14, 2015 that clarify and expand certain eligibility definitions. The current guidelines identify bio-methane as an eligible renewable energy resource. Under these guidelines adopted on April 30, 2013, utilities that procure bio-methane were required to reapply for certification of the generating facilities that use bio-methane. The RPS eligibility guidelines are revised periodically, including to reflect changes in statute and market conditions, and were most recently updated on January 25, 2017.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Clean Energy and Pollution Reduction Act of 2015 – SB 350, the Clean Energy and Pollution Reduction Act of 2015, was signed into law on October 7, 2015. SB 350, as enacted, establishes an RPS target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POU, including certain interim targets. It requires each seller to provide a renewable energy procurement plan on an annual basis, and to file an integrated resource plan (IRP), and a schedule for periodic updates to the plan, for approval. The governing body of the POU is responsible for adopting the IRP, subject to review by the CEC, which can recommend modifications to correct any shortcomings. The CEC adopted an order instituting a new rulemaking proceeding on January 13, 2016 to implement the RPS and IRP provisions of SB 350.

SB 350 specifically requires the CPUC to identify a “balanced portfolio of resources” to ensure “reliability” and “optimal integration” of renewables, and requires that utilities include in their procurement plans a “strategy for procuring best-fit and least cost resources” to meet the portfolio needs that CPUC identifies.

SB 350 further requires the CEC to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030. The CPUC is required to establish energy efficiency targets for electrical and gas corporations consistent with this goal, and specifies programs that may be used to achieve the goal. POU are required to establish annual targets for energy efficiency savings and demand reduction consistent with the goal and to report those targets to the CEC every four years for the next 10-year period. The bill provides guidance as to what measures qualify and requires an evaluation of feasibility and cost effectiveness in setting annual targets for those savings. SB 350 also requires the CEC to adopt a responsible contractor policy and establish consumer protection guidelines.

SB 350 required the ISO to prepare proposed governance modifications to facilitate the transformation of the ISO into a regional organization but provides that such governance modifications will not take effect prior to completion of a specified process for review and study of the impacts of a regional market and the enactment by the Legislature of future legislation implementing the proposed governance changes by 2019.

A delay was announced in presenting a legislative proposal in August 2016 to provide for more stakeholder and public review of the study results and potential governance structure.

In October 2016, the ISO released a revised set of proposed principles for regional governance of the ISO. The principles, if approved, could then be incorporated into state legislation that, if enacted, would provide for the proposed changes to the ISO governance structure necessary prior to any transformation of the ISO to a regional organization.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Legislation, Assembly Bill 813 (“AB 813”), was subsequently introduced in the California Legislature in February 2017 that would establish policy principles for a western regional transmission operator and delineate the procedure that would apply for a utility to join it. AB 813 did not garner enough support to be brought up for consideration in the Senate this year; it announced on the last day of session that the issue will be discussed again next year.

The California State Legislature adjourned the 2017-18 biennium legislative sessions on August 31, 2018. Senate Bill 100, if ultimately enacted into law before September 30, 2018 (as is expected), would accelerate the State’s RPS target as established by SB 350 from 50% by 2030 to 60% by 2030 and set a goal of 100% “clean energy” by the year 2045. SB 100 would require retail electric sellers and local publicly-owned electric utilities to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve 44% of retail sales by December 31, 2024, 52% of retail sales by December 31, 2027 and 60% of retail sales by December 31, 2030. Senate Bill 100 would additionally establish that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045. The Governor has until September 30 to sign or veto Senate Bill 100 (or it will become law without being signed). On the last day of session, after SB 100 had passed both state houses, author Senator Kevin de Leon (D-Los Angeles) filed a “Letter to the Journal” clarifying the intent of SB 100; it stated that “SB 100 does not seek to require retail sellers of electricity to default on existing contractual obligations to deliver electricity to California customers from existing zero-carbon generation facilities.” This was an important clarification for the purposes of “counting” existing nuclear (e.g., Palo Verde Nuclear Generating Station) and large hydropower generation (e.g., Hoover Dam) towards the 40% zero-carbon portion. Senate Bill 901 was also sent to the Governor’s desk and is meant to address the governor’s and legislative leaders’ desire to address response, mitigation, and prevention of wildfires. It requires utilities that were to secure biomass procurement contracts under SB 859 (discussed above) to extend those contracts for an additional five years. How any future legislation addresses California’s inverse condemnation and “strict liability” issues for utilities in the context of wildfires in particular could be significant for the Project Participants.

Solar power – Senate Bill 1 (also known as the California Solar Initiative), which was signed into law on August 21, 2006, requires POUs, including the Project Participants, to establish a program supporting the stated goal of the legislation to install 3,000 MW of photovoltaic energy in California. POUs are also required to establish eligibility criteria in collaboration with the CEC for the funding of solar energy systems receiving ratepayer-funded incentives. Certain reporting requirements also have to be met by the POUs. Each of the Project Participants has established programs in accordance with the requirements of the California Solar Initiative.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Future regulation – The electric industry is subject to continuing legislative and administrative reforms. States routinely consider changes to the way they regulate the electric industry. Historically, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. While there is no current proposal to further the industry, there still are additional regulations or legislative mandates being proposed or considered for the industry such as higher reliance on renewable energy and tighter regulations for greenhouse gas emission reductions. The Authority and the Project Participants are unable to predict at this time the impact any such proposals will have on the operations and finances of the Project Participant's electric utility or the electric utility industry generally.

Impact of developments on the Project Participants – The effect of these developments in the California energy markets on the Project Participants cannot be fully ascertained at this time. Also, volatility in energy price in California may return due to a variety of factors which affect both the supply and demand for electric energy in the western United States.

This price volatility may contribute to greater volatility in the revenues of their respective electric systems from the sale (and purchase) of electric energy and, therefore, could materially affect each Project Participant's financial condition. Each Project Participant undertakes resource planning, risk management activities, and manages its resource portfolio to mitigate such price volatility and spot market rate exposure.

Federal policy on cybersecurity – Executive Order “Improving Critical Infrastructure Security” was issued on February 13, 2013. Among other things, the Executive Order calls for improved information sharing and processing of security clearances for owners and operators of critical infrastructures. It also required the development of a framework (“Framework”), led by the National Institute of Standards and Technology), to reduce cyber risks to critical infrastructure.

The Executive Order could result in substantive changes to policy, regulatory, and compliance issues that will affect the electric industry. The Authority and the Project Participants will continue to monitor this issue in order to help ensure that the Framework continues to recognize the existing cybersecurity efforts in the electric sector, and does not undermine them by creating duplicative or inconsistent processes.

The “Cybersecurity Information Sharing Act of 2015” was signed into law on December 18, 2015. It creates an industry-supported, voluntary cybersecurity information sharing program that will encourage both public and private sector entities to share cyber-related threat information. The Authority supported the passage of the bill.

Federal energy legislation

Energy Policy Act of 2005 – Under the Federal Energy Policy Act of 2005 (EPAct 2005), FERC was given refund authority over municipal utilities if they sell into short-term markets, like the ISO markets, and sell eight million MWhs or more of electric energy on an annual basis. In addition, FERC was given authority over the behavior of market participants, where it can impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or transmission service.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

The EAct 2005 authorized FERC to issue permits to construct or modify transmission facilities located in a national interest electric transmission corridor if FERC determines that the statutory conditions are met. EAct 2005 requires the creation of an electric reliability organization (ERO) to establish and enforce, under FERC supervision, mandatory reliability standards to increase system reliability and minimize blackouts. Failure to comply with such mandatory standards exposes a utility to significant fines and penalties by the ERO.

NERC reliability standards – EAct 2005 required FERC to certify an ERO to develop mandatory and enforceable reliability standards, subject to FERC review and approval. On February 3, 2006, FERC issued Order 672, which certified the North American Electric Reliability Corporation (NERC) as the ERO. Many reliability standards have since been approved by FERC. Such standards pertain not only to the planning, operations, and maintenance of Bulk-Power System facilities, but also to the cyber and physical security of certain critical facilities.

FERC Order 693 further provided ERO and Regional Entities (entities to which NERC has delegated enforcement authority through an agreement approved by FERC) with the discretion to calculate a penalty without collecting the penalty if circumstances warrant.

Federal regulation of transmission access – EAct 2005 authorizes FERC to compel “open access” to the transmission systems of certain utilities that are not generally regulated by FERC, including municipal utilities if the utility sells more than four million MWhs of electricity per year. Under open access, a transmission provider must allow all customers to use the system under standardized rates, terms and conditions of service.

FERC Order No. 888 requires the provision of open access transmission services on a nondiscriminatory basis by all “jurisdictional utilities” (which, by definition, does not include municipal entities like the Project Participants) by requiring all such utilities to file Open Access Transmission Tariffs (“OATTs”). Order No. 888 also requires “non-jurisdictional utilities” (which, by definition, does include the Project Participants) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the non-jurisdictional utility provides itself.

On February 16, 2007, FERC issued Order 890, which concluded that reform of its pro forma OATT was necessary to reduce the potential for undue discrimination and provide clarity in the obligations of transmission providers and customers.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

On July 21, 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Under EPCA 2005, FERC may not require municipal utilities to join regional transmission organizations, in which participating utilities allow an independent entity to oversee operation of the utilities' transmission facilities. FERC has stated, however, that FERC expects such utilities to participate in the regional processes for transmission planning and that FERC will pursue associated complaints against such utilities on a case-by-case basis.

Other legislation – Congress has considered and is considering numerous bills addressing domestic energy policies and various environmental matters, including bills relating to energy supplies and development (such as a federal energy efficiency standard and expedited permitting for natural gas drilling projects), global warming, and water quality. Many of these bills, if enacted into law, could have a material impact on the Authority, the Project Participants, and the electric utility industry as a whole. The Authority and the Project Participants are unable to predict the outcome or potential impacts of any possible legislation at this time.

Environmental issues – Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. There is no assurance that any Authority or Project Participant facility or project will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations, or will always be able to obtain all required operating permits. In addition, the election of new administrations, including the President of the United States, could impact substantially the current environmental standards and regulations and other matters described herein. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Greenhouse gas regulations under the Clean Air Act – The United States Environmental Protection Agency (the "EPA") has taken steps to regulate greenhouse gas emissions under existing law. In 2009, the EPA issued a final "endangerment finding," in which it declared that the weight of scientific evidence requires a finding that six identified greenhouse gases, namely, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride, cause global warming, and that global warming endangers public health and welfare. The final rule for the "endangerment finding" was published in the Federal Register on December 15, 2009. As a result of this finding, the EPA considered it was authorized to issue regulations limiting carbon dioxide emissions from, among other things, stationary sources such as electric generating facilities, under the federal Clean Air Act.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

The “Tailoring Rule,” published in the Federal Register on June 3, 2010, states that greenhouse gas emissions will be regulated from large stationary sources, including electric generating facilities, if the sources emit more than the specified threshold levels of tons per year of carbon dioxide.

Large sources, with the potential to emit in excess of the applicable threshold, will be subject to the major source permitting requirements under the Clean Air Act, including the EPA’s Prevention of Significant Deterioration (“PSD”) and its Title V operating permit program. Permits would be required in order to construct, modify, and operate facilities exceeding the emissions threshold. The endangerment finding and the Tailoring Rule have been challenged in court, but were upheld on June 26, 2012. The appealed petition for rehearing was denied on December 2012. In October 2013 several petitions for review relating to these findings were consolidated in a United States Supreme Court case and on June 23, 2014 the Court issued its decision on the US EPA’s Tailoring Rule. The decision invalidated substantial portions of the Tailoring Rule, governing when PSD and Title V permitting would be triggered, while preserving various aspects of the EPA’s ability to regulate greenhouse gas emissions from most major new sources.

Pursuant to a December 23, 2010 settlement agreement, the EPA proposed on April 13, 2012 to establish New Source Performance Standards limiting carbon dioxide emissions from fossil-fuel fired electric generating units. In response to a June 25, 2013 Presidential Memorandum, the EPA rescinded the April 13, 2012 proposal and re-proposed standards that they stated would apply only to new facilities, not reconstructed or modified facilities. The EPA is required by the Presidential Memorandum to propose by June 1, 2014, and finalize by June 1, 2015, standards, regulations, or guidelines that address carbon pollution from modified, reconstructed and existing power plants.

On June 2, 2014, the EPA released its “Clean Power Plan” proposal for both existing and modified or reconstructed power plants as contemplated by a Presidential Memorandum. The proposed rule is designed to reduce carbon (CO₂) emissions from the power sector by 30% on average nationwide by 2030, as compared to 2012 levels. Under the proposal, the EPA will set different interim (2024) and final (2030) emissions targets for each state based on overall CO₂ emissions and the amount of electricity generated in the state. It was proposed that state emission targets may be met in a combination of ways, including through a “Best System of Emissions Reduction,” which may include coal plant efficiency upgrades, switching from coal to natural gas, and by improving energy efficiency or promoting renewable energy. In the event a state fails to develop a satisfactory implementation plan, the EPA may impose a federal implementation plan instead.

On August 3, 2015, the EPA announced the final version of the Clean Power Plan for existing power plants, effective December 22, 2015. The EPA further released its final new source performance standards for emissions of carbon dioxide for newly constructed, modified, and reconstructed power plants effective October 23, 2015. As discussed below, however, implementation of the Clean Power Plan is currently stayed and the EPA has issued a notice of proposed rulemaking that proposes to repeal the Clean Power Plan.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

The final version of the Clean Power Plan was designed to reduce CO₂ emissions from the power sector by 32% on average nationwide by 2030, from a 2012 baseline. Under the final rule, the EPA would set different interim and final emissions targets for each state based on overall CO₂ emissions and the amount of electricity generated in the state and greater regional cooperation (through WECC for California) was encouraged. Under the final rule, states were to have until September 2016 to design their state implementation plans to reach the emissions target or could request an extension until September 2018 either alone or in cooperation with other states while working on multi-state plans. Under the Clean Power Plan, states could choose between two plan types in order to comply with the program: a source-based “emission standards” plan type, including source-specific requirements ensuring all affected power plants within the state meet their required emissions performance rates or state-specific rate based or mass-based goal, and a “state measures” plan type, including a mixture of measures implemented by the state, such as renewable energy standards and programs to improve residential energy efficiency, that would result in affected power plants meeting the state’s mass-based goal. In both cases, states would have to demonstrate that their plan will meet the CO₂ emission performance rates, the state rate-based goal or the state mass-based goal by 2030. Interim standards were to be phased in from 2022 to 2029 prior to the final standards being reached in 2030. Progress towards meeting the target rates could be measured in one of three ways: (i) a rate-based state emissions goal measured in pounds per MWh; (ii) a mass-based state emissions goal measured in total short tons of CO₂; and (iii) a mass-based state goal with a new source complement measured in total short tons of CO₂. Under the rule, state emission targets could be met in a combination of ways, with emissions targets set based on three “building blocks” identified by the EPA as reflecting a “Best System of Emissions Reduction,” which could include improved efficiency at power plants, switching generation from higher-emitting coal to lower-emitting natural gas, and shifting generation to zero-emitting renewable or nuclear energy. In the event a state failed to develop a satisfactory implementation plan, the EPA could impose a federal implementation plan instead.

On August 2, 2016, California became the first state in the country to release to the public a draft of its state implementation plan. A public hearing on the draft state implementation plan was held by CARB on September 22, 2016. Under the draft state implementation plan for California, CARB used the “state measures” approach, applying the mass-based state emissions limit for the total affected power plants and has proposed to use the state cap-and-trade program as its state measure. CARB has thus far adopted mandatory reporting regulation changes that would account for emissions reporting under the Clean Power Plan.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Concurrently with the release of the final Clean Power Plan for existing power plants, on August 3, 2015, the EPA also released standards to limit CO₂ emissions from new, modified and reconstructed power plants. These new final carbon pollution standards would apply to: (i) any newly constructed fossil fuel-fired power plant that commenced construction on or after January 8, 2014; (ii) existing power plants subject to modification, which would include a physical or operational change that increased the source's maximum achievable hourly rate of emissions, which modification occurred on or after June 18, 2014; and (iii) reconstructed power plants, which would include any unit on which the replacement of components occurred on or after June 18, 2014 and to such an extent that the fixed capital costs of the new components exceeds 50% of the fixed capital costs that would be required to construct a comparable entirely new facility. In the final standards, the EPA established separate standards for two types of fossil fuel-fired sources: (a) stationary combustion turbines, generally firing natural gas, and (b) electric utility steam generating units, generally firing coal. The new standards reflect the degree of emissions limitation achievable through the application of the "Best System of Emissions Reduction," that the EPA determined had been adequately demonstrated for each type of unit. Under the final standards, new and reconstructed baseload natural gas-fired electricity generating units would be required to meet an emissions limit of 1,000 pounds of CO₂ per MWh. Non-base load units would need to meet a clean fuels input-based standard. New coal-fired facilities would be required to meet an emissions limit of 1,400 pounds of CO₂ per MWh-gross. Coal-fired electricity generating units subject to modifications resulting in an increase of hourly CO₂ emissions of more than 10% relative to the emissions of the most recent five years from that unit would be required to meet a unit-specific emission limit consistent with the unit's best historical annual CO₂ emissions rate since 2002. Such standard would be in the form of an emissions limit in pounds of CO₂ per MWh on a gross-output basis. Reconstructed coal-fired power plants with a heat input of greater than 2,000 MMBtu/h would be required to meet an emissions limit of 1,800 pounds of CO₂ per MWh-gross. Smaller coal-fired units would be required to meet an emission limit of 2,000 pounds of CO₂ per MWh-gross. These emissions limits were based on the use of the most efficient generating technology at the affected source.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

The final Clean Power Plan and the carbon pollution standards for new, modified and reconstructed power plants were to become effective on October 23, 2015; the carbon pollution standards for existing power plants became effective on December 22, 2015. A number of lawsuits were subsequently filed challenging the final rules and seeking to prevent the EPA from moving forward to implement the Clean Power Plan. On October 23, 2015, a group of 24 state attorneys general filed an action in the D.C. Circuit Court seeking a stay of the Clean Power Plan deadlines while its legality was reviewed by the courts. Additional legal and legislative challenges were filed and then consolidated into one case by the D.C. Circuit Court (State of West Virginia, et al. v. EPA). On January 21, 2016, the D.C. Circuit Court denied the request for stay of implementation of the Clean Power Plan and a number of applications for stay were made to the U.S. Supreme Court by parties challenging the Clean Power Plan. On February 9, 2016, the U.S. Supreme Court granted the emergency stay applications filed by opponents of the Clean Power Plan. The orders issued by the Court prevented the EPA from implementing the Clean Power Plan not only until the D.C. Circuit Court issued a judgment on its legality, but also until the U.S. Supreme Court reviewed an expected appeal of that ruling. Oral arguments in the case were heard on September 27, 2016 by a panel of ten judges serving on the D.C. Circuit Court; however, consideration is currently on hold at the request of the current administration. An Executive Order was issued on March 28, 2017 that directed the EPA to review, revise or repeal the Clean Power Plan and other rules. The Justice Department filed two court motions to hold the litigation in abeyance while EPA took action to rescind or revise the two rules. On October 10, 2017, the EPA issued a notice of proposed rulemaking that proposed to repeal the Clean Power Plan. The notice of proposed rulemaking was published in the Federal Register on October 16, 2017. On December 18, 2017, the EPA Administrator released an advance notice of proposed rulemaking seeking input on the best way, if any, to regulate power plant greenhouse gas emissions, initiating the formal process to explore a potential Clean Power Plan replacement. The advance notice of proposed rulemaking was published in the Federal Register on December 28, 2017. The proposed repeal of the Clean Power Plan has been challenged by a number of attorneys general and certain environmental groups. On August 21, 2018, the EPA released its proposed "Affordable Clean Energy" rule that would replace the 2015 Clean Power Plan. It seeks to establish emission guidelines for states to develop plans to address emissions from existing coal-fired power plants by defining the "best system of emission reduction" as on-site, heat-rate efficiency improvements; providing states with a list of "candidate technologies" that could be used to establish performance standards; updating EPA's New Source Review permitting program to incentivize efficiency improvements and existing plants; and by aligning Section 111(d) of the Clean Air Act with general implementing rules to provide states more time and additional flexibility to develop state plans. Comments on the proposed rule will be due 60 days upon formal publication in the Federal Register.

A number of lawsuits have been filed challenging final rules and seeking to prevent the EPA from moving forward to implement the Clean Power Plan. The Authority and the Project Participants are unable to predict the outcome of these challenges to the EPA's endangerment finding and subsequent rulemaking or the effect that any final rules promulgated by the EPA regulating greenhouse gas emissions from electric generating units and other stationary sources would have on the Authority's projects or the Project Participants and their respective electric systems.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

National Ambient Air Quality Standards – The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards (NAAQS) for certain air pollutants. Once NAAQS have been established, each state must identify areas that do not meet the EPA standard (“non-attainment areas”) and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an “attainment area”. A proposal to lower the NAAQS for ozone was submitted and withdrawn and the EPA resumed the process of issuing non-attainment designations for the ozone NAAQS under the standard set in 2008. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions. On May 29, 2013, the EPA proposed a rule to implement the 2008 ozone NAAQ and solicited public comments on the proposal.

The final rule was to become effective on December 28, 2015; however, the current administration has delayed designations by one year, until 2018. Legal challenges to the final rule have been filed by a number of states and industry groups. On March 12, 2018, a federal district judge in Northern California ordered the EPA to complete the strengthened 2015 ozone standard designations later in 2018. EPA’s proposed final rule was submitted to the White House for inter-agency review on July 3, 2018, to implement the strengthened 70 ppb NAAQS on State implementation requirements; EPA was also under court order to respond to pending litigation by August 15, 2018. Parties to long-pending legal challenges (now a consolidated case) filed a joint motion before the D.C. appellate court on August 22, 2018, agreeing that the case (*Murray Energy Corporation v. EPA*) should be scheduled for oral arguments and jointly proposed a format and time allocation for oral arguments.

Mercury and Air Toxic Standards (“MATS”) – On December 16, 2011, the EPA signed a rule establishing new standards to reduce air pollution from coal- and oil-fired power plants under sections 111 (new source performance standards) and 112 (toxics program) of the Clean Air Act. The EPA updated the MATS emission limits on November 30, 2012 and again on March 28, 2013 and is currently reconsidering certain aspects of the regulation. Power plants have up to four years to meet these standards. While many plants meet some or all of these new standards, some plants will be required to install new equipment to meet the standards. The Supreme Court has since remanded the rulemaking back to a lower court because the EPA misinterpreted Clean Air Act Section 112 when it failed to consider compliance costs in regulating mercury from power plants. The EPA issued a final finding on April 14, 2016. The Project Participants purchase power from coal-fired power stations that may be affected by these new rules, and may be exposed to increased costs. In April 2017 the D.C. appellate court was requested to delay oral arguments that were to be held in May 2017 challenging the MATS rule. In the event the MATS standards are ultimately upheld, the Project Participants that purchase power from coal-fired power stations may be exposed to increased costs. EPA announced in August 2018 that it will reconsider those standards as to whether changes made by the previous administration were appropriate and necessary.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Other proposals – The EPA released its final rule relating to the Coal Combustion Residuals (CCR) such as ash on December 19, 2014, adopting the industry-preferred alternative regulation classifying CCRs as nonhazardous solid waste. The definition of “CCR landfill” now includes “coal” (so other non-coal mines that receive utility coal ash may qualify as CCR landfills), and clarifies that when groundwater contamination from an unlined CCR surface impoundment exceeds an applicable water standard, the owner/operator may choose to retrofit the unit instead of closing it. Congress is considering legislation that would make further refinements to the rule. The legislation was signed into law on December 16, 2016. An appellate court issued an opinion in August 2018 challenging the current administration’s recent revisions to the Rule, siding with environmental groups and ordering EPA to strengthen the Rule.

On May 16, 2014, the EPA released a final regulation on Cooling Water Intake Structures at certain existing power plants. The regulation was established in order to reduce the number of fish and other aquatic organisms that are trapped against intake screens or drawn into the generating unit; the regulation became effective on October 14, 2014 and is expected to increase the cost of power the Project Participants purchase from certain fossil fuel-fired units.

On June 7, 2013, the EPA proposed setting technology-based effluent limitations guidelines and standards for metals and other pollutants in wastewater discharged from steam electric power plants. The EPA is also considering best management practices for surface impoundments containing CCRs. On September 30, 2015, the EPA announced its final Steam Electric Effluent Limitation Guidelines to update the federal limits on toxic metals in discharge wastewater. On June 6, 2017, the new Administration announced that it was postponing certain compliance dates in the effluent limitation guidelines and standards for the new, more stringent steam electric point source category under the Clean Water Act until EPA completes reconsideration of the 2015 Rule; the new rulemaking is currently ongoing. The regulation could increase the cost of power that the Project Participants purchase from steam electric power plants.

Other factors – The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. Such factors, including those discussed above, could have an adverse effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The Authority is unable to predict what impact such factors will have on the business operations and financial condition of its members but the impact could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Nuclear spent fuel and waste disposal – Under the Nuclear Waste Policy Act, the Department of Energy (DOE) was to develop the facilities necessary for the storage and disposal of spent fuel and to have the first such facility in operation by 1998. DOE collected a fee of 0.1 cents/kwh of electric generation from the nuclear plant operators to fund the development and operation of the disposal facility.

In July 2002, a measure was signed into law designating the Yucca Mountain, in the state of Nevada, as the nation's high-level nuclear waste repository. This meant that the DOE could then file a construction and operation plan for the Yucca Mountain with the Nuclear Regulatory Commission (NRC). Due to a series of setbacks including scientific challenges by the National Academy of Science, falsified research data by consultants, and delays in submitting the construction application to the NRC, the operation date of the repository was pushed back several times.

Yucca Mountain has been on hold for several years, due in large part to objections from some members of congress, as DOE pursues a consent-based siting of interim nuclear waste storage sites in communities that are willing to host them.

In June 2008, the DOE submitted to the NRC a license application to construct the repository. In 2009, the federal government, under the new administration, decided to cut off all the appropriated funds for the development of the repository at the Yucca Mountain, at the urging of the Congress, except a small budget allocation for the closing of the project.

The DOE subsequently submitted a request to the NRC to withdraw the license application. The withdrawal request was denied by the NRC due to lack of valid reasons. Concurrently, an independent commission was formed by the DOE to find a solution for the nuclear waste disposition that would include Yucca Mountain among the different options. There are questions among utilities, as well as public utility commissions nationwide, about the continued collection of disposal fees by the DOE for the Nuclear Waste Fund recognizing that there is a lack of spent fuel disposal policy from the federal government. After further contest by the Public Utility Commissions of several states as well as the nuclear operators, the DOE suspended the collection of the 0.1 cents/kwh nuclear waste fee effective May 16, 2014.

The Palo Verde Operating Agent, on behalf of the co-owners, has litigated the DOE to recover the costs of storing spent fuel at Palo Verde because the DOE failed to honor the contract to remove and dispose of spent fuel as scheduled. In 2010, the federal court ruled in favor of Palo Verde and granted a compensation of \$30.2 million which covered costs incurred up to 2006. The Authority's share of the settlement was \$1.8 million.

Palo Verde continues to pursue cost recovery through the DOE as additional spent fuel related expenses are accumulated for the continued operation of the plant. In 2012, Palo Verde filed a claim of \$59 million for costs associated with the storage of spent fuel at the plant site for the period 2007-2011. In 2014, Palo Verde and DOE entered into a settlement stipulating to a dismissal of the lawsuit and payment of \$57.4 million of which the Authority's share was \$3.4 million.

Southern California Public Power Authority Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

In addition, the settlement agreement, as amended, provides Palo Verde with a method for submitting claims and getting recovery for costs incurred through December 31, 2019. Palo Verde has submitted claims for three separate time periods 2011-2016. Settlement was reached with the DOE for \$65.2 million of which the Authority's share was \$3.9 million.

Palo Verde's next claim was submitted to the DOE in the fourth quarter of 2017 in the amount of \$9 million of which the Authority's share was \$0.5 million. In February 2018, the DOE approved this claim and in March 2018, the DOE paid this claim.

The spent fuel storage in the wet pool at Palo Verde exhausted its capacity in 2003. A Dry Cask Storage Facility (the Facility), also called the Independent Spent Fuel Storage Installation (ISFSI), was built and completed in 2003 at a total cost of \$33.9 million (about \$2 million for the Authority). In addition to the Facility, the costs also include heavy lift equipment inside the units and at the yard, railroad track, tractors, transporter, transport canister, and surveillance equipment. The Facility has the capacity to store all the spent fuel generated by the Palo Verde plant until 2027. To date, over 152 casks, each containing 24 spent fuel assemblies were placed in the Facility. The original plan called for the annual transfer of about 240 fuel assemblies from the wet pool to the Facility. In the aftermath of the nuclear incident at Fukushima Daiichi Nuclear Station in Japan, following the strong earthquake and subsequent tsunami in 2011, Palo Verde decided to accelerate its campaign to transfer spent fuel from the spent fuel pool to the Facility to relieve the congestion within the pool. Beginning in 2018, PVNGS is expected to use the newly designed "Magnastor" casks that contain 36 spent fuel assemblies allowing the dry cask storage facility to accept more spent fuel. The new cask design is currently in fabrication. Storing spent fuel at Palo Verde is now considered indefinite with undetermined costs until spent fuel is removed from the plant site.

The Senate Energy and Natural Resources Committee are currently considering bipartisan legislation to address both interim and long-term spent fuel storage.

The Department of Energy indicated to nuclear operators that it intends to restart collection of the spent fuel disposal fee in the year 2020. The plant still intends to continue petitioning for reimbursement for the indefinite future.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

Nuclear insurance – The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities share in the payment for liability claims resulting from a nuclear incident. The Act limits liability from third-party claims to approximately \$13.1 billion per incident. Participants in the Palo Verde Nuclear Generating Station (PVNGS) currently insure potential claims and liability through commercial insurance with a \$450 million limit; the remainder of the potential liability is covered by the industry-wide retrospective assessment program provided under the Act. This program limits assessments to \$127.3 million per operating reactor for each licensee (there are about 99 operating reactors in the U.S.) for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$26.4 million per reactor, per incident, per year to be indexed for inflation every five years. Based on the Authority's 5.91% interest in Palo Verde, the Authority would be responsible for a maximum assessment of \$22.6 million per incident for all three units, limited to payments of \$4.5 million per incident, per year.

In addition to the above, the Authority may be subject to retroactive insurance assessments for its participation in the Neil Property Insurance Program in the amount of \$2.75 million.

Other commitments – The major capital projects that are currently in progress include the cyber security upgrade, digital upgrade of the Generex generator excitation system; the life extension of the Water Reclamation Facility's circulating water intake structures, the spray pond concrete replacement, the Nuclear Administrative and Technical Manual replacement. These, along with other regulatory plant modifications, are currently estimated at \$235 million which translates to approximately \$13.9 million for the Authority. Also anticipated in the long-range plan are \$240 million (\$14.2 million for the Authority) worth of capital projects which include the cooling tower life extension, upgrades to the high-pressure turbines and electro-hydraulic controls, the replacement of the reactor coolant pumps, Control Element Drive Mechanism Control System (CEDMCS), plant cooling water pipelines, the Site Work Management System (SWMS), and main generator stator rewinds for each unit.

In response to the nuclear event in Fukushima, Japan, the NRC has required PVNGS to implement the following: increase the redundancy in its power supply to emergency cooling systems, reinforce its spent fuel pool, accelerate the transfer of spent fuel from the pool to the dry cask storage, add pipelines and associated equipment necessary for supplying additional cooling water to the reactors, and upgrade the communication and control system to allow remote access to the plant. To date, the station has purchased additional diesel generators, pumps, hoses, fire trucks and stages at the plant site. It also has access to other emergency equipment stored by the nuclear industry in two facilities in Memphis, Tennessee and Phoenix, Arizona. In addition to these, Palo Verde allotted approximately \$82 million (approximately \$4.8 million for the Authority) for Fukushima initiatives which include fuel building modifications, an emergency equipment storage facility, temporary power connections, seismic and flood hazards validation, and corresponding mitigating strategies, among several others. All Fukushima upgrade-related activities were successfully implemented by the end of 2016. Additional NRC-mandated requirements are anticipated but the costs associated with these future projects are unknown at this time.

Southern California Public Power Authority

Notes to Combined Financial Statements

Note 12 – Commitments and Contingencies (continued)

As a result of, among other things, the anticipated costs of environmental compliance at SJGS and the California laws that may limit the ability of SCPPA to enter into certain life extension projects for coal-fired power plants, including SJGS, the Authority and other SJGS owners entered into several agreements with respect to the restructuring of their respective rights and obligations in the Project. In July 2017, the Authority's Board of Directors approved the final closing of San Juan Unit 3 on December 2017 (see Notes 1 and 2).

Other legal matters – Claims and a lawsuit for damages have been filed with the Authority, Intermountain Power Authority (the IPA), and LADWP seeking in excess of \$500 million in damages. The claimants allege, among other things, that due to improper grounding of the transmission line of STS, their dairy herds were damaged and the value of their land was diminished. The Authority believed these claims were substantially without merit as to itself because the Authority has no ownership or operational control over the subject transmission lines, and merely acted as a financing agency with respect to STS. Phase 1 of the trial, limited to the owners of six dairies, began on September 30, 2013, but after 20 trial days ended in a mistrial. The plaintiffs then filed a motion for a change of venue, which the trial court denied. Plaintiffs appealed that ruling to the Utah Court of Appeals and the Utah Supreme Court, both of which affirmed the trial court's decision.

After years of litigation, the parties entered into a final settlement agreement in April 2017 and the court dismissed the case with prejudice on August 26, 2017. The terms of the settlement agreement present no material financial impact on the Authority. As a result, there is no longer any risk of an outcome adverse to the Authority.

The Authority is also involved in various other legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material effect on the financial position or the results of operations of the Authority or the respective separate Projects.

Note 13 – Subsequent Events

Springbok 3 Solar Farm Project – The Authority, on behalf of LADWP, entered into a power purchase agreement for 85 MW of generating capacity. The commercial operation date is currently expected to be January 31, 2019, in which case the agreement will expire on January 30, 2046, unless a one-time three-year extension is exercised.

Southern Transmission System Project, 2018 Subordinate Refunding Series A – On October 10, 2018, the SCPPA issued \$48,535,000 of Transmission Project Revenue Bonds, 2018 Subordinate Refunding Series A (the "2018 Series A Subordinate Bonds") with a premium of \$4,675,656. These fixed rate bonds were issued to refund the entire \$43,860,000 outstanding principal of the STS 2008 A Revenue Bonds, and \$8,935,000 of the 2009 A Revenue Bonds (a portion of the \$37,000,000 outstanding principal) and to pay the costs of issuance relating to the 2018 Series A. The refunding transaction generated a present value savings of \$4.6 million or 8.80% of the refunded par and has an average life of 3.008 years.

Required Supplementary Information

Southern California Public Power Authority
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last Ten Years*

	2018	2017	2016	2015
Proportion of the net pension liability	0.03880%	0.03779%	0.03604%	0.01404%
Proportionate share of the net pension liability	\$ 1,472,764	\$ 1,263,624	\$ 1,010,974	\$ 873,857
Covered - employee payroll	\$ 2,455,761	\$ 2,373,992	\$ 2,258,941	\$ 1,091,557
Proportionate Share of the net pension liability as percentage of covered-employee payroll	59.97%	53.23%	44.75%	80.06%
Plan's fiduciary net position	\$ 27,244,095	\$ 24,705,532	\$ 24,907,306	\$ 24,940,528
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.32%	81.00%

Notes to Schedule

Changes in assumptions – In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.65 percent (net of administrative expense in 2014) to 7.15 percent as of June 30, 2016 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

*Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

Southern California Public Power Authority
Schedule of Contributions
As of June 30, 2018
Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 177,260	\$ 251,133	\$ 265,844	\$ 699,279
Contributions in relation to the actuarially determined contribution	<u>(269,886)</u>	<u>(229,160)</u>	<u>(278,896)</u>	<u>(699,279)</u>
Contribution deficiency (excess)	<u>\$ (92,626)</u>	<u>\$ 21,973</u>	<u>\$ (13,052)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,455,761	\$ 2,373,992	\$ 2,258,941	\$ 1,091,557
Contributions as a percentage of covered-employee payroll	7.22%	10.58%	11.77%	64.06%

Notes to Schedule

Valuation date: 6/30/2016 6/30/2015 6/30/2014 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	Differ by employer
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%
Retirement age	57 yrs.
Mortality	Derived using

*Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

Southern California Public Power Authority
Schedule of Changes in OPEB Liability
As of June 30, 2018
Last Ten Years*

	2018
<i>Total OPEB Liability</i>	
Service cost	\$ 86,517
Interest cost	26,114
Change in assumptions	(82,085)
Benefit payments	(21,879)
Net change in total OPEB liability	\$ 8,667
Total pension liability, beginning	\$ 818,744
Total pension liability, ending	\$ 827,411
<i>Plan fiduciary net position</i>	
Contributions	
Employer contributions	\$ 21,879
Benefit payments	(21,879)
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position, beginning	\$ -
Plan fiduciary net position, ending	\$ -
Net pension liability, ending	\$ 827,411
Plan fiduciary net position as a percent of the total pension liability	0.00%
Covered-employee payroll	\$ 2,217,802
Net pension liability as a percent of covered payroll	37.30%

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Supplementary Information

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Southern California Public Power Authority
Power Purchase Agreements
Combining Statements of Net Position
June 30, 2018
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
ASSETS											
Noncurrent assets											
Investments – restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments – unrestricted	-	-	-	-	-	-	-	5,486	-	-	-
Total noncurrent assets	-	-	-	-	-	-	-	5,486	-	-	-
Current assets											
Cash and cash equivalents – restricted	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents – unrestricted	1,205	1,033	4,672	819	2,190	4,873	1,108	5,156	699	2,404	3,525
Interest receivable	-	-	3	-	2	2	-	2	-	2	-
Accounts receivable	403	-	-	-	-	1,398	20	-	114	-	904
Prepaid and other assets	5	2	6	2	4	13	3	11	5	3	4
Total current assets	1,613	1,035	4,681	821	2,196	6,286	1,131	5,169	818	2,409	4,433
Total assets	\$ 1,613	\$ 1,035	\$ 4,681	\$ 821	\$ 2,196	\$ 6,286	\$ 1,131	\$ 10,655	\$ 818	\$ 2,409	\$ 4,433
LIABILITIES											
Current liabilities											
Advances from participants due within one year	\$ 857	\$ 500	\$ -	\$ 400	\$ 960	\$ -	\$ 405	\$ 400	\$ 171	\$ 960	\$ 2,000
Accounts payable and accruals	756	535	4,678	421	1,232	6,282	726	10,229	647	1,446	2,430
Total current liabilities	1,613	1,035	4,678	821	2,192	6,282	1,131	10,629	818	2,406	4,430
Total liabilities	1,613	1,035	4,678	821	2,192	6,282	1,131	10,629	818	2,406	4,430
NET POSITION											
Unrestricted	-	-	3	-	4	4	-	26	-	3	3
Total net position	-	-	3	-	4	4	-	26	-	3	3
Total liabilities and net position	\$ 1,613	\$ 1,035	\$ 4,681	\$ 821	\$ 2,196	\$ 6,286	\$ 1,131	\$ 10,655	\$ 818	\$ 2,409	\$ 4,433

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	POWER PURCHASE AGREEMENTS										
	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	ORMAT Northern Nevada	ORMESA Geothermal Project	ARP Loyalton Biomass Project	Totals
ASSETS											
Noncurrent assets											
Investments – restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments – unrestricted	-	-	-	-	-	-	-	4,681	4,982	-	15,149
Total noncurrent assets	-	-	-	-	-	-	-	4,681	4,982	-	15,149
Current assets											
Cash and cash equivalents – restricted	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents – unrestricted	6,044	517	901	496	2,210	182	4,159	1,281	2,353	2,946	48,773
Interest receivable	-	-	-	-	-	-	-	2	2	3	18
Accounts receivable	-	741	1,126	416	333	17	800	-	-	70	6,342
Prepaid and other assets	5	4	8	5	6	2	21	-	-	-	109
Total current assets	6,049	1,262	2,035	917	2,549	201	4,980	1,283	2,355	3,019	55,242
Total assets	\$ 6,049	\$ 1,262	\$ 2,035	\$ 917	\$ 2,549	\$ 201	\$ 4,980	\$ 5,964	\$ 7,337	\$ 3,019	\$ 70,391
LIABILITIES											
Current liabilities											
Advances from participants due within one year	\$ 2,000	\$ 600	\$ 800	\$ 300	\$ 900	\$ 90	\$ 420	\$ 1,800	\$ -	\$ -	\$ 13,563
Accounts payable and accruals	4,043	662	1,235	617	1,649	111	4,560	4,152	7,321	3,015	56,747
Total current liabilities	6,043	1,262	2,035	917	2,549	201	4,980	5,952	7,321	3,015	70,310
Total liabilities	6,043	1,262	2,035	917	2,549	201	4,980	5,952	7,321	3,015	70,310
NET POSITION											
Unrestricted	6	-	-	-	-	-	-	12	16	4	81
Total net position	6	-	-	-	-	-	-	12	16	4	81
Total liabilities and net position	\$ 6,049	\$ 1,262	\$ 2,035	\$ 917	\$ 2,549	\$ 201	\$ 4,980	\$ 5,964	\$ 7,337	\$ 3,019	\$ 70,391

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	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
ASSETS											
Noncurrent assets											
Investments – unrestricted	\$ -	\$ -	\$ 3,187	\$ -	\$ -	\$ 6,987	\$ -	\$ 4,199	\$ -	\$ -	\$ -
Total noncurrent assets	-	-	3,187	-	-	6,987	-	4,199	-	-	-
Current assets											
Cash and cash equivalents – unrestricted	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168
Interest receivable	-	-	-	-	-	2	-	-	-	-	-
Accounts receivable	2,022	-	-	9	997	378	88	-	128	875	2,295
Prepaid and other assets	4	2	6	2	5	13	3	12	3	30	3
Total current assets	2,057	719	3,022	704	1,839	5,403	1,082	6,124	1,155	1,728	4,466
Total assets	\$ 2,057	\$ 719	\$ 6,209	\$ 704	\$ 1,839	\$ 12,390	\$ 1,082	\$ 10,323	\$ 1,155	\$ 1,728	\$ 4,466
LIABILITIES											
Current liabilities											
Advances from participants due within one year	\$ 1,382	\$ 500	\$ -	\$ 400	\$ 960	\$ -	\$ 405	\$ 400	\$ 171	\$ 960	\$ 2,000
Accounts payable and accruals	675	219	6,204	304	878	12,379	677	9,911	984	768	2,466
Total current liabilities	2,057	719	6,204	704	1,838	12,379	1,082	10,311	1,155	1,728	4,466
Total liabilities	2,057	719	6,204	704	1,838	12,379	1,082	10,311	1,155	1,728	4,466
NET POSITION											
Unrestricted	-	-	5	-	1	11	-	12	-	-	-
Total net position	-	-	5	-	1	11	-	12	-	-	-
Total liabilities and net position	\$ 2,057	\$ 719	\$ 6,209	\$ 704	\$ 1,839	\$ 12,390	\$ 1,082	\$ 10,323	\$ 1,155	\$ 1,728	\$ 4,466

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POWER PURCHASE AGREEMENTS

	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	Totals
ASSETS								
Noncurrent assets								
Investments – unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,373
Total noncurrent assets	-	-	-	-	-	-	-	14,373
Current assets								
Cash and cash equivalents – unrestricted	5,368	1,372	2,941	993	2,899	259	3,362	38,616
Interest receivable	1	-	-	-	-	-	-	3
Accounts receivable	-	121	-	109	273	29	11	7,335
Prepaid and other assets	3	-	-	-	-	-	-	86
Total current assets	5,372	1,493	2,941	1,102	3,172	288	3,373	46,040
Total assets	\$ 5,372	\$ 1,493	\$ 2,941	\$ 1,102	\$ 3,172	\$ 288	\$ 3,373	\$ 60,413
LIABILITIES								
Current liabilities								
Advances from participants due within one year	\$ 2,000	\$ 600	\$ 800	\$ 300	\$ 900	\$ 90	\$ 420	\$ 12,288
Accounts payable and accruals	3,372	893	2,141	802	2,272	198	2,953	48,096
Total current liabilities	5,372	1,493	2,941	1,102	3,172	288	3,373	60,384
Total liabilities	5,372	1,493	2,941	1,102	3,172	288	3,373	60,384
NET POSITION								
Unrestricted	-	-	-	-	-	-	-	29
Total net position	-	-	-	-	-	-	-	29
Total liabilities and net position	\$ 5,372	\$ 1,493	\$ 2,941	\$ 1,102	\$ 3,172	\$ 288	\$ 3,373	\$ 60,413

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	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia Solar 2	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
Operating revenues											
Sales of electric energy	\$ 10,728	\$ 1,314	\$ 20,829	\$ 3,155	\$ 16,927	\$ 59,207	\$ 3,852	\$ 26,050	\$ 5,727	\$ 13,340	\$ 20,539
Total operating revenues	10,728	1,314	20,829	3,155	16,927	59,207	3,852	26,050	5,727	13,340	20,539
Operating expenses											
Operations and maintenance	10,728	1,314	20,901	3,155	16,954	59,319	3,852	26,177	5,727	13,360	20,572
Total operating expenses	10,728	1,314	20,901	3,155	16,954	59,319	3,852	26,177	5,727	13,360	20,572
Operating income (loss)	-	-	(72)	-	(27)	(112)	-	(127)	-	(20)	(33)
Non operating revenues (expenses)											
Investment and other income	-	-	70	-	30	105	-	141	-	23	36
Net non operating revenues (expenses)	-	-	70	-	30	105	-	141	-	23	36
Change in net position	-	-	(2)	-	3	(7)	-	14	-	3	3
Net position – beginning of year	-	-	5	-	1	11	-	12	-	-	-
Net position – end of year	\$ -	\$ -	\$ 3	\$ -	\$ 4	\$ 4	\$ -	\$ 26	\$ -	\$ 3	\$ 3

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	POWER PURCHASE AGREEMENTS										
	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	ORMAT Northern Nevada	ORMESA Geothermal Project	ARP Loyaltan Biomass Project	Totals
Operating revenues											
Sales of electric energy	\$ 24,050	\$ 5,595	\$ 9,657	\$ 5,614	\$ 10,126	\$ 1,039	\$ 28,784	\$ 12,385	\$ 13,630	\$ 1,538	\$ 294,086
Total operating revenues	24,050	5,595	9,657	5,614	10,126	1,039	28,784	12,385	13,630	1,538	294,086
Operating expenses											
Operations and maintenance	24,110	5,595	9,657	5,614	10,217	1,048	28,784	12,422	13,663	1,541	294,710
Total operating expenses	24,110	5,595	9,657	5,614	10,217	1,048	28,784	12,422	13,663	1,541	294,710
Operating income (loss)	(60)	-	-	-	(91)	(9)	-	(37)	(33)	(3)	(624)
Non operating revenues (expenses)											
Investment and other income	66	-	-	-	91	9	-	49	49	7	676
Net non operating revenues (expenses)	66	-	-	-	91	9	-	49	49	7	676
Change in net position	6	-	-	-	-	-	-	12	16	4	52
Net position – beginning of year	-	-	-	-	-	-	-	-	-	-	29
Net position – end of year	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 16	\$ 4	\$ 81

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	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia Solar 2	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
Operating revenues											
Sales of electric energy	\$ 10,434	\$ 3,073	\$ 19,172	\$ 3,333	\$ 16,657	\$ 58,230	\$ 4,091	\$ 25,029	\$ 5,414	\$ 13,763	\$ 30,184
Total operating revenues	10,434	3,073	19,172	3,333	16,657	58,230	4,091	25,029	5,414	13,763	30,184
Operating expenses											
Operations and maintenance	10,434	3,073	19,191	3,333	16,663	58,304	4,091	25,056	5,414	13,769	30,197
Total operating expenses	10,434	3,073	19,191	3,333	16,663	58,304	4,091	25,056	5,414	13,769	30,197
Operating income (loss)	-	-	(19)	-	(6)	(74)	-	(27)	-	(6)	(13)
Non operating revenues (expenses)											
Investment and other income	-	-	24	-	6	74	-	39	-	6	13
Net non operating revenues (expenses)	-	-	24	-	6	74	-	39	-	6	13
Change in net position	-	-	5	-	-	-	-	12	-	-	-
Net position – beginning of year	-	-	-	-	1	11	-	-	-	-	-
Net position – end of year	\$ -	\$ -	\$ 5	\$ -	\$ 1	\$ 11	\$ -	\$ 12	\$ -	\$ -	\$ -

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POWER PURCHASE AGREEMENTS

	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	Totals
Operating revenues								
Sales of electric energy	\$ 22,658	\$ 4,573	\$ 5,990	\$ 4,208	\$ 5,005	\$ 599	\$ 13,324	\$ 245,737
Total operating revenues	22,658	4,573	5,990	4,208	5,005	599	13,324	245,737
Operating expenses								
Operations and maintenance	22,678	4,883	5,990	4,208	5,210	623	13,324	246,441
Total operating expenses	22,678	4,883	5,990	4,208	5,210	623	13,324	246,441
Operating income (loss)	(20)	(310)	-	-	(205)	(24)	-	(704)
Non operating revenues (expenses)								
Investment and other income	20	310	-	-	205	24	-	721
Net non operating revenues (expenses)	20	310	-	-	205	24	-	721
Change in net position	-	-	-	-	-	-	-	17
Net position – beginning of year	-	-	-	-	-	-	-	12
Net position – end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29

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	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
Cash flows from operating activities											
Receipts from participants	\$ 11,822	\$ 1,771	\$ 19,245	\$ 3,318	\$ 18,085	\$ 58,187	\$ 2,137	\$ 26,195	\$ 2,459	\$ 14,836	\$ 21,930
Payments to operating managers	(10,648)	(1,456)	(20,844)	(3,194)	(16,760)	(65,416)	(2,973)	(26,007)	(4,215)	(13,277)	(20,612)
Other disbursements and receipts		1	1	2	-	(1)	953	4	1,431	-	4
Net cash flows from operating activities	1,174	316	(1,598)	126	1,325	(7,230)	117	192	(325)	1,559	1,322
Cash flows from investing activities											
Interest received on investments	-	-	54	-	28	93	-	104	-	22	35
Purchases of investments	-	-	-	-	-	-	-	(10,452)	-	-	-
Proceeds from sale/maturity of investments	-	-	3,200	-	-	7,000	-	9,200	-	-	-
Net cash provided by (used for) investing activities	-	-	3,254	-	28	7,093	-	(1,148)	-	22	35
Net increase (decrease) in cash and cash equivalents	1,174	316	1,656	126	1,353	(137)	117	(956)	(325)	1,581	1,357
Cash and cash equivalents, beginning of year	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168
Cash and cash equivalents, end of year	\$ 1,205	\$ 1,033	\$ 4,672	\$ 819	\$ 2,190	\$ 4,873	\$ 1,108	\$ 5,156	\$ 699	\$ 2,404	\$ 3,525
Reconciliation of operating income (loss) to net cash provided by operating activities											
Operating income (loss)	\$ -	\$ -	\$ (72)	\$ -	\$ (27)	\$ (112)	\$ -	\$ (127)	\$ -	\$ (20)	\$ (33)
Changes in assets and liabilities											
Accounts receivable	1,619	-	-	9	997	(1,019)	69	-	14	875	1,391
Accounts payable and accruals	(444)	316	(1,527)	117	355	(6,099)	48	318	(338)	677	(36)
Other	(1)	-	1	-	-	-	-	1	(1)	27	-
Net cash provided by operating activities	\$ 1,174	\$ 316	\$ (1,598)	\$ 126	\$ 1,325	\$ (7,230)	\$ 117	\$ 192	\$ (325)	\$ 1,559	\$ 1,322
Cash and cash equivalents as stated in the Combined Statements of Net Position											
Cash and cash equivalents – unrestricted	1,205	1,033	4,672	819	2,190	4,873	1,108	5,156	699	2,404	3,525
	\$ 1,205	\$ 1,033	\$ 4,672	\$ 819	\$ 2,190	\$ 4,873	\$ 1,108	\$ 5,156	\$ 699	\$ 2,404	\$ 3,525

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	POWER PURCHASE AGREEMENTS										
	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Puente Hills Landfill Gas Project	ORMAT Northern Nevada	ORMESA Geothermal Project	ARP Loyaltan Biomass Project	Totals
Cash flows from operating activities											
Receipts from participants	\$ 24,745	\$ 1,892	\$ 2,236	\$ 2,306	\$ 3,566	\$ 508	\$ 11,595	\$ 15,766	\$ 19,320	\$ 3,324	\$ 265,243
Payments to operating managers	(24,141)	(4,059)	(5,828)	(4,182)	(7,325)	(832)	(10,818)	(11,251)	(12,031)	(827)	(266,696)
Other disbursements and receipts	5	1,312	1,552	1,379	3,070	247	20	1,400	-	446	11,826
Net cash flows from operating activities	609	(855)	(2,040)	(497)	(689)	(77)	797	5,915	7,289	2,943	10,373
Cash flows from investing activities											
Interest received on investments	67	-	-	-	-	-	-	39	35	3	480
Purchases of investments	-	-	-	-	-	-	-	(4,673)	(4,971)	-	(20,096)
Proceeds from sale/maturity of investments	-	-	-	-	-	-	-	-	-	-	19,400
Net cash provided by (used for) investing activities	67	-	-	-	-	-	-	(4,634)	(4,936)	3	(216)
Net increase (decrease) in cash and cash equivalents	676	(855)	(2,040)	(497)	(689)	(77)	797	1,281	2,353	2,946	10,157
Cash and cash equivalents, beginning of year	5,368	1,372	2,941	993	2,899	259	3,362	-	-	-	38,616
Cash and cash equivalents, end of year	\$ 6,044	\$ 517	\$ 901	\$ 496	\$ 2,210	\$ 182	\$ 4,159	\$ 1,281	\$ 2,353	\$ 2,946	\$ 48,773
Reconciliation of operating income (loss) to net cash provided by operating activities											
Operating income (loss)	\$ (60)	\$ -	\$ -	\$ -	\$ (91)	\$ (9)	\$ -	\$ (37)	\$ (33)	\$ (3)	\$ (624)
Changes in assets and liabilities											
Accounts receivable	-	(620)	(1,126)	(307)	(59)	12	(789)	-	-	(70)	996
Accounts payable and accruals	669	(230)	(906)	(185)	(533)	(80)	1,608	5,952	7,322	3,016	10,020
Other	-	(5)	(8)	(5)	(6)	-	(22)	-	-	-	(19)
Net cash provided by operating activities	\$ 609	\$ (855)	\$ (2,040)	\$ (497)	\$ (689)	\$ (77)	\$ 797	\$ 5,915	\$ 7,289	\$ 2,943	\$ 10,373
Cash and cash equivalents as stated in the Combined Statements of Net Position											
Cash and cash equivalents – unrestricted	6,044	517	901	496	2,210	182	4,159	1,281	2,353	2,946	48,773
	\$ 6,044	\$ 517	\$ 901	\$ 496	\$ 2,210	\$ 182	\$ 4,159	\$ 1,281	\$ 2,353	\$ 2,946	\$ 48,773

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	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1 Solar Project
Cash flows from operating activities											
Receipts from participants	\$ 9,107	\$ 2,162	\$ 21,580	\$ 3,371	\$ 18,737	\$ 46,095	\$ 2,174	\$ 29,672	\$ 3,064	\$ 13,358	\$ 29,889
Payments to operating managers	(10,203)	(3,180)	(19,222)	(3,292)	(18,028)	(57,907)	(3,112)	(25,023)	(3,873)	(13,840)	(35,938)
Other disbursements and receipts	1	-	1	(1)	1	(4)	915	9	1,101	3	8,203
Net cash flows from operating activities	(1,095)	(1,018)	2,359	78	710	(11,816)	(23)	4,658	292	(479)	2,154
Cash flows from noncapital financing activities											
Advances (withdrawals) by participants, net	525	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities											
Interest received on investments	-	-	18	-	4	44	-	23	-	5	14
Purchases of investments	-	-	(3,182)	-	-	(11,971)	-	(7,184)	-	-	-
Proceeds from sale/maturity of investments	-	-	-	-	-	14,000	-	3,000	-	-	-
Net cash provided by (used for) investing activities	-	-	(3,164)	-	4	2,073	-	(4,161)	-	5	14
Net increase (decrease) in cash and cash equivalents	(570)	(1,018)	(805)	78	714	(9,743)	(23)	497	292	(474)	2,168
Cash and cash equivalents, beginning of year	601	1,735	3,821	615	123	14,753	1,014	5,615	732	1,297	-
Cash and cash equivalents, end of year	\$ 31	\$ 717	\$ 3,016	\$ 693	\$ 837	\$ 5,010	\$ 991	\$ 6,112	\$ 1,024	\$ 823	\$ 2,168
Reconciliation of operating income (loss) to net cash provided by operating activities											
Operating income (loss)	\$ -	\$ -	\$ (19)	\$ -	\$ (6)	\$ (74)	\$ -	\$ (27)	\$ -	\$ (6)	\$ (13)
Changes in assets and liabilities											
Accounts receivable	(1,327)	-	-	39	1,600	(378)	(30)	-	14	(874)	(2,295)
Accounts payable and accruals	232	(1,019)	2,378	39	(885)	(11,382)	(6)	4,697	281	354	4,466
Other	-	1	-	-	1	18	13	(12)	(3)	47	(4)
Net cash provided by operating activities	\$ (1,095)	\$ (1,018)	\$ 2,359	\$ 78	\$ 710	\$ (11,816)	\$ (23)	\$ 4,658	\$ 292	\$ (479)	\$ 2,154
Cash and cash equivalents as stated in the Combined Statements of Net Position											
Cash and cash equivalents – unrestricted	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168
	\$ 31	\$ 717	\$ 3,016	\$ 693	\$ 837	\$ 5,010	\$ 991	\$ 6,112	\$ 1,024	\$ 823	\$ 2,168

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	POWER PURCHASE AGREEMENTS							
	Springbok 2 Solar Project	Summer Solar Project	Astoria 2 Solar Project	Antelope Big Sky Ranch Solar Project	Antelope DSR 1 Solar Project	Antelope DSR 2 Solar Project	Pueente Hills Landfill Gas Project	Totals
Cash flows from operating activities								
Receipts from participants	\$ 25,089	\$ 3,133	\$ 5,541	\$ 2,884	\$ 5,074	\$ 1,228	\$ 9,397	\$ 231,555
Payments to operating managers	(19,741)	(3,088)	(2,600)	(2,637)	(3,141)	(1,080)	(6,035)	(231,940)
Other disbursements and receipts	-	1,017	-	746	966	111	-	13,069
Net cash flows from operating activities	<u>5,348</u>	<u>1,062</u>	<u>2,941</u>	<u>993</u>	<u>2,899</u>	<u>259</u>	<u>3,362</u>	<u>12,684</u>
Cash flows from noncapital financing activities								
Advances (withdrawals) by participants, net	-	310	-	-	-	-	-	835
Cash flows from investing activities								
Interest received on investments	20	-	-	-	-	-	-	128
Purchases of investments	-	-	-	-	-	-	-	(22,337)
Proceeds from sale/maturity of investments	-	-	-	-	-	-	-	17,000
Net cash provided by (used for) investing activities	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,209)</u>
Net increase (decrease) in cash and cash equivalents	5,368	1,372	2,941	993	2,899	259	3,362	8,310
Cash and cash equivalents, beginning of year	-	-	-	-	-	-	-	30,306
Cash and cash equivalents, end of year	<u>\$ 5,368</u>	<u>\$ 1,372</u>	<u>\$ 2,941</u>	<u>\$ 993</u>	<u>\$ 2,899</u>	<u>\$ 259</u>	<u>\$ 3,362</u>	<u>\$ 38,616</u>
Reconciliation of operating income (loss) to net cash provided by operating activities								
Operating income (loss)	\$ (20)	\$ (310)	\$ -	\$ -	\$ (205)	\$ (24)	\$ -	\$ (704)
Changes in assets and liabilities								
Accounts receivable	-	(121)	-	(109)	(273)	(29)	(11)	(3,794)
Accounts payable and accruals	5,373	1,493	2,941	1,102	3,377	312	3,373	17,126
Other	(5)	-	-	-	-	-	-	56
Net cash provided by operating activities	<u>\$ 5,348</u>	<u>\$ 1,062</u>	<u>\$ 2,941</u>	<u>\$ 993</u>	<u>\$ 2,899</u>	<u>\$ 259</u>	<u>\$ 3,362</u>	<u>\$ 12,684</u>
Cash and cash equivalents as stated in the Combined Statements of Net Position								
Cash and cash equivalents – unrestricted	5,368	1,372	2,941	993	2,899	259	3,362	38,616
	<u>\$ 5,368</u>	<u>\$ 1,372</u>	<u>\$ 2,941</u>	<u>\$ 993</u>	<u>\$ 2,899</u>	<u>\$ 259</u>	<u>\$ 3,362</u>	<u>\$ 38,616</u>

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2018
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1
Agency discount notes	\$ -	\$ -	\$ 3,997	\$ -	\$ 1,799	\$ 4,395	\$ -	\$ 9,878	\$ -	\$ 1,999	\$ 3,195
Money market funds	1,205	1,033	675	819	391	478	1,108	764	699	405	330
Total	\$ 1,205	\$ 1,033	\$ 4,672	\$ 819	\$ 2,190	\$ 4,873	\$ 1,108	\$ 10,642	\$ 699	\$ 2,404	\$ 3,525
Unrestricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,486	\$ -	\$ -	\$ -
Cash and cash equivalents	1,205	1,033	4,672	819	2,190	4,873	1,108	5,156	699	2,404	3,525
Total	\$ 1,205	\$ 1,033	\$ 4,672	\$ 819	\$ 2,190	\$ 4,873	\$ 1,108	\$ 10,642	\$ 699	\$ 2,404	\$ 3,525

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2018
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Springbok 2	Summer Solar	Astoria 2 Solar	Antelope Big Sky Ranch	Antelope DSR 1 Solar	Antelope DSR 2 Solar	Puente Hills Landfill Gas	ORMAT Northern Nevada	ORMESA Geothermal Project	ARP Loyalton Biomass Project	Total
Agency discount notes	\$ 5,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,879	\$ 6,778	\$ 1,500	\$ 45,012
Money market funds	452	517	901	496	2,210	182	4,159	83	557	1,446	18,910
Total	<u>\$ 6,044</u>	<u>\$ 517</u>	<u>\$ 901</u>	<u>\$ 496</u>	<u>\$ 2,210</u>	<u>\$ 182</u>	<u>\$ 4,159</u>	<u>\$ 5,962</u>	<u>\$ 7,335</u>	<u>\$ 2,946</u>	<u>\$ 63,922</u>
Unrestricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,681	\$ 4,982	\$ -	\$ 15,149
Cash and cash equivalents	6,044	517	901	496	2,210	182	4,159	1,281	2,353	2,946	48,773
Total	<u>\$ 6,044</u>	<u>\$ 517</u>	<u>\$ 901</u>	<u>\$ 496</u>	<u>\$ 2,210</u>	<u>\$ 182</u>	<u>\$ 4,159</u>	<u>\$ 5,962</u>	<u>\$ 7,335</u>	<u>\$ 2,946</u>	<u>\$ 63,922</u>

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2017
(Amounts in Thousands)

	POWER PURCHASE AGREEMENTS										
	Ormat Geothermal	MWD Small Hydro	Pebble Springs Wind	Ameresco Chiquita Landfill Gas	Don A. Campbell/ Wild Rose Geothermal	Copper Mountain Solar 3	Columbia 2 Solar	Heber-1 Geothermal	Kingbird Solar	Don A. Campbell 2 Geothermal	Springbok 1
Agency discount notes	\$ -	\$ -	\$ 6,185	\$ -	\$ 799	\$ 11,883	\$ -	\$ 10,295	\$ -	\$ 799	\$ 2,099
Money market funds	31	717	18	693	38	114	991	16	1,024	24	69
Total	\$ 31	\$ 717	\$ 6,203	\$ 693	\$ 837	\$ 11,997	\$ 991	\$ 10,311	\$ 1,024	\$ 823	\$ 2,168
Unrestricted investments	\$ -	\$ -	\$ 3,187	\$ -	\$ -	\$ 6,987	\$ -	\$ 4,199	\$ -	\$ -	\$ -
Cash and cash equivalents	31	717	3,016	693	837	5,010	991	6,112	1,024	823	2,168
Total	\$ 31	\$ 717	\$ 6,203	\$ 693	\$ 837	\$ 11,997	\$ 991	\$ 10,311	\$ 1,024	\$ 823	\$ 2,168

Southern California Public Power Authority
Power Purchase Agreements
Investments
June 30, 2017
(Amounts in Thousands)

POWER PURCHASE AGREEMENTS

	Springbok 2	Summer Solar	Astoria 2 Solar	Antelope Big Sky Ranch	Antelope DSR 1 Solar	Antelope DSR 2 Solar	Puente Hills Landfill Gas	Total
Agency discount notes	\$ 4,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,057
Money market funds	371	1,372	2,941	993	2,899	259	3,362	15,932
Total	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 52,989
Unrestricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,373
Cash and cash equivalents	5,368	1,372	2,941	993	2,899	259	3,362	38,616
Total	\$ 5,368	\$ 1,372	\$ 2,941	\$ 993	\$ 2,899	\$ 259	\$ 3,362	\$ 52,989

Other Information

Southern California Public Power Authority
Palo Verde Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Decommissioning Trust Fund	Escrow Account	General Reserve Account	Issue Account	Operating Account	Reserve & Contingency	Revenue Fund	Total
Balance at June 30, 2017	\$ 176,309	\$ 21,087	\$ 1,305	\$ 12,498	\$ 28,236	\$ 17,676	\$ -	\$ 257,111
Additions								
Investment earnings	2,391	-	8	9	179	110	18	2,715
Discount on investment purchases	4	-	-	23	119	91	-	237
Distribution of investment earnings	-	-	(8)	(32)	(281)	(196)	517	-
Revenue from power sales	-	-	-	-	-	-	67,395	67,395
Distribution of revenue	-	-	-	-	52,890	15,121	(68,011)	-
Other receipts	-	-	-	-	526	-	-	526
Other transfers	-	-	(1,305)	(70)	1,294	-	81	-
Total additions	2,395	-	(1,305)	(70)	54,727	15,126	-	70,873
Deductions								
Construction expenditures	-	-	-	-	-	12,054	-	12,054
Operating expenditures	3	-	-	-	43,087	-	-	43,090
Fuel costs	-	-	-	-	14,136	-	-	14,136
Payment of principal	-	-	-	12,410	-	-	-	12,410
Payment of principal and interest - escrow	-	21,087	-	-	-	-	-	21,087
Interest paid - non escrow	-	-	-	18	-	-	-	18
Total deductions	3	21,087	-	12,428	57,223	12,054	-	102,795
Balance at June 30, 2018	\$ 178,701	\$ -	\$ -	\$ -	\$ 25,740	\$ 20,748	\$ -	\$ 225,189

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$31 and \$47 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
San Juan Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Decommissioning Fund	General Reserve Account	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Mine Reclamation Fund	Total
Balance at June 30, 2017	\$ -	\$ 25	\$ -	\$ 25,312	\$ 9,788	\$ 11,998	\$ 47,123
Additions							
Investment earnings	30	-	3	70	28	168	299
Discount on investments	1	-	-	140	79	-	220
Distribution of investment earnings	-	-	317	(210)	(107)	-	-
Revenue from power sales	-	-	25,476	-	-	-	25,476
Distribution of revenues	-	(25)	(25,796)	25,797	24	-	-
Other	3,690	-	-	(17,790)	-	14,100	-
Total additions	3,721	(25)	-	8,007	24	14,268	25,995
Deductions							
Operating expenses	-	-	-	26,652	-	450	27,102
Total deductions	-	-	-	26,652	-	450	27,102
Balance at June 30, 2018	\$ 3,721	\$ -	\$ -	\$ 6,667	\$ 9,812	\$ 25,816	\$ 46,016

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments or \$25 and \$50 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Magnolia Power Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Debt Service Account	Debt Service Reserve Account	Project Fund	Operating Reserve Fund	Reserve & Contingency	Operating Fund	Revenue Fund	General Reserve Fund	Fuel Reserve Fund	GHG Reserve Fund	Escrow	Total
Balance at June 30, 2017	\$ 11,897	\$ 24,964	\$ -	\$ 4,996	\$ 27,675	\$ 15,363	\$ -	\$ 90	\$ 6,175	\$ 2,920	\$ -	\$ 94,080
Additions												
Investment earnings	24	249	1	26	268	50	9	-	64	26	-	717
Discount on investment purchases	46	2	-	25	49	110	-	-	12	9	-	253
Distribution of investment earnings	(69)	(262)	(1)	(51)	(316)	(160)	859	-	-	-	-	-
Bond proceeds 2017A	(4)	(32)	727	-	-	-	-	-	-	-	108,966	109,657
Receipt from participants	-	-	-	-	-	-	45,476	-	-	-	-	45,476
Distribution of revenues	15,519	-	-	-	276	23,799	(46,459)	(90)	6,955	-	-	-
Other	7,368	(7,334)	(15)	-	7,560	(1,332)	115	-	(6,362)	-	-	-
Total additions	22,884	(7,377)	712	-	7,837	22,467	-	(90)	669	35	108,966	156,103
Deductions												
Construction expenses	-	-	-	-	-	161	-	-	-	-	-	161
Operating expenses	-	-	-	-	864	26,478	-	-	-	-	-	27,342
Payment of principal	7,230	-	-	-	-	-	-	-	-	-	-	7,230
Interest paid	9,031	-	-	-	-	(24)	-	-	-	-	-	9,007
Premium and interest on investment purchases	-	-	-	-	27	-	-	-	2	-	-	29
Debt Issue Costs	-	-	712	-	-	-	-	-	-	-	-	712
Payment of principal and interest – escrow	-	-	-	-	-	-	-	-	-	-	108,966	108,966
Payment of swap termination fee	7,334	-	-	-	-	-	-	-	-	-	-	7,334
Total deductions	23,595	-	712	-	891	26,615	-	-	2	-	108,966	160,781
Balance at June 30, 2018	\$ 11,186	\$ 17,587	\$ -	\$ 4,996	\$ 34,621	\$ 11,215	\$ -	\$ -	\$ 6,842	\$ 2,955	\$ -	\$ 89,402

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$27 and \$28 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Canyon Power Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Project Fund	General Reserve	Cost of Issuance Fund	Escrow Fund	Total
Balance at June 30, 2017	\$ -	\$ 1,133	\$ 11,411	\$ 8,072	\$ 4,122	\$ -	\$ 6	\$ -	\$ 24,744
Additions									
Investment earnings	4	10	13	93	10	9	-	-	139
Discount on investment purchases	-	2	29	-	26	3	-	-	60
Distribution of investment earnings	159	(13)	(41)	(93)	-	(12)	-	-	-
Receipt from participants	22,840	-	-	-	-	-	-	-	22,840
Distribution of revenues	(23,003)	4,189	14,872	-	-	3,942	-	-	-
Bond Proceeds 2018A&B	-	-	-	-	-	-	1,010	228,203	229,213
Other	-	-	(241)	-	-	(3,957)	(6)	4,204	-
Total additions	-	4,188	14,632	-	36	(15)	1,004	232,407	252,252
Deductions									
Construction expenses	-	(36)	-	-	652	-	-	-	616
Operating expenses	-	3,857	-	-	-	-	-	-	3,857
Principal payment	-	-	7,185	-	-	-	-	-	7,185
Interest paid	-	-	8,339	-	-	-	-	-	8,339
Accrued interest purchased on investments	-	-	18	-	-	(18)	-	-	-
Debt Issue Costs	-	-	-	-	-	-	983	-	983
2010B Bond Redemption-Escrow	-	-	-	-	-	-	-	232,407	232,407
Total deductions	-	3,821	15,542	-	652	(18)	983	232,407	253,387
Balance at June 30, 2018	\$ -	\$ 1,500	\$ 10,501	\$ 8,072	\$ 3,506	\$ 3	\$ 27	\$ -	\$ 23,609

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable or unrealized gain (loss) on investments, or \$10 and \$7 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Apex Power Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Depository Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Reserve & Contingency Fund	General Reserve	Project Fund	Total
Balance at June 30, 2017	\$ -	\$ -	\$ 918	\$ 15,689	\$ 5,488	\$ 1	\$ 58	\$ 26,978	\$ 49,132
Additions									
Investment earnings	7	-	29	5	87	12	1	220	361
Discount on investment purchases	-	-	13	63	-	17	-	-	93
Distribution of investment earnings	228	-	(42)	(69)	(87)	(29)	(1)	-	-
Receipt from participants	68,294	-	-	-	-	-	-	-	68,294
Distribution of revenues	(68,629)	-	37,642	21,998	-	8,989	-	-	-
Other transfers	100	64,411	(37,447)	-	-	(6,389)	-	(20,675)	-
Other receipts	-	-	5	-	-	1,063	-	-	1,068
Total additions	-	64,411	200	21,997	-	3,663	-	(20,455)	69,816
Deductions									
Operating expenses	-	64,411	-	-	-	-	-	-	64,411
Payment of principal	-	-	-	9,435	-	-	-	-	9,435
Interest paid	-	-	-	12,453	-	-	-	-	12,453
Total deductions	-	64,411	-	21,888	-	-	-	-	86,299
Balance at June 30, 2018	\$ -	\$ -	\$ 1,118	\$ 15,798	\$ 5,488	\$ 3,664	\$ 58	\$ 6,523	\$ 32,649

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable and unrealized gain (loss) on investments, or \$13 and \$12 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Hoover Upgrading Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Debt Service Fund	General Reserve Fund	Operating Fund	Revenue Fund	Depository Fund	Total
Balance at June 30, 2017	\$ 1,631	\$ 1,700	\$ 1,310	\$ -	\$ -	\$ 4,641
Additions						
Investment earnings	2	10	7	-	1	20
Discount on investments	4	-	1	-	-	5
Distribution of investment earnings	(8)	(10)	(9)	27	-	-
Revenue from power sales	-	-	-	594	-	594
Distribution of revenue	562	-	59	(621)	-	-
Other	-	(1,700)	(1,317)	-	3,017	-
	-					
Total additions	560	(1,700)	(1,259)	-	3,018	619
Deductions						
Operating expenses	-	-	51	-	48	99
Distribution to the participants	-	-	-	-	2,970	2,970
Payment of principal	2,135	-	-	-	-	2,135
Interest paid	56	-	-	-	-	56
	-					
Total deductions	2,191	-	51	-	3,018	5,260
Balance at June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$2 held in the revolving fund at June 30, 2017.

Southern California Public Power Authority
Tieton Hydropower Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Reserve & Contingency Fund	Total
Balance at June 30, 2017	\$ -	\$ 1,226	\$ 2,135	\$ 5,008	\$ 419	\$ 8,788
Additions						
Investment earnings	1	6	7	79	5	98
Discount on investment purchases	-	5	4	-	-	9
Distribution of investment earnings	106	(11)	(11)	(79)	(5)	-
Receipt from participants	6,238	-	-	-	-	6,238
Distribution of revenues	(6,345)	2,986	3,359	-	-	-
Total additions	-	2,986	3,359	-	-	6,345
Deductions						
Acquisition costs	-	128	-	-	-	128
Operating expenses	-	3,325	-	-	-	3,325
Payment of principal	-	-	910	-	-	910
Interest paid	-	-	2,429	-	-	2,429
Total deductions	-	3,453	3,339	-	-	6,792
Balance at June 30, 2018	\$ -	\$ 759	\$ 2,155	\$ 5,008	\$ 419	\$ 8,341

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$3 held in the revolving fund at June 30, 2018 and 2017.

Southern California Public Power Authority
Milford I Wind Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Operating Reserve Fund	Total
Balance at June 30, 2017	\$ -	\$ 3,469	\$ 14,243	\$ 18,874	\$ 2,520	\$ -	\$ 39,106
Additions							
Investment earnings	3	15	31	227	31	3	310
Discount on investments	-	5	21	1	-	-	27
Distribution of investment earnings	335	(20)	(53)	(228)	(31)	(3)	-
Receipt from participants	39,367	-	-	-	-	-	39,367
Distribution of revenues	(39,705)	20,831	18,874	-	-	-	-
Other transfers	-	(3,000)	-	-	-	3,000	-
Total additions	-	17,831	18,873	-	-	3,000	39,704
Deductions							
Operating expenses	-	18,594	-	-	-	-	18,594
Payment of principal	-	-	9,615	-	-	-	9,615
Interest paid	-	-	9,022	-	-	-	9,022
Total deductions	-	18,594	18,637	-	-	-	37,231
Balance at June 30, 2018	\$ -	\$ 2,706	\$ 14,479	\$ 18,874	\$ 2,520	\$ 3,000	\$ 41,579

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$7 and \$8 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Milford II Wind Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Operating Reserve Fund	Total
Balance at June 30, 2017	\$ -	\$ 3,161	\$ 9,464	\$ 3,216	\$ -	\$ 15,841
Additions						
Investment earnings	2	25	2	48	3	80
Discount on investments	-	17	44	-	-	61
Distribution of investment earnings	136	(42)	(46)	(48)	-	-
Receipt from participants	22,751	-	-	-	-	22,751
Distribution of revenues	(22,890)	10,025	12,865	-	-	-
Other	1	100	-	-	(3)	98
Total additions	-	10,125	12,865	-	-	22,990
Deductions						
Operating expenses	-	7,077	-	-	-	7,077
Payment of principal	-	-	6,065	-	-	6,065
Interest paid	-	-	6,646	-	-	6,646
Total deductions	-	7,077	12,711	-	-	19,788
Balance at June 30, 2018	\$ -	\$ 6,209	\$ 9,618	\$ 3,216	\$ -	\$ 19,043

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$5 held in the revolving fund at June 30, 2018 and 2017.

Southern California Public Power Authority
Windy Point Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Total
Balance at June 30, 2017	\$ -	\$ 5,036	\$ 31,045	\$ 10,262	\$ 46,343
Additions					
Investment earnings	5	29	4	157	195
Discount on investments	-	45	130	-	175
Distribution of investment earnings	365	(74)	(134)	(157)	-
Receipt from participants	82,475	-	-	-	82,475
Distribution of revenue	(82,845)	41,799	41,046	-	-
Total additions	-	41,799	41,046	-	82,845
Deductions					
Operating expenses	-	40,653	-	-	40,653
Payment of principal	-	-	21,045	-	21,045
Interest paid	-	-	19,513	-	19,513
Total deductions	-	40,653	40,558	-	81,211
Balance at June 30, 2018	\$ -	\$ 6,182	\$ 31,533	\$ 10,262	\$ 47,977

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$16 and \$18 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Linden Wind Energy Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	U.S. Treasury Direct Subsidy	Total
Balance at June 30, 2017	\$ -	\$ 1,569	\$ 6,669	\$ 2,324	\$ 401	\$ 10,963
Additions						
Investment earnings	2	11	7	23	-	43
Discount on investments	-	9	21	-	-	30
Distribution of investment earnings	71	(20)	(28)	(23)	-	-
Revenue from power sales	17,314	-	-	-	-	17,314
Distribution of revenue	(17,387)	8,043	10,147	-	(803)	-
Other receipts	-	-	-	-	804	804
Total additions	-	8,043	10,147	-	1	18,191
Deductions						
Operating expenses	-	7,473	-	-	-	7,473
Payment of principal	-	-	3,970	-	-	3,970
Interest paid	-	-	6,085	-	-	6,085
Total deductions	-	7,473	10,055	-	-	17,528
Balance at June 30, 2018	\$ -	\$ 2,139	\$ 6,761	\$ 2,324	\$ 402	\$ 11,626

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$3 held in the revolving fund at June 30, 2018 and 2017.

Southern California Public Power Authority
Southern Transmission System Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	General Reserve Fund	Issue Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2017	\$ 3,054	\$ 81,030	\$ 4,315	\$ -	\$ 88,399
Additions					
Investment earnings	34	692	29	14	769
Discount on investment purchases	6	188	16	-	210
Distribution of investment earnings	(39)	(877)	(45)	961	-
Revenue from transmission sales	-	-	-	115,845	115,845
Distribution of revenue	193	79,035	37,592	(116,820)	-
Other	-	(1)	1	-	-
Total additions	194	79,037	37,593	-	116,824
Deductions					
Operating expenses	-	-	37,458	-	37,458
Payment of principal	-	54,315	-	-	54,315
Interest paid	-	23,578	(38)	-	23,540
Debt issuance costs	-	-	1	-	1
Premium and interest on investment purchases	5	(1)	-	-	4
Total deductions	5	77,892	37,421	-	115,318
Balance at June 30, 2018	\$ 3,243	\$ 82,175	\$ 4,487	\$ -	\$ 89,905

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$36 and \$39 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Mead-Phoenix Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Debt Service Account	Operating Fund	Reserve & Contingency Fund	General Reserve Fund	Surplus Fund	Cost of Issuance Fund	Total
Balance at June 30, 2017	\$ -	\$ 7,796	\$ 1,310	\$ 216	\$ -	\$ 119	\$ 6	\$ 9,447
Additions								
Investment earnings	2	15	9	3	-	1	-	30
Discount on investment earnings	-	17	-	-	-	-	-	17
Distribution of investment earnings	39	(26)	(9)	(3)	-	(1)	-	-
Transmission revenue	10,893	-	-	-	-	-	-	10,893
Distribution of revenues	(10,933)	8,771	2,132	30	-	-	-	-
Other	(1)	1	22	13	6	-	(6)	35
Total additions	-	8,778	2,154	43	6	-	(6)	10,975
Deductions								
Operating expenses	-	-	2,554	-	-	-	-	2,554
Construction expenses	-	-	-	5	-	-	-	5
Principal payment	-	6,850	-	-	-	-	-	6,850
Interest paid	-	1,740	-	-	-	-	-	1,740
Total deductions	-	8,590	2,554	5	-	-	-	11,149
Balance at June 30, 2018	\$ -	\$ 7,984	\$ 910	\$ 254	\$ 6	\$ 119	\$ -	\$ 9,273

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$3 held in the revolving fund at June 30, 2018 and 2017.

Southern California Public Power Authority
Mead-Adelanto Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Debt Service Account	Operating Fund	Reserve & Contingency	General Reserve	Cost of Issuance	Surplus Fund	Total
Balance at June 30, 2017	\$ -	\$ 22,377	\$ 882	\$ 399	\$ -	\$ 13	\$ 6,356	\$ 30,027
Additions								
Investment earnings	4	18	13	6	-	-	44	85
Discount on investment earnings	-	47	2	-	-	-	21	70
Distribution of investment earnings	149	(64)	(14)	(6)	-	-	(65)	-
Transmission revenue	27,966	-	-	-	-	-	-	27,966
Distribution of revenues	(28,119)	24,448	3,561	110	-	-	-	-
Other	-	-	22	-	13	(13)	-	22
Total additions	-	24,449	3,584	110	13	(13)	-	28,143
Deductions								
Operating expenses	-	-	3,927	-	-	-	-	3,927
Principal payment	-	19,820	-	-	-	-	-	19,820
Interest paid	-	4,359	-	-	-	-	-	4,359
Accrued interest on investment purchase	-	-	-	-	-	-	7	7
Total deductions	-	24,179	3,927	-	-	-	7	28,113
Balance at June 30, 2018	\$ -	\$ 22,647	\$ 539	\$ 509	\$ 13	\$ -	\$ 6,349	\$ 30,057

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$10 and \$12 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Pinedale Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2017	\$ -	\$ 8,110	\$ 2,560	\$ 39	\$ 1,672	\$ 603	\$ 12,984
Additions							
Investment earnings	-	58	10	-	17	7	92
Discount on investment purchases	-	39	2	-	1	-	42
Distribution of investment earnings	12	-	(12)	-	-	-	-
Receipt from participants	2,927	3,519	-	-	-	-	6,446
Sales of natural gas	369	3,719	-	-	-	-	4,088
Distribution of revenues	(3,308)	374	2,821	-	(5)	118	-
Total additions	-	7,709	2,821	-	13	125	10,668
Deductions							
Construction expenses	-	-	-	-	-	52	52
Operating expenses	-	8,847	-	-	-	-	8,847
Payment of principal	-	-	1,980	-	-	-	1,980
Interest paid	-	-	1,104	-	-	-	1,104
Total deductions	-	8,847	3,084	-	-	52	11,983
Balance at June 30, 2018	\$ -	\$ 6,972	\$ 2,297	\$ 39	\$ 1,685	\$ 676	\$ 11,669

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$2 and \$3 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Barnett Project
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2017	\$ -	\$ 2,257	\$ 5,999	\$ 23	\$ 33,920	\$ 691	\$ 42,890
Additions							
Investment earnings	2	26	13	-	63	7	111
Discount on investment purchases	-	-	12	-	412	-	424
Distribution of investment earnings	25	-	(25)	-	-	-	-
Receipt from participants	7,236	98	-	-	-	-	7,334
Sales of natural gas	2,036	454	-	-	-	-	2,490
Distribution of revenues	(9,299)	2,675	6,624	-	(80)	80	-
Total additions	-	3,253	6,624	-	395	87	10,359
Deductions							
Construction expenses	-	-	-	-	-	98	98
Operating expenses	-	3,035	-	-	39	-	3,074
Payment of principal	-	-	4,640	-	-	-	4,640
Interest paid	-	-	2,596	-	-	-	2,596
Total deductions	-	3,035	7,236	-	39	98	10,408
Balance at June 30, 2018	\$ -	\$ 2,475	\$ 5,387	\$ 23	\$ 34,276	\$ 680	\$ 42,841

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$3 and \$4 held in the revolving fund at June 30, 2018 and 2017, respectively.

Southern California Public Power Authority
Prepaid Natural Gas Project No. 1
Supplemental Schedule of Receipts and Disbursements in Funds
Required by the Bond Indenture for the Year Ended June 30, 2018
(Amounts in Thousands)

	Revenue Fund	Operating Fund	Debt Service Fund	Total
Balance at June 30, 2017	\$ -	\$ 13,037	\$ 3,539	\$ 16,576
Additions				
Investment earnings	2	527	213	742
Distribution of investment earnings	485	(485)	-	-
Receipt from gas sales	8,054	-	-	8,054
Distribution of revenues	(20,524)	316	20,208	-
Commodity swap settlement	11,779	-	868	12,647
Other receipts	204	-	(204)	-
Total additions	-	358	21,085	21,443
Deductions				
A & G expenses	-	240	-	240
Payment of principal	-	-	4,605	4,605
Payment of interest	-	-	16,096	16,096
Total deductions	-	240	20,701	20,941
Balance at June 30, 2018	\$ -	\$ 13,155	\$ 3,923	\$ 17,078

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable, unrealized gain (loss) on investments, or \$3 and \$4 held in the revolving fund at June 30, 2018 and 2017, respectively.

