



Report of Independent Auditors and  
Combined Financial Statements for

**Southern California  
Public Power Authority**

June 30, 2012 and 2011

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Participants of  
 Southern California Public Power Authority

We have audited the accompanying combined and individual project's statements of net assets (deficit) of Southern California Public Power Authority (the Authority) as of June 30, 2012 and 2011 and the related combined and individual project's statements of revenues, expenses and changes in net assets (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined and individual project's 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, 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, Natural Gas Pinedale Project, Natural Gas Barnett Project, Prepaid Natural Gas Project No. 1, Ormat Geothermal Energy Project, MWD Small Hydro Project, Pebble Springs Wind Project, Ameresco Chiquita Landfill Gas Project, Multiple Project Fund, Project Development Fund, Projects' Stabilization Fund and SCPA Building Fund as of June 30, 2012 and 2011 and the results of the project's operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic and historical context. We have applied certain limited procedures to 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of receipts and disbursements in funds included as supplementary information following the financial statements and notes to financial statements is provided for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and we do not express an opinion on it.

*Moss Adams LLP*

Portland, Oregon  
 October 31, 2012

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2012 and 2011. Please read this discussion and analysis in conjunction with the Authority's Combined Financial Statements, which begin on page 9. 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**

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**Combined Summary of Financial Condition and Changes in Net Assets (Deficit)**  
**(in thousands)**

	June 30,		
	2012	2011	2010
<b>Assets</b>			
Net utility plant	\$ 1,431,352	\$ 1,454,668	\$ 1,364,717
Investments	678,358	809,081	870,322
Cash and cash equivalents	348,515	233,543	245,390
Prepaid and other	1,309,637	1,179,779	747,379
<b>Total assets</b>	<b>\$ 3,767,862</b>	<b>\$ 3,677,071</b>	<b>\$ 3,227,808</b>
<b>Liabilities</b>			
Noncurrent liabilities	\$ 3,482,080	\$ 3,409,560	\$ 3,037,652
Current liabilities	415,090	394,590	322,662
<b>Total liabilities</b>	<b>3,897,170</b>	<b>3,804,150</b>	<b>3,360,314</b>
<b>Net assets (deficit)</b>			
Invested in capital assets, net of related debt	(641,171)	(609,033)	(704,950)
Restricted net assets	603,201	530,757	564,582
Unrestricted net assets	(91,338)	(48,803)	7,862
<b>Total net deficit</b>	<b>(129,308)</b>	<b>(127,079)</b>	<b>(132,506)</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 3,767,862</b>	<b>\$ 3,677,071</b>	<b>\$ 3,227,808</b>
<b>Revenues, expenses and changes in net assets</b>			
<b>(deficit) for the year ended June 30</b>			
Operating revenues	\$ 682,990	\$ 604,170	\$ 516,088
Operating expenses	(511,062)	(449,731)	(388,129)
<b>Operating income</b>	<b>171,928</b>	<b>154,439</b>	<b>127,959</b>
Investment and other income	23,745	19,095	36,212
Derivative gain (loss)	(42,743)	(22,199)	(8,720)
Debt expense	(167,130)	(145,770)	(128,545)
<b>Change in net assets</b>	<b>(14,200)</b>	<b>5,565</b>	<b>26,906</b>
Net deficit, beginning of year	(127,079)	(132,506)	(169,205)
Net contributions/(withdrawals) by participants	11,971	(138)	9,793
<b>Net deficit, end of year</b>	<b>\$ (129,308)</b>	<b>\$ (127,079)</b>	<b>\$ (132,506)</b>

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Combined Financial Statements – (continued)

#### *Net Deficit –*

During fiscal year 2012 the Authority's net deficit increased by \$2 million mainly due to the increase in assets of \$91 million, offset by the increase in liabilities of \$93 million.

The increase in the Authority's assets is due to the following:

- **Utility Plant – decreased by \$23 million.**  
This decrease is primarily due to \$91 million of scheduled accumulated depreciation and amortization in all projects, offset by \$68 million of ongoing capital improvements in the Palo Verde (PV), Canyon Power (CPP), and the San Juan (SJ) Projects; capital drilling costs in the Pinedale and Barnett Natural Gas Projects; and the acquisition of the SCPPA Office Building.
- **Investments – decreased by \$131 million.**  
This decrease is mainly due to \$89 million of transfers from long term investments to cash and cash equivalents in various projects; \$11 million payment of ongoing construction costs in the CPP; \$9 million payment for the cost of the increased capital drillings in the Pinedale and Barnett Natural Gas Projects; \$27 million of accumulated overbillings and advances paid to the participants of various projects; and the \$10 million payment of principal maturity in the Multiple Project Fund. The decreases were offset by \$10 million of participants' contributions in the Project Stabilization Fund (PSF); \$3 million remaining bond proceeds from the issuance of the 2011-1 Revenue Bonds in the Milford II Wind Energy Project (Milford II Project); and \$2 million reinvestment of interest earnings in the PSF.
- **Cash and cash equivalents – increased by \$115 million.**  
This increase is largely due to \$89 million of transfers from long term investments to cash and cash equivalents in various projects; \$24 million of accumulated overbillings and advances from various projects; \$21 million increase in billings due to the completion and capitalization of the Southern Transmission System (STS) Upgrade; \$3 million reinvestment of interest earnings in the Decommissioning Trust Fund; and \$2 million remaining bond proceeds from the issuance of the 2011-1 Revenue Bonds in the Milford II Project. The increases were offset by the \$24 million payment of ongoing construction costs for the CPP.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Combined Financial Statements – (continued)**

- Prepaid and Other Assets – increased by \$130 million.  
This increase is primarily due to the \$174 million prepayment of a supply of energy in the Milford II Project; \$20 million increase in the reported fair value of the derivative instruments in the Magnolia Power Project (MAG) and the Prepaid Gas Projects in accordance with GASB 53; offset by the \$64 million amortizations of the prepaid assets in the Prepaid Gas Project, Milford 1, Milford II, and Windy Point/Windy Flats Projects.

The increase in the Authority's liabilities of \$93 million is mainly due to the following:

- \$157 million issuance of the 2011-1 Milford II Wind Revenue Bonds at a premium of \$21 million; \$63 million increase in the reported change in fair value of the derivative instruments in MAG, STS, Mead Adelanto (MA), Mead Phoenix (MP) , and the Prepaid Gas Projects. The increases were offset by the \$13 million decrease in the accruals of capital expenditures in the CPP, and \$135 million of principal maturities and related amortization for all debt-funded projects.

During fiscal year 2011, the Windy Point/Windy Flats 2010-1 Revenue Bonds were issued to finance the prepayment of a specified supply of energy from a wind farm in the Klickitat County of Washington; and the STS 2011 Series A & B Bonds were issued to make a payment to the counterparty to terminate the STS 1991 Swap as well as refund the outstanding balance of the STS 1991 Bonds. As a result of these events and other on-going transactions such as the scheduled depreciation, and the payment for construction costs and capital improvements in all projects, the Authority's assets increased by \$441 million, and its liabilities increased by \$436 million resulting in a net decrease to net deficit of \$5 million.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Combined Financial Statements – (continued)**

#### ***Operating Income –***

The net increase in operating income by \$17 million is mainly due to the following:

- The additional billings to participants for the increase in principal payments for the STS 2000A Bonds; start up of operations in the Canyon Power and Milford II Projects; a planned major maintenance payment and the resumption of scheduled fuel contributions to the Magnolia Project which was offline intermittently in the prior fiscal year resulting in an increase in operating revenues of \$79 million and an increase in operating expenses of \$61 million.

During fiscal year 2011, the additional participant billings generated from the start-up of operations in the Ameresco Geothermal and Linden Wind Projects; increased operations in the Milford I Wind, the Tieton Hydropower, and the Windy Point/Windy Flats Projects; the increased debt service payments for the STS 2008B Construction Upgrade Bonds; the compensation received from the suspension of the cash flows of the MA 2007 Constant Maturity Swap; and the termination of the provision for major maintenance in the SJ Project, all resulted in a \$88 million increase in operating revenues offset by a \$62 million increase in operating expenses for a net increase of \$26 million in operating income.

#### ***Investment and Other Income –***

Investment and other income increased by \$5 million mainly due to the recognition of the \$4 million Build America Bonds Subsidy for the CPP, now in operations, as other income; and \$1 million increase in the market values of the investment securities held in the PSF and Multiple Project Funds.

#### ***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. \$43 million and \$22 million were charged to expense related to the Authority's derivative instruments that were deemed investment instruments as of June 30, 2012 and 2011, respectively. The increase in derivative loss of \$21 million is mainly due to the MAG 2009-2 Swap which became ineffective at June 30, 2012 (see Note 5).



## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Combined Financial Statements – (continued)**

#### ***Debt Expense –***

Debt expense increased \$21 million largely due to the \$17 million interest costs that are now being expensed as a result of the startup of commercial operations in the CPP; the completion and capitalization of the upgrade of two converter stations in the STS; and \$4 million of additional debt service payments for the issuance of revenue bonds for the acquisition of the Milford II Project.

During fiscal year 2011, revenue bonds were issued for the Tieton Hydropower, Milford I, Windy Point/Windy Flats, and the Linden Wind Energy Project resulting in an increase of debt service payments. In addition there were decreased interest payments for the variable rate bonds in the STS, PV, MP, MA, and the MAG Projects due to improved performance of these bonds in the variable interest rate market. The net effect of these transactions was a \$17 million net increase in debt expense.

**Financial outlook** – The Authority's credit strength is based on a number of factors including:

- The collective credit strengths of each project participant;
- The absence of concentration risk as evidenced by the lack of substantial reliance by one participant on the resources financed;
- The low cost power the Projects provide the participants; and
- Strong legal provisions.

The Authority has take-or-pay power sales, natural gas sales, and transmission service contracts that unconditionally require the Participants to pay for the cost of operating and maintaining the Projects, including debt service, whether or not the Projects are operating or operable. Although the contracts have not been court-tested, a municipal utility's authority to enter into such contracts is rooted in the State's constitutional provisions for municipal electric utilities. The Participants of the Prepaid Natural Gas Project No. 1, however, are obligated only to purchase and pay for gas delivered by SCPPA at market-based prices in accordance with the prepaid gas sale agreements in take-and-pay contracts. The Authority has also entered into various power purchase agreements that 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**

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### **Combined Financial Statements – (continued)**

Through the collaborative efforts of its members, the Authority has developed a comprehensive and dynamic strategic plan that provides a common vision for its members and a platform for joint action. SCPPA continues its involvement in legislative and regulatory affairs at both the state and federal levels to protect represented customers, by assuring resource adequacy, excellent reliability, and environmental stewardship. Backed by one of the strongest financial ratings in the utility industry, SCPPA maintains its traditional role of providing financing for its members' natural gas, generation, and transmission projects. In addition to the conventional areas of power, investments are also being made to provide customers with more renewable generation and energy efficiency.

AB 1890 requires all California electric utilities to commit a portion of their revenue to other Public Benefit Programs, including energy efficiency, renewable energy, research, development and demonstration (RD&D), and low-income customer assistance. Since 1998, over one billion dollars have been spent by our Members to support local communities.

**Renewable projects** – SCPPA Members are committed to the use of renewable energy resources. Over 800 MW of renewable energy has been added to our Members' resource mix, resulting in renewable energy deliveries exceeding 20% of some Members' portfolios. Members continue to actively seek projects to meet their goals of 33% by 2020.

### **Summary**

The management of the Authority is responsible for preparing the information in this management discussion and analysis, combined financial statements, and notes to combined financial statements. The financial statements were prepared according to accounting principles generally accepted in the United States of America, and they fairly portray the Authority's financial position and operating results. The notes to the financial statements are an integral part of the basic financial statements and provide additional financial information.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINED STATEMENTS OF NET ASSETS (DEFICIT)**  
**(AMOUNTS IN THOUSANDS)**

	June 30,	
	2012	2011
<b>ASSETS</b>		
Noncurrent assets		
Net utility plant	\$ 1,431,352	\$ 1,454,668
Investments - restricted	624,056	746,440
Investments - unrestricted	54,302	62,641
Advance to IPA - restricted	11,550	11,550
Advances for capacity and energy, net - restricted	6,754	7,853
Derivatives and related deferrals	37,596	17,308
Unamortized debt expenses	47,679	50,792
Prepaid and other assets	1,095,916	993,450
Total noncurrent assets	<u>3,309,205</u>	<u>3,344,702</u>
Current assets		
Cash and cash equivalents - restricted	267,022	158,583
Cash and cash equivalents - unrestricted	81,493	74,960
Interest receivable	4,434	5,732
Accounts receivable	16,036	11,534
Materials and supplies	21,430	20,401
Prepaid and other assets	68,242	61,159
Total current assets	<u>458,657</u>	<u>332,369</u>
Total assets	<u>\$ 3,767,862</u>	<u>\$ 3,677,071</u>
<b>LIABILITIES</b>		
Noncurrent liabilities		
Long-term debt	\$ 3,278,830	\$ 3,264,137
Derivatives and related deferrals	138,018	74,987
Notes payable and deferred credits	32,054	40,089
Advances from participants	33,178	30,347
Total noncurrent liabilities	<u>3,482,080</u>	<u>3,409,560</u>
Current liabilities		
Debt due within one year	172,590	134,450
Notes payable and deferred credits due within one year	11,239	15,238
Advances from participants due within one year	48,525	51,723
Accrued interest	64,492	63,680
Accounts payable and accruals	111,521	124,265
Accrued property tax	6,723	5,234
Total current liabilities	<u>415,090</u>	<u>394,590</u>
Total liabilities	<u>3,897,170</u>	<u>3,804,150</u>
<b>NET ASSETS (DEFICIT)</b>		
Invested in capital assets, net of related debt and advances from participants	(641,171)	(609,033)
Restricted net assets	603,201	530,757
Unrestricted net assets (deficit)	(91,338)	(48,803)
Total net assets (deficit)	<u>(129,308)</u>	<u>(127,079)</u>
Total liabilities and net assets (deficit)	<u>\$ 3,767,862</u>	<u>\$ 3,677,071</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**(AMOUNTS IN THOUSANDS)**

	Years Ended June 30,	
	2012	2011
Operating revenues		
Sales of electric energy	\$ 480,661	\$ 414,973
Sales of transmission services	151,260	130,861
Sales of natural gas	51,069	58,336
Total operating revenues	<u>682,990</u>	<u>604,170</u>
Operating expenses		
Operations and maintenance	398,558	353,019
Depreciation, depletion and amortization	90,995	76,891
Amortization of nuclear fuel	16,272	14,954
Decommissioning	5,237	4,867
Total operating expenses	<u>511,062</u>	<u>449,731</u>
Operating income	<u>171,928</u>	<u>154,439</u>
Non operating revenues (expenses)		
Investment and other income	23,745	19,095
Derivative gain (loss)	(42,743)	(22,199)
Debt expense	<u>(167,130)</u>	<u>(145,770)</u>
Net non operating revenues (expenses)	<u>(186,128)</u>	<u>(148,874)</u>
Change in net assets (deficit)	(14,200)	5,565
Net assets (deficit) - beginning of year	<u>(127,079)</u>	<u>(132,506)</u>
Net contributions (withdrawals) by participants	<u>11,971</u>	<u>(138)</u>
Net assets (deficit) - end of year	<u>\$ (129,308)</u>	<u>\$ (127,079)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**(AMOUNTS IN THOUSANDS)**

	Years Ended June 30,	
	2012	2011
Cash flows from operating activities		
Receipts from participants	\$ 605,920	\$ 580,578
Receipts from sale of oil and gas	8,475	2,906
Payments to operating managers	(292,262)	(257,255)
Other disbursements and receipts	21,825	4,654
Net cash flows from operating activities	<u>343,958</u>	<u>330,883</u>
Cash flows from noncapital financing activities		
Advances by participants, net	<u>30,030</u>	<u>4,902</u>
Cash flows from capital financing activities		
Additions to plant and prepaid projects, net	(274,088)	(745,409)
Debt interest payments	(155,487)	(129,998)
Proceeds from sale of bonds	296,395	1,000,049
Payment for defeasance of revenue bonds	(10,340)	(382,747)
Transfer of funds from (to) escrow	(115,747)	(48,349)
Principal payments on debt	(124,110)	(110,655)
Payment for bond issue costs	(2,512)	(7,847)
Net cash used for capital and related financing activities	<u>(385,889)</u>	<u>(424,956)</u>
Cash flows from investing activities		
Interest received on investments	14,769	18,386
Purchases of investments	(651,305)	(527,515)
Proceeds from sale/maturity of investments	763,409	586,453
Net cash provided by (used for) investing activities	<u>126,873</u>	<u>77,324</u>
Net increase (decrease) in cash and cash equivalents	114,972	(11,847)
Cash and cash equivalents, beginning of year	<u>233,543</u>	<u>245,390</u>
Cash and cash equivalents, end of year	<u>\$ 348,515</u>	<u>\$ 233,543</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 171,928	\$ 154,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	141,333	102,286
Decommissioning	5,237	4,867
Advances for capacity and energy	3,191	2,898
Amortization of nuclear fuel	16,272	14,954
Changes in assets and liabilities		
Accounts receivable	(13,927)	6,042
Accounts payable and accruals	12,983	21,508
Other	6,941	23,889
Net cash provided by operating activities	<u>\$ 343,958</u>	<u>\$ 330,883</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)		
Cash and cash equivalents - restricted	\$ 267,022	\$ 158,583
Cash and cash equivalents - unrestricted	<u>81,493</u>	<u>74,960</u>
	<u>\$ 348,515</u>	<u>\$ 233,543</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Net utility plant	\$ 100,996	\$ 79,487	\$ 239,581	\$ 269,682
Investments - restricted	182,945	31,067	47,810	26,062
Investments - unrestricted	42,973	6,819	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	17,556	-
Unamortized debt expenses	208	492	28,167	2,190
Prepaid and other assets	-	346	-	-
Total noncurrent assets	<u>327,122</u>	<u>118,211</u>	<u>333,114</u>	<u>297,934</u>
<b>Current assets</b>				
Cash and cash equivalents - restricted	20,438	11,175	34,210	16,419
Cash and cash equivalents - unrestricted	8,563	7,616	8,649	620
Interest receivable	524	48	143	31
Accounts receivable	2,206	113	658	261
Due from other project - restricted	-	-	-	-
Materials and supplies	8,825	4,380	8,202	23
Prepaid and other assets	253	409	756	-
Total current assets	<u>40,809</u>	<u>23,741</u>	<u>52,618</u>	<u>17,354</u>
Total assets	<u>\$ 367,931</u>	<u>\$ 141,952</u>	<u>\$ 385,732</u>	<u>\$ 315,288</u>
<b>LIABILITIES</b>				
<b>Noncurrent liabilities</b>				
Long-term debt	\$ 56,679	\$ 100,511	\$ 345,107	\$ 311,160
Derivatives and related deferrals	-	-	42,839	-
Notes payable and deferred credits	25,726	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>82,405</u>	<u>100,511</u>	<u>387,946</u>	<u>311,160</u>
<b>Current liabilities</b>				
Debt due within one year	10,660	13,010	9,780	-
Notes payable and deferred credits due within one year	6,045	-	2,926	-
Advances from participants due within one year	-	6,000	17,895	2,225
Accrued interest	11	2,904	4,023	8,366
Accounts payable and accruals	20,383	12,953	7,716	340
Accrued property tax	1,350	348	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>38,449</u>	<u>35,215</u>	<u>42,340</u>	<u>10,931</u>
Total liabilities	<u>120,854</u>	<u>135,726</u>	<u>430,286</u>	<u>322,091</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	32,192	(39,196)	(82,553)	(26,708)
Restricted net assets	162,105	39,073	56,049	19,340
Unrestricted net assets (deficit)	52,780	6,349	(18,050)	565
Total net assets (deficit)	<u>247,077</u>	<u>6,226</u>	<u>(44,554)</u>	<u>(6,803)</u>
Total liabilities and net assets (deficit)	<u>\$ 367,931</u>	<u>\$ 141,952</u>	<u>\$ 385,732</u>	<u>\$ 315,288</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Net utility plant	\$ 103,881	\$ 81,762	\$ 249,642	\$ 252,069
Investments - restricted	189,362	32,596	66,389	37,048
Investments - unrestricted	48,606	5,000	1,996	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	3,417	-
Unamortized debt expenses	307	638	29,728	2,334
Prepaid and other assets	-	-	-	-
Total noncurrent assets	<u>342,156</u>	<u>119,996</u>	<u>351,172</u>	<u>291,451</u>
<b>Current assets</b>				
Cash and cash equivalents - restricted	10,342	5,745	16,809	41,618
Cash and cash equivalents - unrestricted	5,096	5,679	5,142	-
Interest receivable	875	30	114	191
Accounts receivable	1,750	182	741	-
Due from other project - restricted	-	-	-	-
Materials and supplies	8,175	4,124	8,102	-
Prepaid and other assets	243	212	1,009	-
Total current assets	<u>26,481</u>	<u>15,972</u>	<u>31,917</u>	<u>41,809</u>
Total assets	<u>\$ 368,637</u>	<u>\$ 135,968</u>	<u>\$ 383,089</u>	<u>\$ 333,260</u>
<b>LIABILITIES</b>				
<b>Noncurrent liabilities</b>				
Long-term debt	\$ 65,578	\$ 114,174	\$ 351,044	\$ 312,241
Derivatives and related deferrals	-	-	6,861	-
Notes payable and deferred credits	31,492	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>97,070</u>	<u>114,174</u>	<u>357,905</u>	<u>312,241</u>
<b>Current liabilities</b>				
Debt due within one year	10,340	12,345	9,395	-
Notes payable and deferred credits due within one year	5,696	-	6,816	-
Advances from participants due within one year	-	3,000	17,344	2,225
Accrued interest	84	3,236	4,382	8,366
Accounts payable and accruals	14,601	7,627	8,474	10,428
Accrued property tax	1,302	300	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>32,023</u>	<u>26,508</u>	<u>46,411</u>	<u>21,019</u>
Total liabilities	<u>129,093</u>	<u>140,682</u>	<u>404,316</u>	<u>333,260</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	29,442	(44,119)	(76,635)	-
Restricted net assets	159,551	35,132	50,333	-
Unrestricted net assets (deficit)	50,551	4,273	5,075	-
Total net assets (deficit)	<u>239,544</u>	<u>(4,714)</u>	<u>(21,227)</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 368,637</u>	<u>\$ 135,968</u>	<u>\$ 383,089</u>	<u>\$ 333,260</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
<b>ASSETS</b>						
<b>Noncurrent assets</b>						
Net utility plant	\$ -	\$ 44,054	\$ -	\$ -	\$ -	\$ 136,097
Investments - restricted	2,918	5,019	25,253	3,327	14,491	2,335
Investments - unrestricted	1,210	-	-	-	-	-
Advance to IPA - restricted	-	-	-	-	-	-
Advances for capacity and energy, net - restricted	6,754	-	-	-	-	-
Derivatives and related deferrals	-	-	-	-	-	-
Unamortized debt expenses	58	623	1,581	1,211	2,849	1,011
Prepaid and other assets	-	-	186,738	157,983	480,369	-
Total noncurrent assets	<u>10,940</u>	<u>49,696</u>	<u>213,572</u>	<u>162,521</u>	<u>497,709</u>	<u>139,443</u>
<b>Current assets</b>						
Cash and cash equivalents - restricted	189	2,592	12,669	8,206	25,151	7,726
Cash and cash equivalents - unrestricted	109	595	7,557	8,914	3,295	3,671
Interest receivable	1	19	98	13	49	7
Accounts receivable	-	-	-	781	1,328	-
Due from other project - restricted	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	1,429	154	11,401	8,696	32,272	-
Total current assets	<u>1,728</u>	<u>3,360</u>	<u>31,725</u>	<u>26,610</u>	<u>62,095</u>	<u>11,404</u>
Total assets	<u>\$ 12,668</u>	<u>\$ 53,056</u>	<u>\$ 245,297</u>	<u>\$ 189,131</u>	<u>\$ 559,804</u>	<u>\$ 150,847</u>
<b>LIABILITIES</b>						
<b>Noncurrent liabilities</b>						
Long-term debt	\$ 9,760	\$ 52,570	\$ 234,312	\$ 172,300	\$ 538,152	\$ 141,531
Derivatives and related deferrals	-	-	-	-	-	-
Notes payable and deferred credits	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Total noncurrent liabilities	<u>9,760</u>	<u>52,570</u>	<u>234,312</u>	<u>172,300</u>	<u>538,152</u>	<u>141,531</u>
<b>Current liabilities</b>						
Debt due within one year	1,670	775	7,860	4,235	17,240	3,360
Notes payable and deferred credits due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	145	1,292	5,507	3,941	11,902	3,398
Accounts payable and accruals	62	482	7,267	9,445	3,518	2,474
Accrued property tax	-	-	-	-	666	260
Due to other projects	-	-	-	-	-	-
Total current liabilities	<u>1,877</u>	<u>2,751</u>	<u>20,884</u>	<u>17,871</u>	<u>34,326</u>	<u>11,496</u>
Total liabilities	<u>11,637</u>	<u>55,321</u>	<u>255,196</u>	<u>190,171</u>	<u>572,478</u>	<u>153,027</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt and advances from participants	-	(8,668)	-	-	-	(7,783)
Restricted net assets	-	6,337	-	-	-	6,669
Unrestricted net assets (deficit)	1,031	66	(9,899)	(1,040)	(12,674)	(1,066)
Total net assets (deficit)	<u>1,031</u>	<u>(2,265)</u>	<u>(9,899)</u>	<u>(1,040)</u>	<u>(12,674)</u>	<u>(2,180)</u>
Total liabilities and net assets (deficit)	<u>\$ 12,668</u>	<u>\$ 53,056</u>	<u>\$ 245,297</u>	<u>\$ 189,131</u>	<u>\$ 559,804</u>	<u>\$ 150,847</u>



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
<b>ASSETS</b>						
Noncurrent assets						
Net utility plant	\$ -	\$ 45,505	\$ -	\$ -	\$ -	\$ 141,911
Investments - restricted	2,493	7,278	32,884	-	18,280	7,627
Investments - unrestricted	1,139	-	-	-	5,900	-
Advance to IPA - restricted	-	-	-	-	-	-
Advances for capacity and energy, net - restricted	7,853	-	-	-	-	-
Derivatives and related deferrals	-	-	-	-	-	-
Unamortized debt expenses	81	686	1,813	-	3,293	1,128
Prepaid and other assets	-	-	198,139	145	512,082	-
Total noncurrent assets	<u>11,566</u>	<u>53,469</u>	<u>232,836</u>	<u>145</u>	<u>539,555</u>	<u>150,666</u>
Current assets						
Cash and cash equivalents - restricted	566	267	4,786	-	17,806	2,070
Cash and cash equivalents - unrestricted	203	1,821	6,664	3,342	9,786	6,191
Interest receivable	30	38	146	-	25	7
Accounts receivable	18	-	-	50	-	-
Due from other project - restricted	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Prepaid and other assets	1,691	-	11,401	-	32,467	-
Total current assets	<u>2,508</u>	<u>2,126</u>	<u>22,997</u>	<u>3,392</u>	<u>60,084</u>	<u>8,268</u>
Total assets	<u>\$ 14,074</u>	<u>\$ 55,595</u>	<u>\$ 255,833</u>	<u>\$ 3,537</u>	<u>\$ 599,639</u>	<u>\$ 158,934</u>
<b>LIABILITIES</b>						
Noncurrent liabilities						
Long-term debt	\$ 11,406	\$ 53,412	\$ 244,007	\$ -	\$ 563,067	\$ 146,074
Derivatives and related deferrals	-	-	-	-	-	-
Notes payable and deferred credits	-	-	-	-	-	-
Advances from participants	-	-	-	-	-	-
Total noncurrent liabilities	<u>11,406</u>	<u>53,412</u>	<u>244,007</u>	<u>-</u>	<u>563,067</u>	<u>146,074</u>
Current liabilities						
Debt due within one year	1,600	680	7,595	-	13,760	2,510
Notes payable and deferred credits due within one year	-	-	-	-	-	-
Advances from participants due within one year	-	202	250	250	1,000	2,004
Accrued interest	162	1,298	5,639	-	12,039	3,423
Accounts payable and accruals	41	1,616	6,413	3,287	15,028	5,719
Accrued property tax	-	-	-	-	415	-
Due to other projects	-	-	-	-	-	-
Total current liabilities	<u>1,803</u>	<u>3,796</u>	<u>19,897</u>	<u>3,537</u>	<u>42,242</u>	<u>13,656</u>
Total liabilities	<u>13,209</u>	<u>57,208</u>	<u>263,904</u>	<u>3,537</u>	<u>605,309</u>	<u>159,730</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt and advances from participants	-	(7,901)	-	-	-	(5,545)
Restricted net assets	-	6,285	-	-	-	6,281
Unrestricted net assets (deficit)	865	3	(8,071)	-	(5,670)	(1,532)
Total net assets (deficit)	<u>865</u>	<u>(1,613)</u>	<u>(8,071)</u>	<u>-</u>	<u>(5,670)</u>	<u>(796)</u>
Total liabilities and net assets (deficit)	<u>\$ 14,074</u>	<u>\$ 55,595</u>	<u>\$ 255,833</u>	<u>\$ 3,537</u>	<u>\$ 599,639</u>	<u>\$ 158,934</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 307,060	\$ 34,259	\$ 100,270
Investments - restricted	52,604	9,281	33,499
Investments - unrestricted	3,300	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	3,500	-	3,111
Unamortized debt expenses	4,784	393	801
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>382,798</u>	<u>43,933</u>	<u>137,681</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	51,146	4,215	11,153
Cash and cash equivalents - unrestricted	1,240	260	664
Interest receivable	114	212	860
Accounts receivable	4,924	-	-
Due from other project - restricted	-	7,744	21,297
Materials and supplies	-	-	-
Prepaid and other assets	-	41	-
Total current assets	<u>57,424</u>	<u>12,472</u>	<u>33,974</u>
Total assets	<u>\$ 440,222</u>	<u>\$ 56,405</u>	<u>\$ 171,655</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 703,838	\$ 42,201	\$ 139,049
Derivatives and related deferrals	57,878	5,498	18,374
Notes payable and deferred credits	1,381	426	4,521
Advances from participants	-	-	-
Total noncurrent liabilities	<u>763,097</u>	<u>48,125</u>	<u>161,944</u>
<b>Current liabilities</b>			
Debt due within one year	56,970	5,530	15,230
Notes payable and deferred credits due within one year	1,267	86	915
Advances from participants due within one year	-	-	-
Accrued interest	13,683	701	2,150
Accounts payable and accruals	12,279	708	2,191
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>84,199</u>	<u>7,025</u>	<u>20,486</u>
Total liabilities	<u>847,296</u>	<u>55,150</u>	<u>182,430</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(439,221)	(13,080)	(58,644)
Restricted net assets	91,982	20,699	62,936
Unrestricted net assets (deficit)	(59,835)	(6,364)	(15,067)
Total net assets (deficit)	<u>(407,074)</u>	<u>1,255</u>	<u>(10,775)</u>
Total liabilities and net assets (deficit)	<u>\$ 440,222</u>	<u>\$ 56,405</u>	<u>\$ 171,655</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 329,800	\$ 35,822	\$ 104,481
Investments - restricted	61,520	10,279	39,262
Investments - unrestricted	-	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	4,690	-	3,526
Unamortized debt expenses	5,435	521	1,123
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>412,995</u>	<u>46,622</u>	<u>148,392</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	24,530	3,004	5,282
Cash and cash equivalents - unrestricted	634	175	601
Interest receivable	134	213	863
Accounts receivable	2,200	-	-
Due from other project - restricted	-	7,216	19,844
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>27,498</u>	<u>10,608</u>	<u>26,590</u>
Total assets	<u>\$ 440,493</u>	<u>\$ 57,230</u>	<u>\$ 174,982</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 747,373	\$ 46,902	\$ 151,897
Derivatives and related deferrals	43,967	4,259	14,225
Notes payable and deferred credits	2,648	512	5,437
Advances from participants	-	-	-
Total noncurrent liabilities	<u>793,988</u>	<u>51,673</u>	<u>171,559</u>
<b>Current liabilities</b>			
Debt due within one year	27,995	5,190	14,305
Notes payable and deferred credits due within one year	1,267	86	1,373
Advances from participants due within one year	-	-	-
Accrued interest	14,456	863	2,593
Accounts payable and accruals	17,497	374	1,743
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>61,215</u>	<u>6,513</u>	<u>20,014</u>
Total liabilities	<u>855,203</u>	<u>58,186</u>	<u>191,573</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(428,179)	(15,748)	(67,408)
Restricted net assets	71,289	19,810	61,690
Unrestricted net assets (deficit)	(57,820)	(5,018)	(10,873)
Total net assets (deficit)	<u>(414,710)</u>	<u>(956)</u>	<u>(16,591)</u>
Total liabilities and net assets (deficit)	<u>\$ 440,493</u>	<u>\$ 57,230</u>	<u>\$ 174,982</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 58,532	\$ 56,965	\$ -
Investments - restricted	-	22,046	13,836
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	-	-	13,429
Unamortized debt expenses	588	600	2,123
Prepaid and other assets	126	-	270,349
Total noncurrent assets	<u>59,246</u>	<u>79,611</u>	<u>299,737</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	22,496	21,024	6,430
Cash and cash equivalents - unrestricted	10,862	4,777	50
Interest receivable	1	79	57
Accounts receivable	2,729	1,168	1,868
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	752	-	12,078
Total current assets	<u>36,840</u>	<u>27,048</u>	<u>20,483</u>
Total assets	<u>\$ 96,086</u>	<u>\$ 106,659</u>	<u>\$ 320,220</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 29,235	\$ 68,675	\$ 321,225
Derivatives and related deferrals	-	-	13,429
Notes payable and deferred credits	-	-	-
Advances from participants	23,236	9,942	-
Total noncurrent liabilities	<u>52,471</u>	<u>78,617</u>	<u>334,654</u>
<b>Current liabilities</b>			
Debt due within one year	2,549	6,016	4,805
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	15,893	1,004	-
Accrued interest	846	1,990	2,733
Accounts payable and accruals	13,065	1,694	4,435
Accrued property tax	4,099	-	-
Due to other projects	-	-	-
Total current liabilities	<u>36,452</u>	<u>10,704</u>	<u>11,973</u>
Total liabilities	<u>88,923</u>	<u>89,321</u>	<u>346,627</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	4,204	(6,083)	-
Restricted net assets	6,422	19,170	-
Unrestricted net assets (deficit)	<u>(3,463)</u>	<u>4,251</u>	<u>(26,407)</u>
Total net assets (deficit)	<u>7,163</u>	<u>17,338</u>	<u>(26,407)</u>
Total liabilities and net assets (deficit)	<u>\$ 96,086</u>	<u>\$ 106,659</u>	<u>\$ 320,220</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 51,006	\$ 56,431	\$ -
Investments - restricted	30,995	46,140	13,931
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	-	-	5,675
Unamortized debt expenses	701	715	2,289
Prepaid and other assets	-	-	283,084
Total noncurrent assets	<u>82,702</u>	<u>103,286</u>	<u>304,979</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	8,747	(439)	5,264
Cash and cash equivalents - unrestricted	6,113	7,054	26
Interest receivable	28	89	57
Accounts receivable	2,816	1,193	1,986
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	552	-	13,584
Total current assets	<u>18,256</u>	<u>7,897</u>	<u>20,917</u>
Total assets	<u>\$ 100,958</u>	<u>\$ 111,183</u>	<u>\$ 325,896</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 31,784	\$ 74,691	\$ 326,336
Derivatives and related deferrals	-	-	5,675
Notes payable and deferred credits	-	-	-
Advances from participants	21,037	9,310	-
Total noncurrent liabilities	<u>52,821</u>	<u>84,001</u>	<u>332,011</u>
<b>Current liabilities</b>			
Debt due within one year	3,368	7,972	5,295
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	20,332	1,579	-
Accrued interest	910	2,142	2,778
Accounts payable and accruals	12,074	1,536	3,085
Accrued property tax	3,217	-	-
Due to other projects	-	-	-
Total current liabilities	<u>39,901</u>	<u>13,229</u>	<u>11,158</u>
Total liabilities	<u>92,722</u>	<u>97,230</u>	<u>343,169</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(4,483)	9,734	-
Restricted net assets	19,081	-	-
Unrestricted net assets (deficit)	<u>(6,362)</u>	<u>4,219</u>	<u>(17,273)</u>
Total net assets (deficit)	<u>8,236</u>	<u>13,953</u>	<u>(17,273)</u>
Total liabilities and net assets (deficit)	<u>\$ 100,958</u>	<u>\$ 111,183</u>	<u>\$ 325,896</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Net utility plant	\$ -	\$ -	\$ -	\$ -
Investments - restricted	-	-	-	-
Investments - unrestricted	-	-	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	-	-
Unamortized debt expenses	-	-	-	-
Prepaid and other assets	-	5	-	-
Total noncurrent assets	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>				
Cash and cash equivalents - restricted	-	-	-	-
Cash and cash equivalents - unrestricted	4,052	946	5,319	3,734
Interest receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other project - restricted	-	-	-	-
Materials and supplies	-	-	-	-
Prepaid and other assets	1	-	-	-
Total current assets	<u>4,053</u>	<u>946</u>	<u>5,319</u>	<u>3,734</u>
Total assets	<u>\$ 4,053</u>	<u>\$ 951</u>	<u>\$ 5,319</u>	<u>\$ 3,734</u>
<b>LIABILITIES</b>				
<b>Noncurrent liabilities</b>				
Long-term debt	\$ -	\$ -	\$ -	\$ -
Derivatives and related deferrals	-	-	-	-
Notes payable and deferred credits	-	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Debt due within one year	-	-	-	-
Notes payable and deferred credits due within one year	-	-	-	-
Advances from participants due within one year	857	500	-	400
Accrued interest	-	-	-	-
Accounts payable and accruals	3,196	451	5,318	3,334
Accrued property tax	-	-	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>4,053</u>	<u>951</u>	<u>5,318</u>	<u>3,734</u>
Total liabilities	<u>4,053</u>	<u>951</u>	<u>5,318</u>	<u>3,734</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	-	-	-	-
Restricted net assets	-	-	-	-
Unrestricted net assets (deficit)	-	-	1	-
Total net assets (deficit)	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 4,053</u>	<u>\$ 951</u>	<u>\$ 5,319</u>	<u>\$ 3,734</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas
<b>ASSETS</b>				
Noncurrent assets				
Net utility plant	\$ -	\$ -	\$ -	\$ -
Investments - restricted	-	-	-	-
Investments - unrestricted	-	-	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	-	-
Unamortized debt expenses	-	-	-	-
Prepaid and other assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Current assets				
Cash and cash equivalents - restricted	-	-	-	-
Cash and cash equivalents - unrestricted	4,651	1,358	8,305	2,119
Interest receivable	-	-	-	-
Accounts receivable	-	-	2	-
Due from other project - restricted	-	-	-	-
Materials and supplies	-	-	-	-
Prepaid and other assets	-	-	-	-
Total current assets	4,651	1,358	8,307	2,119
Total assets	\$ 4,651	\$ 1,358	\$ 8,307	\$ 2,119
<b>LIABILITIES</b>				
Noncurrent liabilities				
Long-term debt	\$ -	\$ -	\$ -	\$ -
Derivatives and related deferrals	-	-	-	-
Notes payable and deferred credits	-	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Current liabilities				
Debt due within one year	-	-	-	-
Notes payable and deferred credits due within one year	-	-	-	-
Advances from participants due within one year	857	500	-	400
Accrued interest	-	-	-	-
Accounts payable and accruals	3,794	858	8,304	1,719
Accrued property tax	-	-	-	-
Due to other projects	-	-	-	-
Total current liabilities	4,651	1,358	8,304	2,119
Total liabilities	4,651	1,358	8,304	2,119
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	-	-	-	-
Restricted net assets	-	-	-	-
Unrestricted net assets (deficit)	-	-	3	-
Total net assets (deficit)	-	-	3	-
Total liabilities and net assets (deficit)	\$ 4,651	\$ 1,358	\$ 8,307	\$ 2,119

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS				Total	Eliminations	Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	SCPPA Building Fund			
<b>ASSETS</b>							
<b>Noncurrent assets</b>							
Net utility plant	\$ -	\$ -	\$ -	\$ 4,369	\$ 1,431,352	\$ -	\$ 1,431,352
Investments - restricted	50,976	-	100,587	-	624,056	-	624,056
Investments - unrestricted	-	-	-	-	54,302	-	54,302
Advance to IPA - restricted	-	-	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	-	-	6,754	-	6,754
Derivatives and related deferrals	-	-	-	-	37,596	-	37,596
Unamortized debt expenses	-	-	-	-	47,679	-	47,679
Prepaid and other assets	-	-	-	-	1,095,916	-	1,095,916
Total noncurrent assets	<u>50,976</u>	<u>-</u>	<u>100,587</u>	<u>4,369</u>	<u>3,309,205</u>	<u>-</u>	<u>3,309,205</u>
<b>Current assets</b>							
Cash and cash equivalents - restricted	-	24	11,528	231	267,022	-	267,022
Cash and cash equivalents - unrestricted	-	-	-	-	81,493	-	81,493
Interest receivable	1,874	-	304	-	4,434	-	4,434
Accounts receivable	-	-	-	-	16,036	-	16,036
Due from other project - restricted	-	-	-	-	29,041	(29,041)	-
Materials and supplies	-	-	-	-	21,430	-	21,430
Prepaid and other assets	-	-	-	-	68,242	-	68,242
Total current assets	<u>1,874</u>	<u>24</u>	<u>11,832</u>	<u>231</u>	<u>487,698</u>	<u>(29,041)</u>	<u>458,657</u>
Total assets	<u>\$ 52,850</u>	<u>\$ 24</u>	<u>\$ 112,419</u>	<u>\$ 4,600</u>	<u>\$ 3,796,903</u>	<u>\$ (29,041)</u>	<u>\$ 3,767,862</u>
<b>LIABILITIES</b>							
<b>Noncurrent liabilities</b>							
Long-term debt	\$ 12,525	\$ -	\$ -	\$ -	\$ 3,278,830	\$ -	\$ 3,278,830
Derivatives and related deferrals	-	-	-	-	138,018	-	138,018
Notes payable and deferred credits	-	-	-	-	32,054	-	32,054
Advances from participants	-	-	-	-	33,178	-	33,178
Total noncurrent liabilities	<u>12,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,482,080</u>	<u>-</u>	<u>3,482,080</u>
<b>Current liabilities</b>							
Debt due within one year	12,900	-	-	-	172,590	-	172,590
Notes payable and deferred credits due within one year	-	-	-	-	11,239	-	11,239
Advances from participants due within one year	-	24	-	21	48,525	-	48,525
Accrued interest	900	-	-	-	64,492	-	64,492
Accounts payable and accruals	-	-	-	210	111,521	-	111,521
Accrued property tax	-	-	-	-	6,723	-	6,723
Due to other projects	29,041	-	-	-	29,041	(29,041)	-
Total current liabilities	<u>42,841</u>	<u>24</u>	<u>-</u>	<u>231</u>	<u>444,131</u>	<u>(29,041)</u>	<u>415,090</u>
Total liabilities	<u>55,366</u>	<u>24</u>	<u>-</u>	<u>231</u>	<u>3,926,211</u>	<u>(29,041)</u>	<u>3,897,170</u>
<b>NET ASSETS (DEFICIT)</b>							
Invested in capital assets, net of related debt and advances from participants	-	-	-	4,369	(641,171)	-	(641,171)
Restricted net assets	-	-	112,419	-	603,201	-	603,201
Unrestricted net assets (deficit)	(2,516)	-	-	-	(91,338)	-	(91,338)
Total net assets (deficit)	<u>(2,516)</u>	<u>-</u>	<u>112,419</u>	<u>4,369</u>	<u>(129,308)</u>	<u>-</u>	<u>(129,308)</u>
Total liabilities and net assets (deficit)	<u>\$ 52,850</u>	<u>\$ 24</u>	<u>\$ 112,419</u>	<u>\$ 4,600</u>	<u>\$ 3,796,903</u>	<u>\$ (29,041)</u>	<u>\$ 3,767,862</u>

See accompanying notes.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS			Total	Eliminations	Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund			
<b>ASSETS</b>						
<b>Noncurrent assets</b>						
Net utility plant	\$ -	\$ 2,358	\$ -	\$ 1,454,668	\$ -	\$ 1,454,668
Investments - restricted	61,198	-	89,158	746,440	-	746,440
Investments - unrestricted	-	-	-	62,641	-	62,641
Advance to IPA - restricted	-	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	-	7,853	-	7,853
Derivatives and related deferrals	-	-	-	17,308	-	17,308
Unamortized debt expenses	-	-	-	50,792	-	50,792
Prepaid and other assets	-	-	-	993,450	-	993,450
Total noncurrent assets	<u>61,198</u>	<u>2,358</u>	<u>89,158</u>	<u>3,344,702</u>	<u>-</u>	<u>3,344,702</u>
<b>Current assets</b>						
Cash and cash equivalents - restricted	-	1,231	10,955	158,583	-	158,583
Cash and cash equivalents - unrestricted	-	-	-	74,960	-	74,960
Interest receivable	2,249	-	643	5,732	-	5,732
Accounts receivable	-	596	-	11,534	-	11,534
Due from other project - restricted	-	-	-	27,060	(27,060)	-
Materials and supplies	-	-	-	20,401	-	20,401
Prepaid and other assets	-	-	-	61,159	-	61,159
Total current assets	<u>2,249</u>	<u>1,827</u>	<u>11,598</u>	<u>359,429</u>	<u>(27,060)</u>	<u>332,369</u>
Total assets	<u>\$ 63,447</u>	<u>\$ 4,185</u>	<u>\$ 100,756</u>	<u>\$ 3,704,131</u>	<u>\$ (27,060)</u>	<u>\$ 3,677,071</u>
<b>LIABILITIES</b>						
<b>Noncurrent liabilities</b>						
Long-term debt	\$ 24,151	\$ -	\$ -	\$ 3,264,137	\$ -	\$ 3,264,137
Derivatives and related deferrals	-	-	-	74,987	-	74,987
Notes payable and deferred credits	-	-	-	40,089	-	40,089
Advances from participants	-	-	-	30,347	-	30,347
Total noncurrent liabilities	<u>24,151</u>	<u>-</u>	<u>-</u>	<u>3,409,560</u>	<u>-</u>	<u>3,409,560</u>
<b>Current liabilities</b>						
Debt due within one year	12,100	-	-	134,450	-	134,450
Notes payable and deferred credits due within one year	-	-	-	15,238	-	15,238
Advances from participants due within one year	-	1,780	-	51,723	-	51,723
Accrued interest	1,309	-	-	63,680	-	63,680
Accounts payable and accruals	-	47	-	124,265	-	124,265
Accrued property tax	-	-	-	5,234	-	5,234
Due to other projects	27,060	-	-	27,060	(27,060)	-
Total current liabilities	<u>40,469</u>	<u>1,827</u>	<u>-</u>	<u>421,650</u>	<u>(27,060)</u>	<u>394,590</u>
Total liabilities	<u>64,620</u>	<u>1,827</u>	<u>-</u>	<u>3,831,210</u>	<u>(27,060)</u>	<u>3,804,150</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt and advances from participants	-	1,809	-	(609,033)	-	(609,033)
Restricted net assets	-	549	100,756	530,757	-	530,757
Unrestricted net assets (deficit)	<u>(1,173)</u>	<u>-</u>	<u>-</u>	<u>(48,803)</u>	<u>-</u>	<u>(48,803)</u>
Total net assets (deficit)	<u>(1,173)</u>	<u>2,358</u>	<u>100,756</u>	<u>(127,079)</u>	<u>-</u>	<u>(127,079)</u>
Total liabilities and net assets (deficit)	<u>\$ 63,447</u>	<u>\$ 4,185</u>	<u>\$ 100,756</u>	<u>\$ 3,704,131</u>	<u>\$ (27,060)</u>	<u>\$ 3,677,071</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Operating revenues				
Sales of electric energy	\$ 89,399	\$ 83,791	\$ 91,054	\$ 14,757
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>89,399</u>	<u>83,791</u>	<u>91,054</u>	<u>14,757</u>
Operating expenses				
Operations and maintenance	41,862	60,224	66,897	4,671
Depreciation, depletion and amortization	21,403	6,791	10,944	7,720
Amortization of nuclear fuel	16,272	-	-	-
Decommissioning	3,694	1,543	-	-
Total operating expenses	<u>83,231</u>	<u>68,558</u>	<u>77,841</u>	<u>12,391</u>
Operating income (loss)	<u>6,168</u>	<u>15,233</u>	<u>13,213</u>	<u>2,366</u>
Non operating revenues (expenses)				
Investment and other income	3,773	1,339	1,321	3,768
Derivative gain (loss)			(21,839)	
Debt expense	(2,408)	(5,632)	(16,022)	(12,937)
Net non operating revenues (expenses)	<u>1,365</u>	<u>(4,293)</u>	<u>(36,540)</u>	<u>(9,169)</u>
Change in net assets (deficit)	7,533	10,940	(23,327)	(6,803)
Net assets (deficit) - beginning of year	<u>239,544</u>	<u>(4,714)</u>	<u>(21,227)</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 247,077</u>	<u>\$ 6,226</u>	<u>\$ (44,554)</u>	<u>\$ (6,803)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Operating revenues				
Sales of electric energy	\$ 84,340	\$ 80,830	\$ 75,310	\$ -
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>84,340</u>	<u>80,830</u>	<u>75,310</u>	<u>-</u>
Operating expenses				
Operations and maintenance	43,014	57,928	49,224	-
Depreciation, depletion and amortization	19,801	6,257	11,006	-
Amortization of nuclear fuel	14,954	-	-	-
Decommissioning	3,324	1,543	-	-
Total operating expenses	<u>81,093</u>	<u>65,728</u>	<u>60,230</u>	<u>-</u>
Operating income (loss)	<u>3,247</u>	<u>15,102</u>	<u>15,080</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	3,523	1,255	542	-
Derivative gain (loss)	-	-	6,095	-
Debt expense	<u>(2,872)</u>	<u>(6,199)</u>	<u>(18,093)</u>	<u>-</u>
Net non operating revenues (expenses)	<u>651</u>	<u>(4,944)</u>	<u>(11,456)</u>	<u>-</u>
Change in net assets (deficit)	3,898	10,158	3,624	-
Net assets (deficit) - beginning of year	<u>235,646</u>	<u>(14,872)</u>	<u>(24,851)</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 239,544</u>	<u>\$ (4,714)</u>	<u>\$ (21,227)</u>	<u>\$ -</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 2,445	\$ 4,497	\$ 33,893	\$ 19,858	\$ 82,340	\$ 18,463
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	<u>2,445</u>	<u>4,497</u>	<u>33,893</u>	<u>19,858</u>	<u>82,340</u>	<u>18,463</u>
Operating expenses						
Operations and maintenance	3,489	1,241	26,833	16,274	73,182	9,236
Depreciation, depletion and amortization	-	1,464	-	-	-	5,814
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	<u>3,489</u>	<u>2,705</u>	<u>26,833</u>	<u>16,274</u>	<u>73,182</u>	<u>15,050</u>
Operating income (loss)	<u>(1,044)</u>	<u>1,792</u>	<u>7,060</u>	<u>3,584</u>	<u>9,158</u>	<u>3,413</u>
Non operating revenues (expenses)						
Investment and other income	25	136	585	166	489	932
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	1,185	(2,580)	(9,473)	(4,790)	(16,651)	(5,729)
Net non operating revenues (expenses)	<u>1,210</u>	<u>(2,444)</u>	<u>(8,888)</u>	<u>(4,624)</u>	<u>(16,162)</u>	<u>(4,797)</u>
Change in net assets (deficit)	166	(652)	(1,828)	(1,040)	(7,004)	(1,384)
Net assets (deficit) - beginning of year	<u>865</u>	<u>(1,613)</u>	<u>(8,071)</u>	<u>-</u>	<u>(5,670)</u>	<u>(796)</u>
Net assets (deficit) - end of year	<u>\$ 1,031</u>	<u>\$ (2,265)</u>	<u>\$ (9,899)</u>	<u>\$ (1,040)</u>	<u>\$ (12,674)</u>	<u>\$ (2,180)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
Operating revenues						
Sales of electric energy	\$ 2,554	\$ 4,035	\$ 32,590	\$ 2,817	\$ 77,364	\$ 15,004
Sales of transmission services	-	-	-	-	-	-
Sales of natural gas	-	-	-	-	-	-
Total operating revenues	<u>2,554</u>	<u>4,035</u>	<u>32,590</u>	<u>2,817</u>	<u>77,364</u>	<u>15,004</u>
Operating expenses						
Operations and maintenance	3,208	1,132	25,498	2,817	69,540	7,257
Depreciation, depletion and amortization	-	1,462	-	-	-	4,602
Amortization of nuclear fuel	-	-	-	-	-	-
Decommissioning	-	-	-	-	-	-
Total operating expenses	<u>3,208</u>	<u>2,594</u>	<u>25,498</u>	<u>2,817</u>	<u>69,540</u>	<u>11,859</u>
Operating income (loss)	<u>(654)</u>	<u>1,441</u>	<u>7,092</u>	<u>-</u>	<u>7,824</u>	<u>3,145</u>
Non operating revenues (expenses)						
Investment and other income	51	69	330	-	236	776
Derivative gain (loss)	-	-	-	-	-	-
Debt expense	649	(2,373)	(9,408)	-	(13,730)	(4,717)
Net non operating revenues (expenses)	<u>700</u>	<u>(2,304)</u>	<u>(9,078)</u>	<u>-</u>	<u>(13,494)</u>	<u>(3,941)</u>
Change in net assets (deficit)	46	(863)	(1,986)	-	(5,670)	(796)
Net assets (deficit) - beginning of year	<u>819</u>	<u>(750)</u>	<u>(6,085)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 865</u>	<u>\$ (1,613)</u>	<u>\$ (8,071)</u>	<u>\$ -</u>	<u>\$ (5,670)</u>	<u>\$ (796)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	118,674	8,610	23,976
Sales of natural gas	-	-	-
Total operating revenues	<u>118,674</u>	<u>8,610</u>	<u>23,976</u>
Operating expenses			
Operations and maintenance	23,500	964	1,910
Depreciation, depletion and amortization	22,747	1,516	4,514
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>46,247</u>	<u>2,480</u>	<u>6,424</u>
Operating income (loss)	<u>72,427</u>	<u>6,130</u>	<u>17,552</u>
Non operating revenues (expenses)			
Investment and other income	2,346	458	1,785
Derivative gain (loss)	(15,101)	(1,239)	(4,564)
Debt expense	<u>(52,036)</u>	<u>(3,138)</u>	<u>(8,957)</u>
Net non operating revenues (expenses)	<u>(64,791)</u>	<u>(3,919)</u>	<u>(11,736)</u>
Change in net assets (deficit)	7,636	2,211	5,816
Net assets (deficit) - beginning of year	<u>(414,710)</u>	<u>(956)</u>	<u>(16,591)</u>
Net assets (deficit) - end of year	<u>\$ (407,074)</u>	<u>\$ 1,255</u>	<u>\$ (10,775)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	97,849	9,056	23,956
Sales of natural gas	-	-	-
Total operating revenues	<u>97,849</u>	<u>9,056</u>	<u>23,956</u>
Operating expenses			
Operations and maintenance	20,635	1,116	2,032
Depreciation, depletion and amortization	19,381	1,460	4,514
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>40,016</u>	<u>2,576</u>	<u>6,546</u>
Operating income (loss)	<u>57,833</u>	<u>6,480</u>	<u>17,410</u>
Non operating revenues (expenses)			
Investment and other income	2,137	455	1,802
Derivative gain (loss)	(12,981)	(4,259)	(11,054)
Debt expense	(48,207)	(3,220)	(8,173)
Net non operating revenues (expenses)	<u>(59,051)</u>	<u>(7,024)</u>	<u>(17,425)</u>
Change in net assets (deficit)	(1,218)	(544)	(15)
Net assets (deficit) - beginning of year	<u>(413,492)</u>	<u>(412)</u>	<u>(16,576)</u>
Net assets (deficit) - end of year	<u>\$ (414,710)</u>	<u>\$ (956)</u>	<u>\$ (16,591)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	11,093	18,963	21,013
Total operating revenues	<u>11,093</u>	<u>18,963</u>	<u>21,013</u>
Operating expenses			
Operations and maintenance	4,772	9,386	13,937
Depreciation, depletion and amortization	5,598	2,475	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>10,370</u>	<u>11,861</u>	<u>13,937</u>
Operating income (loss)	<u>723</u>	<u>7,102</u>	<u>7,076</u>
Non operating revenues (expenses)			
Investment and other income	9	379	794
Derivative gain (loss)			
Debt expense	<u>(1,805)</u>	<u>(4,096)</u>	<u>(17,004)</u>
Net non operating revenues (expenses)	<u>(1,796)</u>	<u>(3,717)</u>	<u>(16,210)</u>
Change in net assets (deficit)	(1,073)	3,385	(9,134)
Net assets (deficit) - beginning of year	<u>8,236</u>	<u>13,953</u>	<u>(17,273)</u>
Net assets (deficit) - end of year	<u>\$ 7,163</u>	<u>\$ 17,338</u>	<u>\$ (26,407)</u>



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	9,910	25,348	23,078
Total operating revenues	<u>9,910</u>	<u>25,348</u>	<u>23,078</u>
Operating expenses			
Operations and maintenance	3,538	12,276	13,663
Depreciation, depletion and amortization	2,836	5,572	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>6,374</u>	<u>17,848</u>	<u>13,663</u>
Operating income (loss)	<u>3,536</u>	<u>7,500</u>	<u>9,415</u>
Non operating revenues (expenses)			
Investment and other income	314	1,095	815
Derivative gain (loss)	-	-	-
Debt expense	<u>(1,967)</u>	<u>(4,434)</u>	<u>(17,262)</u>
Net non operating revenues (expenses)	<u>(1,653)</u>	<u>(3,339)</u>	<u>(16,447)</u>
Change in net assets (deficit)	1,883	4,161	(7,032)
Net assets (deficit) - beginning of year	<u>6,353</u>	<u>9,792</u>	<u>(10,241)</u>
Net assets (deficit) - end of year	<u>\$ 8,236</u>	<u>\$ 13,953</u>	<u>\$ (17,273)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas
Operating revenues				
Sales of electric energy	\$ 7,927	\$ 3,292	\$ 26,270	\$ 2,675
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>7,927</u>	<u>3,292</u>	<u>26,270</u>	<u>2,675</u>
Operating expenses				
Operations and maintenance	7,932	3,293	26,280	2,675
Depreciation, depletion and amortization	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Decommissioning	-	-	-	-
Total operating expenses	<u>7,932</u>	<u>3,293</u>	<u>26,280</u>	<u>2,675</u>
Operating income (loss)	<u>(5)</u>	<u>(1)</u>	<u>(10)</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	5	1	8	-
Derivative gain (loss)	-	-	-	-
Debt expense	-	-	-	-
Net non operating revenues (expenses)	<u>5</u>	<u>1</u>	<u>8</u>	<u>-</u>
Change in net assets (deficit)	-	-	(2)	-
Net assets (deficit) - beginning of year	-	-	3	-
Net assets (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas
Operating revenues				
Sales of electric energy	\$ 9,406	\$ 3,402	\$ 25,386	\$ 1,935
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>9,406</u>	<u>3,402</u>	<u>25,386</u>	<u>1,935</u>
Operating expenses				
Operations and maintenance	9,409	3,403	25,394	1,935
Depreciation, depletion and amortization	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Decommissioning	-	-	-	-
Total operating expenses	<u>9,409</u>	<u>3,403</u>	<u>25,394</u>	<u>1,935</u>
Operating income (loss)	<u>(3)</u>	<u>(1)</u>	<u>(8)</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	3	1	11	-
Derivative gain (loss)	-	-	-	-
Debt expense	-	-	-	-
Net non operating revenues (expenses)	<u>3</u>	<u>1</u>	<u>11</u>	<u>-</u>
Change in net assets (deficit)	-	-	3	-
Net assets (deficit) - beginning of year	-	-	-	-
Net assets (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS				Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	SCPPA Building Fund	
Operating revenues					
Sales of electric energy	\$ -	\$ -	\$ -	\$ -	\$ 480,661
Sales of transmission services	-	-	-	-	151,260
Sales of natural gas	-	-	-	-	51,069
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,990</u>
Operating expenses					
Operations and maintenance	-	-	-	-	398,558
Depreciation, depletion and amortization	-	-	-	9	90,995
Amortization of nuclear fuel	-	-	-	-	16,272
Decommissioning	-	-	-	-	5,237
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>511,062</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>171,928</u>
Non operating revenues (expenses)					
Investment and other income	3,714	-	1,712	-	23,745
Derivative gain (loss)	-	-	-	-	(42,743)
Debt expense	<u>(5,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,130)</u>
Net non operating revenues (expenses)	<u>(1,343)</u>	<u>-</u>	<u>1,712</u>	<u>-</u>	<u>(186,128)</u>
Change in net assets (deficit)	(1,343)	-	1,712	(9)	(14,200)
Net assets (deficit) - beginning of year	(1,173)	2,358	100,756	-	(127,079)
Transfers from (to) other funds		(2,358)	-	2,358	-
Net contributions by participants	<u>-</u>	<u>-</u>	<u>9,951</u>	<u>2,020</u>	<u>11,971</u>
Net assets (deficit) - end of year	<u>\$ (2,516)</u>	<u>\$ -</u>	<u>\$ 112,419</u>	<u>\$ 4,369</u>	<u>\$ (129,308)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS			Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 414,973
Sales of transmission services	-	-	-	130,861
Sales of natural gas	-	-	-	58,336
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,170</u>
Operating expenses				
Operations and maintenance	-	-	-	353,019
Depreciation, depletion and amortization	-	-	-	76,891
Amortization of nuclear fuel	-	-	-	14,954
Decommissioning	-	-	-	4,867
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,731</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,439</u>
Non operating revenues (expenses)				
Investment and other income	4,465	-	1,215	19,095
Derivative gain (loss)	-	-	-	(22,199)
Debt expense	(5,764)	-	-	(145,770)
Net non operating revenues (expenses)	<u>(1,299)</u>	<u>-</u>	<u>1,215</u>	<u>(148,874)</u>
Change in net assets (deficit)	(1,299)	-	1,215	5,565
Net assets (deficit) - beginning of year	126	-	102,037	(132,506)
Net withdrawals by participants	<u>-</u>	<u>2,358</u>	<u>(2,496)</u>	<u>(138)</u>
Net assets (deficit) - end of year	<u>\$ (1,173)</u>	<u>\$ 2,358</u>	<u>\$ 100,756</u>	<u>\$ (127,079)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Cash flows from operating activities				
Receipts from participants	\$ 86,398	\$ 91,455	\$ 51,183	\$ 11,964
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(40,979)	(60,281)	(29,375)	(1,667)
Other disbursements and receipts	7,634	-	-	-
Net cash flows from operating activities	<u>53,053</u>	<u>31,174</u>	<u>21,808</u>	<u>10,297</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	(38,901)	(6,022)	(1,792)	(33,725)
Debt interest and swap payments	(611)	(6,472)	(14,195)	(12,769)
Proceeds from sale of bonds	-	-	70,365	-
Payment for defeasance of revenue bonds	(10,340)	-	-	-
Transfer of funds from (to) escrow	-	-	(67,183)	-
Principal payments on debt	-	(12,345)	(9,395)	-
Payment for bond issue costs	-	-	(652)	-
Net cash used for capital and related financing activities	<u>(49,852)</u>	<u>(24,839)</u>	<u>(22,852)</u>	<u>(46,494)</u>
Cash flows from investing activities				
Interest received on investments	298	1,293	1,235	628
Purchases of investments	(42,891)	(25,625)	(83,690)	(63,667)
Proceeds from sale/maturity of investments	52,955	25,364	104,407	74,657
Net cash provided by (used for) investing activities	<u>10,362</u>	<u>1,032</u>	<u>21,952</u>	<u>11,618</u>
Net increase (decrease) in cash and cash equivalents	13,563	7,367	20,908	(24,579)
Cash and cash equivalents, beginning of year	<u>15,438</u>	<u>11,424</u>	<u>21,951</u>	<u>41,618</u>
Cash and cash equivalents, end of year	<u>\$ 29,001</u>	<u>\$ 18,791</u>	<u>\$ 42,859</u>	<u>\$ 17,039</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 6,168	\$ 15,233	\$ 13,213	\$ 2,366
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	21,403	6,791	10,944	7,720
Decommissioning	3,694	1,543	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	16,272	-	-	-
Changes in assets and liabilities				
Accounts receivable	(186)	70	40	(135)
Accounts payable and accruals	6,363	8,337	(162)	300
Other	(661)	(800)	(2,227)	46
Net cash provided by operating activities	<u>\$ 53,053</u>	<u>\$ 31,174</u>	<u>\$ 21,808</u>	<u>\$ 10,297</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 20,438	\$ 11,175	\$ 34,210	\$ 16,419
Cash and cash equivalents - unrestricted	8,563	7,616	8,649	620
	<u>\$ 29,001</u>	<u>\$ 18,791</u>	<u>\$ 42,859</u>	<u>\$ 17,039</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Cash flows from operating activities				
Receipts from participants	\$ 66,713	\$ 85,571	\$ 59,012	\$ -
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(42,743)	(59,659)	(24,611)	-
Other disbursements and receipts	7,634	-	-	-
Net cash flows from operating activities	<u>31,604</u>	<u>25,912</u>	<u>34,401</u>	<u>-</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	-	-	2,225
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	(29,727)	(6,347)	(120)	(81,296)
Debt interest and swap payments	(922)	(7,102)	(15,879)	(5,184)
Proceeds from sale of bonds	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-
Principal payments on debt	(10,030)	(11,715)	(9,010)	-
Payment for bond issue costs	-	-	-	(702)
Net cash used for capital and related financing activities	<u>(40,679)</u>	<u>(25,164)</u>	<u>(25,009)</u>	<u>(87,182)</u>
Cash flows from investing activities				
Interest received on investments	557	1,269	1,382	658
Purchases of investments	(55,907)	(23,340)	(68,448)	(58,399)
Proceeds from sale/maturity of investments	53,940	23,235	54,762	148,975
Net cash provided by (used for) investing activities	<u>(1,410)</u>	<u>1,164</u>	<u>(12,304)</u>	<u>91,234</u>
Net increase (decrease) in cash and cash equivalents	<u>(10,485)</u>	<u>1,912</u>	<u>(2,912)</u>	<u>6,277</u>
Cash and cash equivalents, beginning of year	<u>25,923</u>	<u>9,512</u>	<u>24,863</u>	<u>35,341</u>
Cash and cash equivalents, end of year	<u>\$ 15,438</u>	<u>\$ 11,424</u>	<u>\$ 21,951</u>	<u>\$ 41,618</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 3,247	\$ 15,102	\$ 15,080	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	19,801	6,257	11,006	-
Decommissioning	3,324	1,543	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	14,954	-	-	-
Changes in assets and liabilities				
Accounts receivable	537	8	1,642	-
Accounts payable and accruals	(9,988)	3,029	4,028	-
Other	(271)	(27)	2,645	-
Net cash provided by operating activities	<u>\$ 31,604</u>	<u>\$ 25,912</u>	<u>\$ 34,401</u>	<u>\$ -</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 10,342	\$ 5,745	\$ 16,809	\$ 41,618
Cash and cash equivalents - unrestricted	<u>5,096</u>	<u>5,679</u>	<u>5,142</u>	<u>-</u>
	<u>\$ 15,438</u>	<u>\$ 11,424</u>	<u>\$ 21,951</u>	<u>\$ 41,618</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Upgrading	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 2,467	\$ 3,423	\$ 34,570	\$ 26,611	\$ 69,584	\$ 15,597
Receipts from sale of oil and gas	-	-	-	-	-	-
Payments to operating managers	(282)	(1,458)	(15,315)	(10,188)	(41,185)	(9,355)
Other disbursements and receipts	-	-	-	50	-	-
Net cash flows from operating activities	<u>2,185</u>	<u>1,965</u>	<u>19,255</u>	<u>16,473</u>	<u>28,399</u>	<u>6,242</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	-	(13)	-	(174,035)	-	-
Debt interest and swap payments	(614)	(2,590)	(11,146)	(2,759)	(23,941)	(5,959)
Proceeds from sale of bonds	-	-	-	178,658	-	-
Payment for defeasance of revenue bonds	-	-	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-	-	-
Principal payments on debt	(1,600)	(680)	(7,595)	-	(13,760)	(2,510)
Payment for bond issue costs	-	-	-	(1,380)	-	-
Net cash used for capital and related financing activities	<u>(2,214)</u>	<u>(3,283)</u>	<u>(18,741)</u>	<u>484</u>	<u>(37,701)</u>	<u>(8,469)</u>
Cash flows from investing activities						
Interest received on investments	38	119	457	30	217	52
Purchases of investments	(3,539)	(10,711)	(40,088)	(5,809)	(33,912)	(8,146)
Proceeds from sale/maturity of investments	3,059	13,009	47,893	2,600	43,851	13,457
Net cash provided by (used for) investing activities	<u>(442)</u>	<u>2,417</u>	<u>8,262</u>	<u>(3,179)</u>	<u>10,156</u>	<u>5,363</u>
Net increase (decrease) in cash and cash equivalents	(471)	1,099	8,776	13,778	854	3,136
Cash and cash equivalents, beginning of year	<u>769</u>	<u>2,088</u>	<u>11,450</u>	<u>3,342</u>	<u>27,592</u>	<u>8,261</u>
Cash and cash equivalents, end of year	<u>\$ 298</u>	<u>\$ 3,187</u>	<u>\$ 20,226</u>	<u>\$ 17,120</u>	<u>\$ 28,446</u>	<u>\$ 11,397</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (1,044)	\$ 1,792	\$ 7,060	\$ 3,584	\$ 9,158	\$ 3,413
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,464	11,338	7,365	31,635	5,814
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	3,191	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	18	-	-	(731)	(11,261)	-
Accounts payable and accruals	20	(1,136)	857	6,308	(1,328)	(2,985)
Other	-	(155)	-	(53)	195	-
Net cash provided by operating activities	<u>\$ 2,185</u>	<u>\$ 1,965</u>	<u>\$ 19,255</u>	<u>\$ 16,473</u>	<u>\$ 28,399</u>	<u>\$ 6,242</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)						
Cash and cash equivalents - restricted	\$ 189	\$ 2,592	\$ 12,669	\$ 8,206	\$ 25,151	\$ 7,726
Cash and cash equivalents - unrestricted	109	595	7,557	8,914	3,295	3,671
	<u>\$ 298</u>	<u>\$ 3,187</u>	<u>\$ 20,226</u>	<u>\$ 17,120</u>	<u>\$ 28,446</u>	<u>\$ 11,397</u>

See accompanying notes.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER					
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
Cash flows from operating activities						
Receipts from participants	\$ 2,643	\$ 5,577	\$ 34,345	\$ 4,280	\$ 90,849	\$ 21,373
Receipts from sale of oil and gas	-	-	-	-	-	(5,943)
Payments to operating managers	(305)	(1,045)	(13,912)	(957)	(50,806)	-
Other disbursements and receipts	-	-	-	-	-	-
Net cash flows from operating activities	<u>2,338</u>	<u>4,532</u>	<u>20,433</u>	<u>3,323</u>	<u>40,043</u>	<u>15,430</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	-	(71)	-	-	(569,220)	(11,139)
Debt interest and swap payments	(678)	(1,017)	(10,087)	-	(7,491)	(3,606)
Proceeds from sale of bonds	-	54,149	-	-	583,149	149,501
Payment for defeasance of revenue bonds	-	-	-	-	-	(139,680)
Transfer of funds from (to) escrow	-	(48,349)	-	-	-	-
Principal payments on debt	(1,540)	-	-	-	-	-
Payment for bond issue costs	-	(734)	(1)	-	(3,749)	(1,237)
Net cash used for capital and related financing activities	<u>(2,218)</u>	<u>3,978</u>	<u>(10,088)</u>	<u>-</u>	<u>2,689</u>	<u>(6,161)</u>
Cash flows from investing activities						
Interest received on investments	40	60	452	19	161	37
Purchases of investments	(5,886)	(7,805)	(35,882)	-	(50,918)	(7,620)
Proceeds from sale/maturity of investments	4,511	500	22,870	-	26,761	3,000
Net cash provided by (used for) investing activities	<u>(1,335)</u>	<u>(7,245)</u>	<u>(12,560)</u>	<u>19</u>	<u>(23,996)</u>	<u>(4,583)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,215)</u>	<u>1,265</u>	<u>(2,215)</u>	<u>3,342</u>	<u>18,736</u>	<u>4,686</u>
Cash and cash equivalents, beginning of year	<u>1,984</u>	<u>823</u>	<u>13,665</u>	<u>-</u>	<u>8,856</u>	<u>3,575</u>
Cash and cash equivalents, end of year	<u>\$ 769</u>	<u>\$ 2,088</u>	<u>\$ 11,450</u>	<u>\$ 3,342</u>	<u>\$ 27,592</u>	<u>\$ 8,261</u>
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (654)	\$ 1,441	\$ 7,092	\$ -	\$ 7,824	\$ 3,145
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation, depletion and amortization	-	1,462	-	-	25,395	4,602
Decommissioning	-	-	-	-	-	-
Advances for capacity and energy	2,898	-	-	-	-	-
Amortization of nuclear fuel	-	-	-	-	-	-
Changes in assets and liabilities						
Accounts receivable	88	110	-	(50)	2,276	-
Accounts payable and accruals	6	1,519	2,002	3,518	5,302	7,683
Other	-	-	11,339	(145)	(754)	-
Net cash provided by operating activities	<u>\$ 2,338</u>	<u>\$ 4,532</u>	<u>\$ 20,433</u>	<u>\$ 3,323</u>	<u>\$ 40,043</u>	<u>\$ 15,430</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)						
Cash and cash equivalents - restricted	\$ 566	\$ 267	\$ 4,786	\$ -	\$ 17,806	\$ 2,070
Cash and cash equivalents - unrestricted	<u>203</u>	<u>1,821</u>	<u>6,664</u>	<u>3,342</u>	<u>9,786</u>	<u>6,191</u>
	<u>\$ 769</u>	<u>\$ 2,088</u>	<u>\$ 11,450</u>	<u>\$ 3,342</u>	<u>\$ 27,592</u>	<u>\$ 8,261</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 116,365	\$ 8,999	\$ 23,682
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(26,117)	(1,246)	(1,927)
Other disbursements and receipts	-	-	5
Net cash flows from operating activities	<u>90,248</u>	<u>7,753</u>	<u>21,760</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	(1,864)	47	(303)
Debt interest and swap payments	(38,266)	(2,770)	(8,767)
Proceeds from sale of bonds	47,372	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	(48,564)	-	-
Principal payments on debt	(27,995)	(5,190)	(14,305)
Payment for bond issue costs	(480)	-	-
Net cash used for capital and related financing activities	<u>(69,797)</u>	<u>(7,913)</u>	<u>(23,375)</u>
Cash flows from investing activities			
Interest received on investments	1,112	457	1,785
Purchases of investments	(62,475)	(6,340)	(21,018)
Proceeds from sale/maturity of investments	68,134	7,339	26,782
Net cash provided by (used for) investing activities	<u>6,771</u>	<u>1,456</u>	<u>7,549</u>
Net increase (decrease) in cash and cash equivalents	27,222	1,296	5,934
Cash and cash equivalents, beginning of year	25,164	3,179	5,883
Cash and cash equivalents, end of year	<u>\$ 52,386</u>	<u>\$ 4,475</u>	<u>\$ 11,817</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 72,427	\$ 6,130	\$ 17,552
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	22,747	1,516	4,514
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(2,209)	-	-
Accounts payable and accruals	(2,724)	148	(306)
Other	7	(41)	-
Net cash provided by operating activities	<u>\$ 90,248</u>	<u>\$ 7,753</u>	<u>\$ 21,760</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 51,146	\$ 4,215	\$ 11,153
Cash and cash equivalents - unrestricted	1,240	260	664
	<u>\$ 52,386</u>	<u>\$ 4,475</u>	<u>\$ 11,817</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 100,908	\$ 9,134	\$ 23,978
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(22,671)	(1,262)	(2,047)
Other disbursements and receipts	-	-	82
Net cash flows from operating activities	<u>78,237</u>	<u>7,872</u>	<u>22,013</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	(34,210)	(109)	-
Debt interest and swap payments	(38,965)	(3,147)	(9,835)
Proceeds from sale of bonds	213,250	-	-
Payment for defeasance of revenue bonds	(243,067)	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(32,990)	(4,895)	(13,490)
Payment for bond issue costs	(1,424)	-	-
Net cash used for capital and related financing activities	<u>(137,406)</u>	<u>(8,151)</u>	<u>(23,325)</u>
Cash flows from investing activities			
Interest received on investments	2,352	465	1,792
Purchases of investments	(72,354)	(5,382)	(16,865)
Proceeds from sale/maturity of investments	109,023	4,024	8,880
Net cash provided by (used for) investing activities	<u>39,021</u>	<u>(893)</u>	<u>(6,193)</u>
Net increase (decrease) in cash and cash equivalents	(20,148)	(1,172)	(7,505)
Cash and cash equivalents, beginning of year	45,312	4,351	13,388
Cash and cash equivalents, end of year	<u>\$ 25,164</u>	<u>\$ 3,179</u>	<u>\$ 5,883</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 57,833	\$ 6,480	\$ 17,410
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	19,381	1,460	4,514
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(430)	-	784
Accounts payable and accruals	1,400	(68)	(695)
Other	53	-	-
Net cash provided by operating activities	<u>\$ 78,237</u>	<u>\$ 7,872</u>	<u>\$ 22,013</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 24,530	\$ 3,004	\$ 5,282
Cash and cash equivalents - unrestricted	634	175	601
	<u>\$ 25,164</u>	<u>\$ 3,179</u>	<u>\$ 5,883</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 5,455	\$ 11,025	\$ 8,355
Receipts from sale of oil and gas	3,513	4,962	-
Payments to operating managers	(4,346)	(6,987)	(371)
Other disbursements and receipts	-	-	14,136
Net cash flows from operating activities	<u>4,622</u>	<u>9,000</u>	<u>22,120</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>19,034</u>	<u>232</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(13,269)	(2,422)	-
Debt interest and swap payments	(1,756)	(4,132)	(16,530)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(3,368)	(7,972)	(5,295)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(18,393)</u>	<u>(14,526)</u>	<u>(21,825)</u>
Cash flows from investing activities			
Interest received on investments	67	327	800
Purchases of investments	(5,624)	(47,072)	(20,746)
Proceeds from sale/maturity of investments	<u>18,792</u>	<u>71,225</u>	<u>20,841</u>
Net cash provided by (used for) investing activities	<u>13,235</u>	<u>24,480</u>	<u>895</u>
Net increase (decrease) in cash and cash equivalents	18,498	19,186	1,190
Cash and cash equivalents, beginning of year	<u>14,860</u>	<u>6,615</u>	<u>5,290</u>
Cash and cash equivalents, end of year	<u>\$ 33,358</u>	<u>\$ 25,801</u>	<u>\$ 6,480</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 723	\$ 7,102	\$ 7,076
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	5,598	2,475	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	322	25	118
Accounts payable and accruals	399	(74)	1,342
Other	(2,420)	(528)	13,584
Net cash provided by operating activities	<u>\$ 4,622</u>	<u>\$ 9,000</u>	<u>\$ 22,120</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 22,496	\$ 21,024	\$ 6,430
Cash and cash equivalents - unrestricted	<u>10,862</u>	<u>4,777</u>	<u>50</u>
	<u>\$ 33,358</u>	<u>\$ 25,801</u>	<u>\$ 6,480</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 6,226	\$ 13,385	\$ 9,989
Receipts from sale of oil and gas	2,120	6,729	
Payments to operating managers	(3,121)	(8,444)	13,150
Other disbursements and receipts	-	-	(3,062)
Net cash flows from operating activities	<u>5,225</u>	<u>11,670</u>	<u>20,077</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>3,267</u>	<u>(36)</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(7,891)	(2,969)	-
Debt interest and swap payments	(1,871)	(4,405)	(16,805)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(2,929)	(6,941)	(5,715)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(12,691)</u>	<u>(14,315)</u>	<u>(22,520)</u>
Cash flows from investing activities			
Interest received on investments	361	1,089	820
Purchases of investments	(3,033)	(7,080)	(20,852)
Proceeds from sale/maturity of investments	<u>4,510</u>	<u>2,929</u>	<u>25,169</u>
Net cash provided by (used for) investing activities	<u>1,838</u>	<u>(3,062)</u>	<u>5,137</u>
Net increase (decrease) in cash and cash equivalents	(2,361)	(5,743)	2,694
Cash and cash equivalents, beginning of year	<u>17,221</u>	<u>12,358</u>	<u>2,596</u>
Cash and cash equivalents, end of year	<u>\$ 14,860</u>	<u>\$ 6,615</u>	<u>\$ 5,290</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 3,536	\$ 7,500	\$ 9,415
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	2,836	5,572	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	204	(114)	(24)
Accounts payable and accruals	(130)	(237)	(2,635)
Other	(1,221)	(1,051)	13,321
Net cash provided by operating activities	<u>\$ 5,225</u>	<u>\$ 11,670</u>	<u>\$ 20,077</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 8,747	\$ (439)	\$ 5,264
Cash and cash equivalents - unrestricted	<u>6,113</u>	<u>7,054</u>	<u>26</u>
	<u>\$ 14,860</u>	<u>\$ 6,615</u>	<u>\$ 5,290</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas
Cash flows from operating activities				
Receipts from participants	\$ 7,383	\$ 3,414	\$ 23,643	\$ 4,347
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(7,987)	(3,826)	(26,638)	(2,732)
Other disbursements and receipts	-	-	-	-
Net cash flows from operating activities	<u>(604)</u>	<u>(412)</u>	<u>(2,995)</u>	<u>1,615</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	-	-	-	-
Debt interest and swap payments	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-
Principal payments on debt	-	-	-	-
Payment for bond issue costs	-	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received on investments	5	-	9	-
Purchases of investments	-	-	(1,499)	-
Proceeds from sale/maturity of investments	-	-	1,499	-
Net cash provided by (used for) investing activities	<u>5</u>	<u>-</u>	<u>9</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(599)	(412)	(2,986)	1,615
Cash and cash equivalents, beginning of year	4,651	1,358	8,305	2,119
Cash and cash equivalents, end of year	<u>\$ 4,052</u>	<u>\$ 946</u>	<u>\$ 5,319</u>	<u>\$ 3,734</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (5)	\$ (1)	\$ (10)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	-	-
Decommissioning	-	-	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Changes in assets and liabilities				
Accounts receivable	-	-	2	-
Accounts payable and accruals	(597)	(407)	(2,987)	1,615
Other	(2)	(4)	-	-
Net cash provided by operating activities	<u>\$ (604)</u>	<u>\$ (412)</u>	<u>\$ (2,995)</u>	<u>\$ 1,615</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - unrestricted	4,052	946	5,319	3,734
	<u>\$ 4,052</u>	<u>\$ 946</u>	<u>\$ 5,319</u>	<u>\$ 3,734</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat			Ameresco
	Geothermal Energy	MWD Small Hydro	Pebble Springs	Chiquita Landfill Gas
Cash flows from operating activities				
Receipts from participants	\$ 13,535	\$ 3,550	\$ 26,150	\$ 3,360
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(9,398)	(3,734)	(24,049)	(1,641)
Other disbursements and receipts	-	-	-	-
Net cash flows from operating activities	<u>4,137</u>	<u>(184)</u>	<u>2,101</u>	<u>1,719</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	-	-	400
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	1	-	-
Debt interest and swap payments	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-
Principal payments on debt	-	-	-	-
Payment for bond issue costs	-	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received on investments	3	-	8	-
Purchases of investments	-	-	(1,480)	-
Proceeds from sale/maturity of investments	-	-	1,480	-
Net cash provided by (used for) investing activities	<u>3</u>	<u>-</u>	<u>8</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,140	(183)	2,109	2,119
Cash and cash equivalents, beginning of year	511	1,541	6,196	-
Cash and cash equivalents, end of year	<u>\$ 4,651</u>	<u>\$ 1,358</u>	<u>\$ 8,305</u>	<u>\$ 2,119</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (3)	\$ (1)	\$ (8)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	-	-
Decommissioning	-	-	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Changes in assets and liabilities				
Accounts receivable	1,012	-	(1)	-
Accounts payable and accruals	3,128	(183)	2,110	1,719
Other	-	-	-	-
Net cash provided by operating activities	<u>\$ 4,137</u>	<u>\$ (184)</u>	<u>\$ 2,101</u>	<u>\$ 1,719</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - unrestricted	4,651	1,358	8,305	2,119
	<u>\$ 4,651</u>	<u>\$ 1,358</u>	<u>\$ 8,305</u>	<u>\$ 2,119</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS				Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	SCPPA Building Fund	
Cash flows from operating activities					
Receipts from participants	\$ -	\$ -	\$ -	\$ -	\$ 605,920
Receipts from sale of oil and gas	-	-	-	-	8,475
Payments to operating managers	-	-	-	-	(292,262)
Other disbursements and receipts	-	-	-	-	21,825
Net cash flows from operating activities	-	-	-	-	343,958
Cash flows from noncapital financing activities					
Advances (withdrawals) by participants, net	-	(1,207)	9,951	2,020	30,030
Cash flows from capital financing activities					
Additions to plant and prepaid projects, net	-	-	-	(1,789)	(274,088)
Debt interest and swap payments	(2,210)	-	-	-	(155,487)
Proceeds from sale of bonds	-	-	-	-	296,395
Payment for defeasance of revenue bonds	-	-	-	-	(10,340)
Transfer of funds from (to) escrow	-	-	-	-	(115,747)
Principal payments on debt	(12,100)	-	-	-	(124,110)
Payment for bond issue costs	-	-	-	-	(2,512)
Net cash used for capital and related financing activities	(14,310)	-	-	(1,789)	(385,889)
Cash flows from investing activities					
Interest received on investments	4,088	-	1,752	-	14,769
Purchases of investments	(938)	-	(167,515)	-	(651,305)
Proceeds from sale/maturity of investments	11,160	-	156,385	-	763,409
Net cash provided by (used for) investing activities	14,310	-	(9,378)	-	126,873
Net increase (decrease) in cash and cash equivalents	-	(1,207)	573	231	114,972
Cash and cash equivalents, beginning of year	-	1,231	10,955	-	233,543
Cash and cash equivalents, end of year	\$ -	\$ 24	\$ 11,528	\$ 231	\$ 348,515
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ -	\$ -	\$ -	\$ (9)	\$ 171,928
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation, depletion and amortization	-	-	-	9	141,333
Decommissioning	-	-	-	-	5,237
Advances for capacity and energy	-	-	-	-	3,191
Amortization of nuclear fuel	-	-	-	-	16,272
Changes in assets and liabilities					
Accounts receivable	-	-	-	-	(13,927)
Accounts payable and accruals	-	-	-	-	12,983
Other	-	-	-	-	6,941
Net cash provided by operating activities	\$ -	\$ -	\$ -	\$ -	\$ 343,958
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)					
Cash and cash equivalents - restricted	\$ -	\$ 24	\$ 11,528	\$ 231	\$ 267,022
Cash and cash equivalents - unrestricted	-	-	-	-	81,493
	\$ -	\$ 24	\$ 11,528	\$ 231	\$ 348,515

See accompanying notes.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS			Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 580,578
Receipts from sale of oil and gas	-	-	-	2,906
Payments to operating managers	-	-	-	(257,255)
Other disbursements and receipts	-	-	-	4,654
Net cash flows from operating activities	-	-	-	330,883
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	1,542	(2,496)	4,902
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	(2,311)	-	(745,409)
Debt interest and swap payments	(3,004)	-	-	(129,998)
Proceeds from sale of bonds	-	-	-	1,000,049
Payment for defeasance of revenue bonds	-	-	-	(382,747)
Transfer of funds from (to) escrow	-	-	-	(48,349)
Principal payments on debt	(11,400)	-	-	(110,655)
Payment for bond issue costs	-	-	-	(7,847)
Net cash used for capital and related financing activities	(14,404)	(2,311)	-	(424,956)
Cash flows from investing activities				
Interest received on investments	4,817	-	2,044	18,386
Purchases of investments	(906)	-	(85,358)	(527,515)
Proceeds from sale/maturity of investments	10,493	-	81,391	586,453
Net cash provided by (used for) investing activities	14,404	-	(1,923)	77,324
Net increase (decrease) in cash and cash equivalents	-	(769)	(4,419)	(11,847)
Cash and cash equivalents, beginning of year	-	2,000	15,374	245,390
Cash and cash equivalents, end of year	\$ -	\$ 1,231	\$ 10,955	\$ 233,543
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ -	\$ -	\$ -	\$ 154,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	-	102,286
Decommissioning	-	-	-	4,867
Advances for capacity and energy	-	-	-	2,898
Amortization of nuclear fuel	-	-	-	14,954
Changes in assets and liabilities				
Accounts receivable	-	-	-	6,042
Accounts payable and accruals	-	-	-	21,508
Other	-	-	-	23,889
Net cash provided by operating activities	\$ -	\$ -	\$ -	\$ 330,883
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ -	\$ 1,231	\$ 10,955	\$ 158,583
Cash and cash equivalents - unrestricted	-	-	-	74,960
	\$ -	\$ 1,231	\$ 10,955	\$ 233,543

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **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 of 50 years or until 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:

**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 14<sup>th</sup> 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. The impact of these extensions is currently under study by the Palo Verde participants.

**San Juan Project** – Effective 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.

**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. 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.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 1 – Organization and Purpose (continued)**

- **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 the contract term runs to February 1, 2013, and for three additional years thereafter unless canceled by the customer prior to February 1. 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 (GE) 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. Units 3 and 4 were declared for commercial operations on August 1, 2011 and Units 1 and 2 both reached COD on September 15, 2011.

**Hoover Uprating 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 Uprating capacity and associated firm energy to the Authority in return for the Authority's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. The agreement expires 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 will enter into new agreements with the federal government for the capacity and energy, effective from October 1, 2017 through September 30, 2067. Whether the Authority will play a role in the project after 2017 cannot be determined at this time.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 1 – Organization and Purpose (continued)**

**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; other related assets, property, and contractual rights. Prior to acquisition of the Project, the Authority was entitled to purchase the energy output of the facility for a period of 20 years through a Power Purchase Agreement dated August 21, 2008.

- **Contractor Service Agreement** – SCPPA extended its agreement with Hydro Consultants (Contractor) on January 1, 2012 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. The term of the contract is for one year from January 1, 2012 to December 31, 2012 and it may be extended by written agreement between SCPPA and the Contractor.
- **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.
- **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 1 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.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 1 – Organization and Purpose (continued)**

**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 earlier terminated) pursuant to a Power Purchase Agreement (Agreement) dated March 1, 2010. 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 Facility on a “take-or-pay basis.” Under a separate contract, the city of Glendale sold its entitlement share of energy to LADWP until Glendale exercises its option to repurchase its share. 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.

**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 an approximately 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 the city of 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.

- **Operation and Maintenance Service Agreement** – SCPPA entered into a three-year agreement with 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. REpower performs fixed fee services such as scheduled maintenances, periodic operational checks and tests, and regular preventive maintenance, required on the wind turbine generators (WEC) in accordance with the maintenance manual. REpower also performs remote monitoring services, repair services, and services related to the availability of the WEC.
- **Renewable Energy Exchange Contract** – SCPPA entered into a contract with Macquarie Energy LLC beginning March 10, 2012 for delivery of energy to Macquarie for firming and shaping and delivery back to SCPPA. The contract automatically renews for one-year terms beginning on January 1 of each successive calendar year unless a termination notice is provided by either party.
- **Operation and Maintenance Service Agreement** – SCPPA entered into an agreement with EDF Renewable Energy (formerly EnXco Service Corporation) to operate, maintain, and repair the Wind Plant. This agreement will automatically be extended for successive one year periods unless either party provides written notice to terminate the contract.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 1 – Organization and Purpose (continued)**

**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.

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.

**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 1 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** – 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.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 1 - Organization and Purpose (continued)**

**Natural Gas 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. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.
- **Gathering and processing agreements** - SCPPA's purchase of Pinedale included underlying agreements with Jonah Gas Gathering Company, Questar Gas Management Company, and Western Gas Resources, Inc. for gathering and processing of the natural gas.

**Natural Gas Barnett Project** - Natural gas resources in the Barnett shale geological formation in Texas were acquired from Collins and Young Holding, L.L.P (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, L.P. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 1 – Organization and Purpose (continued)**

**Participant ownership interests** – The Authority’s participants may elect to participate in the projects. As of June 30, 2012, the members have the following participation percentages in the Authority’s operating projects:

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



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 1 - Organization and Purpose (continued)**

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

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.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 1 – Organization and Purpose (continued)**

The contracts expire as follows:

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

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

**Prepaid Natural Gas Project No. 1** – 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 No. 1 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. The Natural Gas contracts expire in 2038.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 1 - Organization and Purpose (continued)**

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, \$165.5 million principal of the 2007 Natural Gas Project Bonds were terminated (see Note 6).

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.

**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.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 1 – Organization and Purpose (continued)**

**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 10<sup>th</sup> 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.

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.

**Participant Ownership Interests**

Participants	Power Purchase Agreements			
	Ormat Geothermal Energy Project	Pebble Springs Wind Project	MWD Small Hydro Project	Ameresco Chiquita Landfill Gas Project
Capacity	17.00 MW	98.7 MW	17.04 MW	10.00 MW
City of Los Angeles	-	69.6%	-	-
City of Anaheim	60.0%	-	56.4%	-
City of Azusa	-	-	21.8%	-
City of Banning	10.0%	-	-	-
City of Colton	-	-	21.8%	-
City of Burbank	-	10.1%	-	16.7%
City of Glendale	15.0%	20.3%	-	-
City of Pasadena	15.0%	-	-	83.3%
	100.0%	100.0%	100.0%	100.0%

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 1 - Organization and Purpose (continued)**

**Multiple Project Fund** – During fiscal year 1990, the Authority issued Multiple Project Revenue Bonds for net proceeds of approximately \$600 million to provide funds to finance costs of construction and acquisition of ownership interests or capacity rights in one or more, then unspecified, projects for the generation or transmission of electric energy. Certain of these funds were used to finance the Authority's interests in Mead-Phoenix and Mead-Adelanto.

**SCPPA Office Building 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.

**Project Development Fund** – Holds funds related to projects in the development phase. The funds related to the acquisition and renovation of the SCPPA Office Building located in the city of Glendora were transferred to the SCPPA Office Building Fund.

**Projects' 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.

#### **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 and the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with rules issued by the GASB. Revenues are recognized when earned and expenses are recognized when incurred. The format of the Statement of Net Assets (Deficit) follows the inverted approach which is consistent with the Federal Energy Regulatory Commission (FERC).

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### Note 2 – Summary of Significant Accounting Policies (continued)

- **Invested in capital assets, net of related debt and advances from participants** – This component of net assets consists of (a) capital assets, (b) net of accumulated depreciation, and (c) unamortized debt expenses, 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- **Restricted** – This component consists of net assets 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 assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt and advances from participants.”

**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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 Project, and Linden Wind Energy Project are included as utility plant and recorded at cost. 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 55 years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto; 30 years for Magnolia and Canyon Power Project; 37 years for SJGS; 50 years for the Tieton Hydropower Project; and 25 years for Linden Wind Energy Project.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 2 - Summary of Significant Accounting Policies (continued)**

**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 proved developed producing wells, estimated at 43.3 years for the Natural Gas Pinedale Project and 40 years for the Natural Gas Barnett Project. The estimate is based on site specific studies prepared by independent consultants as of October 2010 and January 2011, respectively. The depletion rate for the Natural Gas Pinedale Project was \$2.27/MMBtu and \$1.89/MMBtu; and the estimated total net revenue volume was 21,700,159 MMBtu and 22,791,724 MMBtu up to the period ending 2053, for fiscal years 2012 and 2011, respectively. The depletion rate for the Natural Gas Barnett Project was \$2.53/MMBtu and \$2.61/MMBtu; and the estimated total net revenue volume was 22,271,254 MMBtu and 22,872,450 MMBtu up to the period ending 2050, for fiscal years ended June 30, 2012 and 2011, 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 11 for information about spent nuclear fuel disposal.

**Nuclear decommissioning** – Decommissioning of PVNGS is expected to commence subsequent to the year 2026. The total cost to decommission the Authority's interest in PVNGS is estimated to be \$137.5 million in 2011 dollars (\$262.3 million in 2022 dollars, assuming a 6% estimated annual inflation rate). This estimate is based on an updated site specific study prepared by an independent consultant in 2010. 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 \$3.7 million and \$3.3 million in fiscal years 2012 and 2011. The decommissioning liability is included as a component of accumulated depreciation and was \$237.9 million and \$234.2 million at June 30, 2012 and 2011, 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, 2012, decommissioning funds totaled approximately \$166.8 million, including approximately \$0.4 million of interest receivable.

**Asset retirement obligation** – Demolition of SJGS is projected to commence subsequent to the year 2030. Based upon the study performed by an independent engineering firm, the Authority's share of the estimated demolition costs is \$47.4 million in 2008 dollars. The Authority is providing for its share of the estimated future demolition costs over the remaining life of the power plant through annual charges to expense of \$1.5 million. The demolition liability is included as a component of accumulated depreciation and totaled \$52.9 million and \$51.3 million at June 30, 2012 and 2011, respectively.

As of June 30, 2012, the Authority has not billed participants for the cost of demolition nor has it established a demolition fund.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**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 assets (deficit) 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 and the Multiple Project Fund 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** – SCPPA 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. SCPPA 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).

**Advances for capacity and energy** – Advance payments to the United States Bureau of Reclamation for the uprating of the 17 generators at the Hoover Power Plant are included in advances for capacity and energy. These advances are being reduced by the principal portion of the credits on billings to the Authority for energy and capacity. The current portion of these advances is recorded under Prepaid and Other Assets in the Current Assets Section of the Combined Statements of Net Assets (Deficit).

**Advance to IPA** – Advance to IPA consists of cash transferred to IPA for reserve, contingency, and self insurance funding.

**Unamortized premiums, discounts, debt expenses, and losses on refunding** – Debt premiums, discounts, and debt expenses are deferred and amortized to expense over the lives of the related debt issues. Losses on refunding related to bonds redeemed by refunding bonds are amortized over the shorter of the life of the refunding bonds, or the remaining term of bonds refunded. Unamortized issue costs are recorded as a non-current asset. All other unamortized debt expenses are recorded as an offset or addition to long-term debt.

**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**

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#### **Note 2 - Summary of Significant Accounting Policies (continued)**

**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.

The recorded liability of the Multiple Project Fund of \$29.0 million (\$7.7 million payable to the Mead-Phoenix Project and \$21.3 million payable to the Mead-Adelanto Project) is a result of the cumulative savings from the 1994 refunding of the 1989 Multiple Project Bonds. The partial refunding within five years of the original issuance triggered a recalculation of the arbitrage yield, reducing the Multiple Project Fund's rebate liability.

Recorded arbitrage rebate and yield restriction liabilities as of June 30, 2012, were \$0.15 million for STS, \$0.43 million for Mead-Phoenix, and \$1.7 million for Mead-Adelanto.

**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.

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. Funds held in the reserve account as a result of this resolution totaled \$33.7 million and \$39.5 million as of June 30, 2012 and 2011, respectively.

**Transportation costs** – As a result of the sales and purchases agreements for natural gas entered into by SCPA, 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, 2012 and 2011, transportation costs were approximately \$225 thousand and \$229 thousand, respectively, for the Natural Gas Pinedale Project.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### Note 2 – Summary of Significant Accounting Policies (continued)

**In kind contribution** – Each participant of the Magnolia Power Plant is responsible for their 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.

In kind 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, 2012 and 2011 the participants' contribution in kind was approximately 10.4 million MMBtu and 6.5 million MMBtu and was valued at approximately \$36.8 million and \$26.6 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. These Bonds must be issued before January 1, 2011. On June 9, 2010, SCPPA issued \$191 million of Canyon Power 2010 Series B, Direct Payment BABs. The Linden Wind 2010 Series B, Direct Payment BABs, were issued on September 28, 2010.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 3 - Utility Plant**

At June 30, 2012, Utility Plant consisted of the following (amounts in thousands):

	June 30, 2012						
	GENERATION				GREEN POWER		
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Uprating Project	Tieton Hydro- power	Linden Wind Energy
Utility plant							
Production	\$ 699,648	\$ 237,863	\$ 282,971	\$ 245,095	\$ -	\$ 47,799	\$ 123,082
Transmission	16,145	-	15,231	31,830	-	-	23,431
General	3,449	7,198	15,405	477	21	11	-
Natural gas reserves	-	-	-	-	-	-	-
	719,242	245,061	313,607	277,402	21	47,810	146,513
Less accumulated depreciation	691,629	172,740	75,761	7,720	21	3,756	10,416
	27,613	72,321	237,846	269,682	-	44,054	136,097
Construction work in progress	24,110	7,166	1,735	-	-	-	-
Nuclear fuel, at amortized cost	49,273	-	-	-	-	-	-
Net utility plant	<u>\$ 100,996</u>	<u>\$ 79,487</u>	<u>\$ 239,581</u>	<u>\$ 269,682</u>	<u>\$ -</u>	<u>\$ 44,054</u>	<u>\$ 136,097</u>
	TRANSMISSION			NATURAL GAS		OTHERS	
	Southern Transmission System Project	Mead- Phoenix Project	Mead- Adelanto Project	Pinedale Project	Barnett Project	Project Development Costs (SCPPA Building)	Total
Utility plant							
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,636,458
Transmission	770,330	54,825	173,101	-	-	-	1,084,893
General	44,356	2,730	473	2,566	-	4,378	81,064
Natural gas reserves	-	-	-	60,457	75,664	-	136,121
	814,686	57,555	173,574	63,023	75,664	4,378	2,938,536
Less accumulated depreciation	507,626	23,430	73,304	17,615	21,708	9	1,605,735
	307,060	34,125	100,270	45,408	53,956	4,369	1,332,801
Construction work in progress	-	134	-	13,124	3,009	-	49,278
Nuclear fuel, at amortized cost	-	-	-	-	-	-	49,273
Net utility plant	<u>\$ 307,060</u>	<u>\$ 34,259</u>	<u>\$ 100,270</u>	<u>\$ 58,532</u>	<u>\$ 56,965</u>	<u>\$ 4,369</u>	<u>\$ 1,431,352</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 3 – Utility Plant (continued)**

In June, 2011, the Authority made a one-time payment to acquire an 11,500 sq ft building located in the city of Glendora to be used as SCPPA office facilities. The building was renovated and put into service during fiscal year 2012. Acquisition and construction costs were financed by contributions from SCPPA members (see Note 1).

At June 30, 2011 Utility Plant consisted of the following (amounts in thousands):

	June 30, 2011						
	GENERATION				GREEN POWER		
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Upgrading Project	Tieton Hydro-Power	Linden Wind Energy
Utility plant							
Production	\$ 689,148	\$ 237,370	\$ 282,936	\$ -	\$ -	\$ 47,785	\$ 123,082
Transmission	15,466	-	15,233	-	-	-	23,431
General	3,188	7,167	15,403	-	21	11	-
Natural gas reserves	-	-	-	-	-	-	-
	<u>707,802</u>	<u>244,537</u>	<u>313,572</u>	<u>-</u>	<u>21</u>	<u>47,796</u>	<u>146,513</u>
Less accumulated depreciation	668,935	166,820	64,817	-	21	2,291	4,602
	<u>38,867</u>	<u>77,717</u>	<u>248,755</u>	<u>-</u>	<u>-</u>	<u>45,505</u>	<u>141,911</u>
Construction work in progress	21,309	4,045	887	252,069	-	-	-
Nuclear fuel, at amortized cost	43,705	-	-	-	-	-	-
Net utility plant	<u>\$ 103,881</u>	<u>\$ 81,762</u>	<u>\$ 249,642</u>	<u>\$ 252,069</u>	<u>\$ -</u>	<u>\$ 45,505</u>	<u>\$ 141,911</u>
	TRANSMISSION			NATURAL GAS		OTHERS	
	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Project Development Costs (SCPPA Building)	Total
Utility plant							
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,321
Transmission	770,325	54,760	172,798	-	-	-	1,052,013
General	44,355	2,730	474	1,650	-	-	74,999
Natural gas reserves	-	-	-	53,117	73,292	-	126,409
	<u>814,680</u>	<u>57,490</u>	<u>173,272</u>	<u>54,767</u>	<u>73,292</u>	<u>-</u>	<u>2,633,742</u>
Less accumulated depreciation	484,880	21,914	68,791	12,017	19,233	-	1,514,321
	<u>329,800</u>	<u>35,576</u>	<u>104,481</u>	<u>42,750</u>	<u>54,059</u>	<u>-</u>	<u>1,119,421</u>
Construction work in progress	-	246	-	8,256	2,372	2,358	291,542
Nuclear fuel, at amortized cost	-	-	-	-	-	-	43,705
Net utility plant	<u>\$ 329,800</u>	<u>\$ 35,822</u>	<u>\$ 104,481</u>	<u>\$ 51,006</u>	<u>\$ 56,431</u>	<u>\$ 2,358</u>	<u>\$ 1,454,668</u>

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

### NOTES TO COMBINED FINANCIAL STATEMENTS

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#### Note 3 – Utility Plant (continued)

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

	Balance July 1, 2011	Additions	Disposals	Transfers	Balance June 30, 2012
<b>Nondepreciable utility plant</b>					
Land	\$ 43,830	\$ 588	\$ (3)	\$ -	\$ 44,415
Construction work in progress	280,913	49,134	(12,036)	(284,866)	33,145
Construction work in progress - gas	10,629	16,133	-	(10,629)	16,133
Nuclear fuel*	43,705	19,507	(13,939)	-	49,273
Total nondepreciable utility plant	<u>379,077</u>	<u>85,362</u>	<u>(25,978)</u>	<u>(295,495)</u>	<u>142,966</u>
<b>Depreciable utility plant</b>					
<b>Production</b>					
Nuclear generation (Palo Verde Project)	688,229	12,854	(2,350)	-	698,733
Coal-fired plant (San Juan Unit 3 Project)	237,369	-	(2,220)	2,712	237,861
Gas-fired plant (Magnolia Power Project)	282,936	-	-	245,130	528,066
Green power	156,406	13	-	-	156,419
Transmission	1,023,575	1,166	(115)	31,828	1,056,454
General	74,594	4,453	(372)	480	79,155
Natural gas reserves	126,803	-	-	10,630	137,433
Total depreciable utility plant	<u>2,589,912</u>	<u>18,486</u>	<u>(5,057)</u>	<u>290,780</u>	<u>2,894,121</u>
Less accumulated depreciation	<u>(1,514,321)</u>	<u>(96,332)</u>	<u>4,918</u>	<u>-</u>	<u>(1,605,735)</u>
Total utility plant, net	<u>\$ 1,454,668</u>	<u>\$ 7,516</u>	<u>\$ (26,117)</u>	<u>\$ (4,715)</u>	<u>\$ 1,431,352</u>

\*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

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#### **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 Multiple Project Fund Bonds, the San Juan Project Bonds, the Magnolia Power Project Bonds, the Natural Gas Projects Bonds, Prepaid Natural Gas Project No. 1 Bonds, the Canyon Power Project Bonds, the Milford Wind Phase 1 Project Bonds, the Milford Wind Phase II Project Bonds, the Linden Wind Project Bonds, the Tieton Project Bonds, and the Windy Point/Windy Flats Bonds. Authorized investments for the Projects' Stabilization Fund are set forth in a resolution approved by the Board in 1996.

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;
- Banker's 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;
- 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.

# SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 4 - Investments (continued)

As of June 30, 2012, the Authority held the following as cash and cash equivalents and investments:

Investment Type	Carrying Value (in thousands)	Weighted Average Maturity (Years)	Percent of Portfolio
U.S. Agency Securities	\$ 428,369	1.10	41.8%
Guaranteed Investment Contracts	160,419	8.82	15.6%
Money Market Funds	298,046	0.08	28.9%
Commercial Paper	68,049	0.12	6.6%
Negotiable CDs	51,086	0.15	5.0%
U.S. Discount Notes	14,860	0.04	1.5%
Banker's Acceptance	6,044	0.06	0.6%
<b>Total</b>	<b>\$ 1,026,873</b>	<b>1.88</b>	<b>100.0%</b>

The "weighted average maturity in years" calculation assumes that all investments are held until maturity. Investments at June 30, 2012 are as follows (amounts in thousands):

	GENERATION				GREEN POWER						TRANSMISSION		
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Uprating Project	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project
U.S. Agencies	\$ 181,306	\$ 6,072	\$ 32,470	\$ 17,062	\$ 2,268	\$ 5,019	\$ 24,253	\$ 3,289	\$ 10,491	\$ 2,335	\$ 20,615	\$ 1,756	\$ 5,801
Agency Discount Notes	-	5,000	-	-	1,860	-	-	2,000	-	-	-	-	-
Negotiable CDs	8,000	5,500	5,285	2,100	-	-	3,700	-	2,000	-	13,500	1,000	3,000
Bankers Acceptance	-	-	-	2,150	-	-	-	1,964	-	-	1,930	-	-
Commercial Paper	2,000	4,990	6,192	8,000	-	1,000	1,600	2,537	6,900	-	32,500	830	1,500
GIC's	33,739	21,323	3,863	-	-	-	-	-	-	-	7,789	5,695	23,198
Money Market Funds	29,874	13,792	42,859	13,789	298	2,187	15,926	10,657	23,546	11,397	31,956	4,475	11,817
<b>Total</b>	<b>\$ 254,919</b>	<b>\$ 56,677</b>	<b>\$ 90,669</b>	<b>\$ 43,101</b>	<b>\$ 4,426</b>	<b>\$ 8,206</b>	<b>\$ 45,479</b>	<b>\$ 20,447</b>	<b>\$ 42,937</b>	<b>\$ 13,732</b>	<b>\$ 108,290</b>	<b>\$ 13,756</b>	<b>\$ 45,316</b>
Restricted investments	\$ 182,945	\$ 31,067	\$ 47,810	\$ 26,062	\$ 2,918	\$ 5,019	\$ 25,253	\$ 3,327	\$ 14,491	\$ 2,335	\$ 52,604	\$ 9,281	\$ 33,499
Unrestricted investments	42,973	6,819	-	-	1,210	-	-	-	-	-	3,300	-	-
Cash and cash equivalents	29,001	18,791	42,859	17,039	298	3,187	20,226	17,120	28,446	11,397	52,386	4,475	11,817
<b>Total</b>	<b>\$ 254,919</b>	<b>\$ 56,677</b>	<b>\$ 90,669</b>	<b>\$ 43,101</b>	<b>\$ 4,426</b>	<b>\$ 8,206</b>	<b>\$ 45,479</b>	<b>\$ 20,447</b>	<b>\$ 42,937</b>	<b>\$ 13,732</b>	<b>\$ 108,290</b>	<b>\$ 13,756</b>	<b>\$ 45,316</b>
	POWER PURCHASE AGREEMENTS				NATURAL GAS				MISCELLANEOUS				
	Ormat Geo-thermal Project	MWD Small Hydro	Pebble Springs	Ameresco Chiquita Landfill Gas	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	SCPPA Building Fund	Total	
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,045	\$ -	\$ -	\$ -	\$ 100,587	\$ -	\$ 428,369	
Agency Discount Notes	-	-	-	-	-	6,000	-	-	-	-	-	14,860	
Negotiable CDs	-	-	-	-	-	7,001	-	-	-	-	-	51,086	
Bankers Acceptance	-	-	-	-	-	-	-	-	-	-	-	6,044	
Commercial Paper	-	-	-	-	-	-	-	-	-	-	-	68,049	
GIC's	-	-	-	-	-	-	13,836	50,976	-	-	-	160,419	
Money Market Funds	4,052	946	5,319	3,734	33,358	19,801	6,480	-	24	11,528	231	298,046	
<b>Total</b>	<b>\$ 4,052</b>	<b>\$ 946</b>	<b>\$ 5,319</b>	<b>\$ 3,734</b>	<b>\$ 33,358</b>	<b>\$ 47,847</b>	<b>\$ 20,316</b>	<b>\$ 50,976</b>	<b>\$ 24</b>	<b>\$ 112,115</b>	<b>\$ 231</b>	<b>\$ 1,026,873</b>	
Restricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,046	\$ 13,836	\$ 50,976	\$ -	\$ 100,587	\$ -	\$ 624,056	
Unrestricted investments	-	-	-	-	-	-	-	-	-	-	-	54,302	
Cash and cash equivalents	4,052	946	5,319	3,734	33,358	25,801	6,480	-	24	11,528	231	348,515	
<b>Total</b>	<b>\$ 4,052</b>	<b>\$ 946</b>	<b>\$ 5,319</b>	<b>\$ 3,734</b>	<b>\$ 33,358</b>	<b>\$ 47,847</b>	<b>\$ 20,316</b>	<b>\$ 50,976</b>	<b>\$ 24</b>	<b>\$ 112,115</b>	<b>\$ 231</b>	<b>\$ 1,026,873</b>	

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 4 – Investments (continued)

Investments at June 30, 2011 are as follows (amounts in thousands):

	GENERATION				GREEN POWER				TRANSMISSION			
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Uprating Project	Tieton Hydro-power	Milford I Wind	Windy Point Project	Linden Wind Energy	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project
U.S. Agencies	\$ 184,212	\$ 14,655	\$ 55,798	\$ 28,542	\$ 2,254	\$ 5,481	\$ 24,361	\$ 10,911	\$ 2,322	\$ 30,734	\$ 1,759	\$ 5,800
Agency Discount Notes	-	-	-	-	-	-	-	-	-	-	-	-
Negotiable CDs	1,400	899	5,823	35,311	-	1,797	1,000	2,654	2,765	4,371	2,825	8,752
Bankers Acceptance	-	-	-	-	-	-	-	1,090	-	-	-	-
Commercial Paper	16,364	719	2,900	6,400	1,379	-	10,023	12,615	4,540	18,625	-	1,500
GI C's	39,549	21,323	3,863	-	-	-	-	-	-	7,789	5,695	23,198
Money Market Funds	11,881	11,424	21,952	8,413	768	2,088	8,950	24,502	6,261	25,165	3,179	5,895
<b>Total</b>	<b>\$ 253,406</b>	<b>\$ 49,020</b>	<b>\$ 90,336</b>	<b>\$ 78,666</b>	<b>\$ 4,401</b>	<b>\$ 9,366</b>	<b>\$ 44,334</b>	<b>\$ 51,772</b>	<b>\$ 15,888</b>	<b>\$ 86,684</b>	<b>\$ 13,458</b>	<b>\$ 45,145</b>
Restricted investments	\$ 189,362	\$ 32,596	\$ 66,389	\$ 37,048	\$ 2,493	\$ 7,278	\$ 32,884	\$ 18,280	\$ 7,627	\$ 61,520	\$ 10,279	\$ 39,262
Unrestricted investments	48,606	5,000	1,996	-	1,139	-	-	5,900	-	-	-	-
Cash and cash equivalents	15,438	11,424	21,951	41,618	769	2,088	11,450	27,592	8,261	25,164	3,179	5,883
<b>Total</b>	<b>\$ 253,406</b>	<b>\$ 49,020</b>	<b>\$ 90,336</b>	<b>\$ 78,666</b>	<b>\$ 4,401</b>	<b>\$ 9,366</b>	<b>\$ 44,334</b>	<b>\$ 51,772</b>	<b>\$ 15,888</b>	<b>\$ 86,684</b>	<b>\$ 13,458</b>	<b>\$ 45,145</b>

  

	POWER PURCHASE AGREEMENTS				NATURAL GAS				MISCELLANEOUS			
	Ormat Geo-thermal Project	MWD Small Hydro	Pebble Springs	Milford II Wind	Ameresco Chiquita Landfill Gas	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	Total
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,030	\$ -	\$ -	\$ -	\$ -	\$ 88,448	\$ 470,307
Agency Discount Notes	-	-	-	-	-	-	-	-	-	-	-	-
Negotiable CDs	-	-	1,000	-	-	2,674	-	-	-	-	-	71,271
Bankers Acceptances	-	-	-	-	-	-	-	-	-	-	-	1,090
Commercial Paper	-	-	6,799	-	-	2,798	6,016	-	-	-	710	91,388
GI C's	-	-	-	-	-	10,493	40,124	13,931	61,198	-	-	227,163
Money Market Funds	4,651	1,358	506	3,342	2,119	14,860	6,615	5,290	-	1,231	10,955	181,405
<b>Total</b>	<b>\$ 4,651</b>	<b>\$ 1,358</b>	<b>\$ 8,305</b>	<b>\$ 3,342</b>	<b>\$ 2,119</b>	<b>\$ 45,855</b>	<b>\$ 52,755</b>	<b>\$ 19,221</b>	<b>\$ 61,198</b>	<b>\$ 1,231</b>	<b>\$ 100,113</b>	<b>\$ 1,042,624</b>
Restricted investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,995	\$ 46,140	\$ 13,931	\$ 61,198	\$ -	\$ 89,158	\$ 746,440
Unrestricted investments	-	-	-	-	-	-	-	-	-	-	-	62,641
Cash and cash equivalents	4,651	1,358	8,305	3,342	2,119	14,860	6,615	5,290	-	1,231	10,955	233,543
<b>Total</b>	<b>\$ 4,651</b>	<b>\$ 1,358</b>	<b>\$ 8,305</b>	<b>\$ 3,342</b>	<b>\$ 2,119</b>	<b>\$ 45,855</b>	<b>\$ 52,755</b>	<b>\$ 19,221</b>	<b>\$ 61,198</b>	<b>\$ 1,231</b>	<b>\$ 100,113</b>	<b>\$ 1,042,624</b>

**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 banker’s 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.



## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 4 - Investments (continued)**

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 five hundred million dollars. As of June 30, 2012, 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 A-1 by Standard and Poor's, P-1 by Moody's Investors Service, and F1+ 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, 2012 and 2011, the U.S. government agency securities in the portfolio carried the highest possible credit ratings by the NRSRO's 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 A- by Standard and Poor's, Baa1 by Moody's Investors Service and BBB by Fitch Rating. The Guaranteed Investment Contracts in the portfolio with PNC carry a rating of A by Standard and Poor's, A3 by Moody's Investors Service, and A+ by Fitch Ratings.

The Investment Agreement Contract in the portfolio with Financial Security Assurance (FSA) consists of securities issued by corporations and carries a rating of AA+ by Standard and Poor's, and Aa3 by Moody's Investors Service.

**Concentration of credit risk** – The Authority's investment policy specifies a 50% to 100% 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 Mead-Adelanto and Mead-Phoenix projects.

Of the Authority's total investments as of June 30, 2012, \$54 million (5%) was invested in securities issued by the Federal Home Loan Bank; \$78 million (8%) was invested with Farm Credit Bank; \$43 million (4%) was invested in GICs with AIG; \$212 million (21%) was invested in securities issued by the Federal National Mortgage Association; \$81 million (8%) was invested with Federal Home Loan Mortgage; \$80 million (8%) was invested in GICs with PNC Financial Securities Group.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### Note 4 – Investments (continued)

Of the Authority's total investments as of June 30, 2011, \$94 million (9%) was invested in securities issued by the Federal Home Loan Bank; \$92 million (9%) was invested with Farm Credit Bank; \$93.6 million (9%) was invested in GICs with AIG; \$127 million (12%) was invested in securities issued by the Federal National Mortgage Association; \$148.7 million (14%) was invested with Federal Home Loan Mortgage; \$90 million (8%) was invested in GICs with PNC Financial Securities Group.

### 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 seven 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. While these instruments carry additional risks, SCPPA's swap policy and favorable negotiations have helped to reduce such risks.

Effective July 1, 2009, the Authority adopted Statement No. 53 of the GASB, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. In accordance with Statement No. 53, SCPPA recognizes the changes in fair values of effective hedging derivative instruments as either assets or liabilities on the Authority's balance sheet and includes changes in the fair value of an investment derivative instrument in earnings.

For fiscal year ending June 30, 2011, the balance for the swaps deemed to qualify for hedge accounting under GASB 53 was a net liability of \$2.2 million. During fiscal year ending June 30, 2012, the liability increased by \$28.8 million for an ending net liability balance of \$31 million. For the swaps that were deemed investment instruments under GASB 53, the changes were reported in the statement of operations. The net liability balance for fiscal year ending June 30, 2011 for the investment instruments was \$57.7 million, but during fiscal year ending June 30, 2012, the liability decreased by \$31 million.

**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, 2012, are included 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.

# SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 5 – Derivative Instruments (continued)

	Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (in thousands)	Swap Termination Date	Counterparty Credit Rating*
MPP 2010-1 Swap (Barclays)	\$ 100,000	5/11/2010	SIFMA	80.4% of 3-month LIBOR	\$ (3,960)	7/1/2036	A+/A2/A
MPP 2010-2 Swap (RBC)	100,000	5/12/2010	SIFMA	81% of 3-month LIBOR	(3,731)	7/1/2036	AA-/Aa3/AA
MPP 2009-1 Swap (BNYMellon)	110,889	5/1/2012	3.125%	SIFMA	(17,556)	7/1/2036	AA-/Aa1/AA-
MPP 2009-2 Swap (JPMorgan)	110,770	4/21/2009	3.129%	SIFMA	(17,591)	7/1/2036	A+/Aa3/A+
STS 2006 Amended Swap	100,000	4/1/2016	SIFMA	58.99% of 10-yr LIBOR CMS rate plus .664%	3,500	7/1/2023	A+/Aa3/A+
STS Swaption/Swap	125,000	11/1/2011	4.250%	60% of LIBOR	(39,120)	7/1/2022	AA-/Aa3/AA-
STS 2001 Swap	79,795	6/14/2001	4.240%	SIFMA less .40%	(18,758)	7/1/2021	A/A2/A
MP 2004 Amended Swap	28,700	10/2/2008	3.925%	65% of LIBOR	(5,498)	7/1/2020	A/A2/A
MA 2007 Swap	100,000	6/1/2018	1-month LIBOR	100% of 10-yr LIBOR CMS rate less .414%	3,111	9/15/2030	A+/Aa3/A+
MA 2004 Amended Swap	96,025	10/2/2008	3.921%	65% of LIBOR	(18,374)	7/1/2020	A/A2/A
Prepaid Natural Gas 2007 Swap	36,000	5/1/2009	5.0475%	67% of 3-Month LIBOR plus 1.47%	(13,429)	11/1/2035	A-/A3/A
	<u>\$ 987,179</u>				<u>\$ (131,406)</u>		

\* S&P/Moody's/Fitch ratings

- MAG 2010-1 Swap** – In May 2010, SCPPA executed \$100,000,000 SIFMA/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-1. SCPPA 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, SCPPA executed \$100,000,000 SIFMA/LIBOR floating-to-floating basis swap related to Magnolia Power Project A Refunding Bonds 2009-2. SCPPA 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 Securities Industry and Financial Markets Association Swap Index (SIFMA) on a notional amount of \$111.7 million. In order to provide more favorable terms to the participants, SCPPA 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 amended to raise the collateral threshold.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 5 – Derivative Instruments (continued)**

- **MAG 2009-2 Swap (restated)** – This swap transaction amends 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. The Authority pays its counterparty a fixed rate of 3.129% in exchange for receiving 100% of the SIFMA Index on a notional amount of \$111.5 million. In order to provide more favorable terms to the participants, SCPPA 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.
- **STS 2006 Swap (amended)** – In July 2006, the Authority executed an amendment to the STS \$100 million, floating-to-floating fixed-spread basis swap entered into in November 2004. Under an amendment, which became effective on August 1, 2007, SCPPA continued to pay the swap counterparty the SIFMA index but began to receive 58.99% of the 10-Year LIBOR plus 66.4 basis points, instead of 65% of the one month LIBOR plus 66.4 basis points. In addition, the STS 2006 Constant Maturity Swap was suspended for five years effective May 7, 2008, for which SCPPA received \$3.7 million as compensation for the suspension of the cash flows of the 2006 Basis Swap, which was deferred to be amortized over the suspension term. The notional amount of the Swap Agreement remains at \$100 million. On March 22, 2011, the suspension of the STS 2006 Swap was further extended to May 2016 for additional compensation of \$2.6 million, which was also deferred and amortized over the suspension term. The swap expires on July 1, 2023.
- **STS Swaption/Swap (restated/novated)** – In February 2001, the Authority entered into a transaction whereby it sold an option (the Swaption) on a floating-to-fixed interest rate swap. The Swaption was exercised on April 1, 2002. The floating rate on the swap paid by the counterparty is 60% of the one-month LIBOR; the annual fixed rate on the swap paid by the Authority is 4.25%. In exchange for the right to exercise the Swaption, the counterparty paid the Authority a one-time up front option premium amount of \$7.9 million which has been deferred and is being amortized as an interest yield adjustment over the life of the option. The counterparty has the option to cancel the agreement at the counterparty's discretion. In November 2011, the swap was novated to a new counterparty. The swap documents were kept substantially the same and the swap insurance was cancelled. The swap expires on July 1, 2022.
- **STS 2001 Swap** – In June 2001, the Authority entered into an interest rate swap agreement with counterparty for the purpose of hedging against interest rate variations arising from the issuance of the Southern Transmission Project 2001 Subordinate Refunding Series A Revenue Bonds. The notional amount of the Swap Agreement is equal to the par value of the bonds. The Swap Agreement provides for the Authority to make payments to the counterparty at a fixed rate of 4.24%, and for the counterparty to make reciprocal payments based on a variable rate. The reset dates of the variable rate occur weekly and the rate for a reset date will be the rate determined by the SIFMA Index minus 40 basis points. The counterparty has the option to cancel the agreement on July 5, 2006 and on every Fixed Rate Payer Payment Date, thereafter, should the SIFMA index average more than 7% over a consecutive 180-day period. The floating rates on the bonds were 0.35% and 3.00% at June 30, 2012 and 2011, respectively. The swap expires on July 1, 2021.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

### NOTES TO COMBINED FINANCIAL STATEMENTS

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#### Note 5 - Derivative Instruments (continued)

- **STS 1991 Swap (terminated)** - On January 25, 2011, the STS 1991 bonds were refunded and the STS 1991 Swap terminated. In fiscal year 1991, the Authority entered into an interest rate swap agreement with counterparty for the purpose of hedging against interest rate fluctuations arising from the issuance of the 1991 Subordinate Refunding Series Southern Transmission Project Revenue Bonds. The notional amount of the Swap Agreement was equal to the par value of the bonds.
- **MP 2004 Swap (amended)** - The MP 2004 Swap was amended and restated on October 2, 2008 to amend the fixed rate from 3.894% to 3.925% and to remove the insurance provisions and to adjust the collateral posting requirements. All other terms and provisions of the original agreement prevail. The amended swap was also transferred to the MP 2008 Refunding Bonds.

In connection with the issuance of the Mead-Phoenix Project 2004 Revenue Bonds Series A auction-rate security in May 2004, the Authority entered into an interest rate swap on March 3, 2004. The floating-to-fixed rate swap created synthetic fixed-rate debt for the Authority. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 3.894% and in exchange the Authority receives a floating rate index equal to 65% of the one-month LIBOR. The swap agreement expires July 1, 2020. The Authority received approximately \$1.8 million in an upfront payment in connection with the execution of the swap, which has been deferred and is being amortized as an interest yield adjustment over the life of the option. The floating rate on the related bonds was 0.14% and 0.03% at June 30, 2012 and 2011, respectively. The MP 2004 bonds were refunded on October 2, 2008 and the related interest rate swap transferred to the MP 2008 Refunding Bonds.

- **MA 2007 Swap (amended)** - In January 2007, the Authority entered into a Constant Maturity Swap (CMS) in connection with its outstanding Mead-Adelanto Project. 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 will be 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.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 5 – Derivative Instruments (continued)**

- **MA 2004 Swap (amended)** – The MA 2004 Swap was amended and restated on October 2, 2008 to amend the fixed rate from 3.89% to 3.921% and to remove the insurance provisions and to adjust collateral posting requirements. All other terms and provisions of the original agreement prevail. The amended swap was also transferred to the MA 2008 Refunding Bonds.

In connection with the issuance of the 2004 Mead-Adelanto Revenue Bonds Series A auction-rate security in May 2004, the Authority entered into an interest rate swap on March 3, 2004. The floating-to-fixed rate swap created synthetic fixed-rate debt for the Authority. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 3.89% for the swap and in exchange the Authority receives a floating rate index equal to 65% of the one-month LIBOR. The swap agreement expires July 1, 2020. The Authority received approximately \$5.9 million in an upfront payment in connection with the execution of the swap, which has been deferred and is being amortized as an interest yield adjustment over the life of the swap. Approximately \$45.1 million in Mead-Adelanto 2004 Project Revenue Bonds Series A are not swapped and remain floating-rate bonds. The average floating rate on the related bonds was 0.14% and 0.03% as of June 30, 2012 and 2011 respectively. The MP 2004 bonds were refunded on October 2, 2008 and the related interest rate swap transferred to the MA 2008 Refunding Bonds.

- **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** – Fair values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that were received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. 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**

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#### **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 Securities Industry and Financial Markets Association (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, 2012, the net fair values of the Authority’s applicable swaps for which payments were made were negative for each counterparty except for the STS 2006 and MA 2007 swaps. 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 Amended STS 2006, and the MA 2007 Swaps; A+/A1 for the STS 2001; A/A2 for the PNG 2007 Commodity Swap; and A-/A3 for the MAG 2010-1, MAG 2010-2, MAG 2009-1, MAG 2009-2 and the STS Swaption/Swap. The MP 2004 and the MA 2004 Swaps, all require full collateralization if rating fall below A as issued by Fitch, and A2 as issued by Moody’s. 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.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 5 – Derivative Instruments (continued)**

**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 a 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.

Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from a swap may not be fully realized. The 2001 swap is based on SIFMA rate minus 40 basis points (bps); similar to the LIBOR-based swaps, SIFMA minus 40 bps may not exactly hedge the underlying variable rate. As of June 30, 2012, the SIFMA rate was 0.182%; the SIFMA rate, minus 40 bps, was -0.218%; 60% of LIBOR was 0.143%; 65% of LIBOR was 0.155%; and 67% of three month LIBOR plus 147 bps was 1.782%.

The following is a summary of interest rates paid to and received from the counterparties as of June 30, 2012:

	Type of Derivative								
	Swaption/ Swap	2001 Swap	MP 2008 Swap	MA 2008 Swap	MAG 2009- 1 Swap	MAG 2009- 2 Swap	MAG 2010- 1 Swap	MAG 2010- 2 Swap	NG Prepay 2007 Swap
Payments to counterparty	4.250%	4.240%	3.925%	3.921%	3.125%	3.129%	0.182%	0.182%	5.048%
Less, variable payments from counterparty	0.143%	-0.218%	0.155%	0.155%	0.182%	0.182%	0.376%	0.379%	1.782%
Net interest rate swap payments	4.107%	4.458%	3.770%	3.766%	2.943%	2.947%	-0.194%	-0.197%	3.265%
Add, variable-rate bond coupon payments	N/A	0.350%	0.140%	0.140%	0.160%	0.180%	N/A	N/A	1.782%
Synthetic interest rate on bonds	4.107%	4.808%	3.910%	3.906%	3.103%	3.127%	-0.194%	-0.197%	5.048%

**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. In addition, the Swap/Swaption provides the counterparty with an option to cancel the swap agreement if the consecutive 180-day averaged rate of the SIFMA index exceeds 7.0%. The counterparty for the 2001 Swap also has a cancellation option which can be executed by the counterparty at their discretion. 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.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 5 - Derivative Instruments (continued)**

**Rollover risk** – Rollover risk is the risk that the swap contract is not co-terminus with the related bonds. The Authority is exposed to rollover risk on the STS Swap/Swaption and the STS 2001 Swap because the counterparty has the option to terminate the agreement prior to the maturity of the associated debt. In the event that this swap terminates, the Authority would be exposed to variable interest rates on the underlying bonds. The STS 2001 Subordinate Refunding Series Bond is exposed to rollover risk. The final maturity date and the swap termination dated for the STS 2001 Bonds is July 1, 2021.

**Swap payments and associated debt** – Using rates as of June 30, 2012, 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		
2013	\$ 22,740	\$ 1,085	\$ 18,672	\$ 19,757
2014	53,770	951	16,472	17,423
2015	23,095	894	15,532	16,426
2016	19,425	831	14,692	15,523
2017	38,395	747	13,151	13,898
2018-2022	156,830	2,657	44,982	47,639
2023-2027	97,635	1,895	31,225	33,120
2028-2032	119,855	1,350	22,399	23,749
2033-2037	267,055	928	10,907	11,835
2038-2042	-	-	-	-
	<u>\$ 798,800</u>	<u>\$ 11,338</u>	<u>\$ 188,032</u>	<u>\$ 199,370</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 5 – Derivative Instruments (continued)**

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

Description	June 30, 2011	Change in Fair Value	June 30, 2012
<b>Assets</b>			
Magnolia - Deferred debits	\$ 3,417	\$ 14,139	\$ 17,556
STS - Deferred debits	-	-	-
STS - Derivative instruments	4,690	(1,190)	3,500
Mead Phoenix - Deferred debits	-	-	-
Mead Adelanto - Deferred debits	3,526	(415)	3,111
Prepaid Natural Gas - Deferred debits	5,675	7,754	13,429
	<u>\$ 17,308</u>	<u>\$ 20,288</u>	<u>\$ 37,596</u>
<b>Liabilities</b>			
Magnolia - Deferred credits	\$ 3,417	\$ (3,417)	\$ -
Magnolia - Derivative instruments	3,444	39,395	42,839
STS - Derivative instruments	43,967	13,911	57,878
Mead Phoenix - Derivative instruments	4,259	1,239	5,498
Mead Adelanto - Derivative instruments	14,225	4,149	18,374
Prepaid Natural Gas - Derivative instruments	5,675	7,754	13,429
	<u>\$ 74,987</u>	<u>\$ 63,031</u>	<u>\$ 138,018</u>

**Note 6 – Long-Term Debt**

Long-term debt outstanding at June 30, 2012 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 subordinate refunding bonds were issued to refund specified new money bonds.

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.

# SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 6 - Long-Term Debt (continued)

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 for the 2006-1 Magnolia Revenue Bonds; the 2012 Subordinate Refunding Series A Bonds, the 2002 Subordinate Refunding Series B Bonds, the 2011 Series A and B Subordinate Refunding Bonds, and portions of the 1988A Refunding Bonds, the 1992, the 2008A and the 2009A Subordinate Refunding Bonds issued for the Southern Transmission System; the 2002A San Juan Revenue Bonds; a total of \$68 million of the Multiple Project Revenue Bonds; the 2007 Series A and B Prepaid Natural Gas Project No. 1 Bonds; portions of the 2010 Series A and B Canyon Power Revenue Bonds; portions of the 2010-1 Milford 1 Wind Revenue Bonds; portions of the 2010 Series A Linden Wind Revenue Bonds; and portions of the 2010-1 Windy Point/Windy Flats Revenue Bonds.

Variable rate debt includes debt with rates based on daily, weekly and long term rates as determined by a Remarketing Agent.

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

	GENERATION					GREEN POWER				
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Uprating Project	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point Project	Linden Wind Energy
Total long-term debt at June 30, 2011	\$ 65,578	\$ 114,174	\$ 351,044	\$ 312,241	\$ 11,406	\$ 53,412	\$ 244,007	\$ -	\$ 563,067	\$ 146,074
Total debt due within one year at June 30, 2011	10,340	12,345	9,395	-	1,600	680	7,595	-	13,760	2,510
Total debt at June 30, 2011	75,918	126,519	360,439	312,241	13,006	54,092	251,602	-	576,827	148,584
Principal payments	(10,340)	(12,345)	(9,395)	-	(1,600)	(680)	(7,595)	-	(13,760)	(2,510)
Revenue bonds issued	-	-	-	-	-	-	-	157,465	-	-
Bonds refunded/defeased	-	-	(61,130)	-	-	-	-	-	-	-
Refunding bonds issued	-	-	62,265	-	-	-	-	-	-	-
Change in unamortized debt-related costs, net	1,761	(653)	2,708	(1,081)	24	(67)	(1,835)	19,070	(7,675)	(1,183)
Total debt at June 30, 2012	67,339	113,521	354,887	311,160	11,430	53,345	242,172	176,535	555,392	144,891
Total debt due within one year at June 30, 2012	(10,660)	(13,010)	(9,780)	-	(1,670)	(775)	(7,860)	(4,235)	(17,240)	(3,360)
Total long-term debt at June 30, 2012	\$ 56,679	\$ 100,511	\$ 345,107	\$ 311,160	\$ 9,760	\$ 52,570	\$ 234,312	\$ 172,300	\$ 538,152	\$ 141,531

  

	TRANSMISSION			NATURAL GAS		MISC.	
	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund Total
Total long-term debt at June 30, 2011	\$ 747,373	\$ 46,902	\$ 151,897	\$ 31,784	\$ 74,691	\$ 326,336	\$ 24,151 \$ 3,264,137
Total debt due within one year at June 30, 2011	27,995	5,190	14,305	3,368	7,972	5,295	12,100 134,450
Total debt at June 30, 2011	775,368	52,092	166,202	35,152	82,663	331,631	36,251 3,398,587
Principal payments	(27,995)	(5,190)	(14,305)	(3,368)	(7,972)	(5,295)	(12,100) (134,450)
Revenue bonds issued	-	-	-	-	-	-	- 157,465
Bonds refunded/defeased	(47,375)	-	-	-	-	-	- (108,505)
Refunding bonds issued	39,935	-	-	-	-	-	- 102,200
Change in unamortized debt-related costs, net	20,875	829	2,382	-	-	(306)	1,274 36,123
Total debt at June 30, 2012	760,808	47,731	154,279	31,784	74,691	326,030	25,425 3,451,420
Total debt due within one year at June 30, 2012	(56,970)	(5,530)	(15,230)	(2,549)	(6,016)	(4,805)	(12,900) (172,590)
Total long-term debt at June 30, 2012	\$ 703,838	\$ 42,201	\$ 139,049	\$ 29,235	\$ 68,675	\$ 321,225	\$ 12,525 \$ 3,278,830

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 6 – Long-Term Debt (continued)**

**Palo Verde Project** – Debt consists of subordinate refunding series bonds with variable interest rates and final maturities during 2017.

**San Juan Project** – Debt consists of refunding series bonds with fixed interest rates between 5.0% and 5.5% and final maturities during 2020.

**Magnolia Power Project** – Debt consists of revenue and refunding series bonds with variable and fixed interest rates between 0.72% and 5.00% with final maturities occurring in 2036.

*Magnolia Power Project Refunding Revenue Bonds* – On December 7, 2011, SCPPA issued \$62,265,000 Magnolia Power Project A Refunding Revenue Bonds, 2011-1 Refunding Series. These fixed rate bonds were issued to provide funds, together with certain available amounts, to refund a portion of the Magnolia Power Project A, Revenue Bonds 2003-1, to fund a Debt Service Reserve Account and to pay costs of issuance relating to the 2011 Bonds. The transaction generated present value savings of over \$5 million, or 8.25% of refunded par. This transaction resulted in a net loss for accounting purposes of \$3.5 million. The true interest cost of the bonds was 2.48%.

Of the outstanding Magnolia Power Project Revenue Bonds, \$12.7 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.

**Canyon Power Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates ranging from 4.0% to 5.943% and final maturity occurring in 2040.

*Canyon Power Project Revenue Bonds* – On June 9, 2010, SCPPA issued \$301.5 million of the Canyon Power Project Revenue Bonds consisting of \$110.5 million of 2010 Series A Fixed Rate Bonds and \$191.0 million of the Series B, Taxable Build America Bonds (the 2010 Series B Bonds), together the 2010 Bonds. The 2010 Bonds were issued to retire the \$170.4 million outstanding Canyon Power Project Revenue Notes, 2009 Series A; to provide additional costs of development, construction, and acquisition of the Canyon Power Project (including a portion of the interest accruing on the 2010 Bonds through October 1, 2011); to fund a debt service reserve for each Series of the 2010 Bonds; and to pay costs of issuance related to the 2010 Bonds. The 2010A Bonds due on or before July 1, 2019 are not subject to redemption prior to maturity. The 2010 Bonds were issued at a true interest cost of 3.90%. This transaction resulted in a net refunding loss for accounting purposes of \$0.4 million.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 6 - Long-Term Debt (continued)**

The 2010 Series B Bonds were issued as Build America Bonds that are “qualified bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. The interest on these bonds will not be excluded from gross income for federal income purposes, but will be exempt from the State of California personal income taxes. As such, the Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series B Bonds which is applied to offset the interest costs of the 2010 Series B Bonds.

**Hoover Upgrading Project** – Debt consists of refunding series bonds with fixed interest rates between 4.375% and 5.25% and a final maturity occurring in 2017.

**Tieton Hydropower Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates between 1.69% and 5.80% and a final maturity occurring in 2040.

*Tieton Hydropower Project Revenue Bonds* – On August 10, 2010, SCPPA issued \$36.3 million and \$16.4 million of the Tieton Hydropower Project, Revenue Bonds, 2010 Series A (Tax Exempt Bonds) and B (Taxable Bonds), respectively, in the aggregate principal amount of \$52.7 million. The 2010 Bonds were issued to retire the \$47.7 million outstanding Revenue Notes, 2009 Series A and B. The 2010 Bonds are also being issued to finance additional costs of development and construction of the Project, to fund a Debt Service Reserve, and to pay costs of issuance relating to the 2010 Bonds. These notes are subject to optional or mandatory redemption prior to maturity. The true interest cost of the Revenue Bonds was 4.76%.

**Milford I Wind Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates ranging from 2.0% to 5.0% and final maturity occurring in 2030.

*Milford Wind Corridor Phase 1 Revenue Bonds* – On February 9, 2010, SCPPA issued \$237.2 million Milford Wind Corridor Phase 1 Project, Revenue Bonds, 2010-1. These fixed rate bonds were issued for the purpose of financing the prepayment of a specified supply of electricity from a wind farm located in Milford, Utah (the Facility); to fund a deposit to the 2010-1 Debt Service Reserve Account; and to pay the related costs of issuance of the 2010-1 Bonds. The 2010-1 Bonds maturing on or before July 1, 2019 are not subject to redemption prior to maturity, while the 2010-1 Bonds maturing on or after July 1, 2020 are subject to optional redemption, without premium, at the option of SCPPA. The 2010-1 Bonds were issued at a true interest cost of 4.16%.

**Milford II Wind Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates ranging from 2.0% to 5.25% and final maturity occurring in 2031.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 6 – Long-Term Debt (continued)**

*Milford Wind Corridor Phase II Revenue Bonds*– On August 25, 2011, SCPPA issued \$157,465,000 Milford Wind Corridor Phase II Project Revenue Bonds, 2011-1. These fixed rate bonds were issued for the purpose of financing the prepayment of a specified supply of electricity from a 102 MW nameplate capacity wind powered electric generating facility comprised of 68 wind turbines and related facilities located near Milford, Utah; to pay related development costs of the Project; to fund a deposit to the 2011-1 Debt Service Reserve; and to pay costs of issuance of the 2011-1 Bonds. The true interest cost of the 2011-1 Bonds was 3.75%.

**Linden Wind Energy Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates between 2.0% and 5.92% and final maturity occurring in 2035.

*Linden Wind Energy Project Revenue Bonds* – On September 28, 2010, SCPPA issued \$138.3 million of the Linden Wind Energy Project Revenue Bonds, consisting of \$96.8 million of 2010 Series A Tax Exempt Bonds and \$41.5 million of the Series B Taxable Build America Bonds, together the 2010 Bonds. The 2010 Bonds were issued to retire the \$139.7 million outstanding Linden Wind Energy Revenue Notes, 2009 Series A, to finance additional costs of acquisition of the Linden Wind Energy Project to fund a debt service reserve for each Series of the 2010 Bonds and to pay related costs of issuance. The 2010 Series A Bonds maturing on and before July 1, 2020 are not subject to redemption prior to maturity, while the 2010 Series B Bonds are subject to optional or mandatory redemption. The true interest cost of the 2010 Bonds was 3.72%.

The 2010 Series B Bonds were issued as Build America Bonds that are “qualified bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. The interest on these bonds will not be excluded from gross income for federal income purposes, but will be exempt from the State of California personal income taxes. As such, the Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series B Bonds which is applied to offset the interest costs of the 2010 Series B Bonds.

**Southern Transmission System Project** – Debt consists of refunding and subordinate refunding series bonds with fixed interest rates ranging from 1.25% to 6.125% and final maturities occurring in 2027.

*STS Project Refunding Bonds* – On April 3, 2012, SCPPA issued \$39,935,000 Transmission Project Revenue Bonds, 2012 Subordinate Refunding Series A. These fixed rate bonds were issued for the purpose of refunding the outstanding, 2012 Series A Subordinate Refunding Transmission Project Revenue Bonds, maturing on and after July 1, 2013. The transaction generated present value savings of over \$8 million or 18.25% of refunded par for SCPPA and its members. This transaction resulted in a net loss for accounting purposes of \$2.0 million. The true interest cost of the 2012A bonds was 1.30%.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 6 - Long-Term Debt (continued)**

*STS Project Refunding Bonds* – On January 25, 2011, SCPPA issued \$169.3 million and \$27.6 million of the Southern Transmission Project, Subordinate Refunding Bonds, 2010 Series A and B (Taxable Bonds), respectively, in the aggregate principal amount of \$196.9 million. The bonds were issued to redeem all of the outstanding \$216.6 million outstanding Transmission Project Subordinate Refunding Bonds, 1991 Series A; to terminate the related interest rate swap and liquidity guaranty agreement related to the refunded bonds; and to pay related costs of issuance. These bonds are not subject to redemption prior to maturity. This transaction resulted in a net loss for accounting purposes of \$44.8 million.

**Windy Point/Windy Flats Project** – As of June 30, 2012, debt consists of revenue bonds with fixed interest rates between 3.0% and 5.0% and final maturity occurring in 2030.

*Windy Point/Windy Flats Revenue Bonds* – On September 9, 2010, SCPPA issued \$514.1 million of the Windy Point/Windy Flats Project, 2010-1 Revenue Bonds. These fixed rate bonds were issued to finance the prepayment of a specified supply of electricity from a 262.2 MW nameplate capacity wind farm comprised of 114 wind turbines located in the Columbia Hills area of Klickitat County, Washington and related facilities pursuant to a Power Purchase Agreement, dated as of June 24, 2009; to fund a debt service reserve; and to pay costs of issuance related to the 2010 Bonds. The 2010 Bonds maturing on and before July 1, 2020 are not subject to redemption prior to maturity. The true interest cost of the Revenue Bonds was 3.49%.

**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 3.921% and 5.15% with final maturities occurring in 2020.

**Natural Gas Projects** – Debt consists of revenue bonds with fixed interest rates ranging from 4.05% to 6.03% and final maturities occurring in 2032.

**Prepaid Natural Gas Project No. 1** – Debt consists of revenue bonds with variable and fixed interest rates ranging from 5.0% to 5.25% and final maturity occurring in 2035.

In October 2009, the Series 2007A Fixed Rate Bonds, the Prepaid Natural Gas Agreements and certain other agreements were restructured to reduce risk, realize savings, provide an acceleration 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 to 27 years. As a result of the restructure \$165.5 million principal amount of the bonds were canceled, leaving \$333.4 million of total bonds outstanding subsequent to the November 1, 2009 principal maturity.

**Multiple Project Fund** – Debt consists of revenue bonds with fixed interest rate of 6.75% and final maturity occurring in 2013.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 6 – Long-Term Debt (continued)**

**Debt-related costs** – Unamortized debt-related costs, net are as follows (amounts in thousands):

Unamortized Debt-related Costs, Net	June 30, 2012		Total
	Loss on Refunding	(Premium) Discount	
Palo Verde Project	\$ 1,761	\$ -	\$ 1,761
San Juan Project	1,740	(3,121)	(1,381)
Magnolia Power Project	15,325	(7,732)	7,593
Canyon Power Project	-	(9,690)	(9,690)
Hoover Uprating Project	-	(75)	(75)
Tieton Hydropower Project	-	(1,295)	(1,295)
Milford I Wind Project	-	(12,532)	(12,532)
Milford II Wind Project	-	(19,070)	(19,070)
Windy Point Project	-	(54,992)	(54,992)
Linden Wind Energy Project	-	(9,076)	(9,076)
Southern Transmission System Project	67,189	(15,327)	51,862
Mead-Phoenix Project	2,492	332	2,824
Mead-Adelanto Project	7,459	908	8,367
Prepaid Natural Gas Project No. 1	-	(3,670)	(3,670)
Multiple Project Fund	-	1,274	1,274
	<u>\$ 95,966</u>	<u>\$ (134,066)</u>	<u>\$ (38,100)</u>

Unamortized Debt-related Costs, Net	June 30, 2011		Total
	Loss on Refunding	(Premium) Discount	
Palo Verde Project	\$ 3,522	\$ -	\$ 3,522
San Juan Project	2,110	(4,144)	(2,034)
Magnolia Power Project	12,768	(2,467)	10,301
Canyon Power Project	-	(10,771)	(10,771)
Hoover Uprating Project	55	(106)	(51)
Tieton Hydropower Project	-	(1,362)	(1,362)
Milford I Wind Project	-	(14,367)	(14,367)
Windy Point Project	-	(62,667)	(62,667)
Linden Wind Energy Project	-	(10,259)	(10,259)
Southern Transmission System Project	81,686	(8,949)	72,737
Mead-Phoenix Project	3,094	559	3,653
Mead-Adelanto Project	9,216	1,532	10,748
Prepaid Natural Gas Project No. 1	-	(3,976)	(3,976)
Multiple Project Fund	-	2,549	2,549
	<u>\$ 112,451</u>	<u>\$ (114,428)</u>	<u>\$ (1,977)</u>



## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 6 - Long-Term Debt (continued)**

**Fair value** – The fair value of the Authority’s long-term debt (including the current portion) is approximately \$4.01 billion and \$3.62 billion at June 30, 2012 and 2011, respectively. Management has estimated fair value based on the quoted market prices for the same or similar issues or on the current average rates offered to the Authority for debt of approximately the same remaining maturities, excluding the effect of a related interest rate swap agreement.

**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, 2012 and 2011, \$736.5 million and \$758 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 rates used for the PV 2008 Subordinate Refunding Series A and B were both 0.16%. The variable rates used for the MA and MP 2008 Subordinate Refunding Series A were 0.14%. The variable rates used for the MA and MP 2008 Subordinate Refunding Series B were 0.28%. The variable rates used for the STS 2000 and 2001 Subordinate Refunding Series A were 0.25% and 0.35%, respectively. The variable rates used for the MAG 2009-1 and MAG 2009-2 were 0.16% and 0.18%, respectively. All of the preceding variable rates were the rates at June 30, 2012. 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 6 – Long-Term Debt (continued)

	GENERATION					GREEN POWER				
	Palo Verde	San Juan	Magnolia Power	Canyon Power Project	Hoover Upgrading	Tieton Hydro-power	Milford I Wind	Milford II Wind	Windy Point	Linden Wind Energy
2013 Principal	\$ 10,660	\$ 13,010	\$ 9,780	\$ -	\$ 1,670	\$ 775	\$ 7,860	\$ 4,235	\$ 17,240	\$ 3,360
2013 Interest	1,594	5,808	12,691	16,732	537	2,576	10,876	7,839	23,498	6,762
2014 Principal	10,980	27,250	15,605	-	1,755	790	8,135	5,065	17,850	3,425
2014 Interest	1,324	5,093	12,063	16,732	455	2,557	10,581	7,696	22,850	6,677
2015 Principal	11,330	13,200	10,565	-	1,835	815	8,450	5,270	18,535	3,530
2015 Interest	1,045	3,594	11,622	16,732	368	2,532	10,236	7,463	22,081	6,555
2016 Principal	11,690	13,855	10,985	-	1,930	840	8,820	5,530	19,390	3,670
2016 Interest	757	2,934	11,176	16,732	270	2,503	9,874	7,201	21,277	6,411
2017 Principal	12,030	14,550	11,470	6,735	2,030	870	9,175	5,795	20,145	3,820
2017 Interest	461	2,241	10,672	16,597	165	2,468	9,476	6,934	20,449	6,261
2018 - 2022 Principal	12,410	30,275	39,735	38,385	2,135	5,015	52,995	33,445	115,470	21,765
2018 - 2022 Interest	155	2,834	47,581	78,032	55	11,660	40,070	30,048	87,038	28,517
2023 - 2027 Principal	-	-	55,885	48,685	-	8,230	67,285	42,820	146,230	27,410
2023 - 2027 Interest	-	-	38,173	67,403	-	9,958	25,407	20,368	55,345	22,682
2028 - 2032 Principal	-	-	72,515	61,745	-	8,840	66,920	55,305	145,540	34,980
2028 - 2032 Interest	-	-	27,691	52,656	-	7,617	6,894	7,556	14,997	14,884
2033 - 2037 Principal	-	-	135,940	74,895	-	11,280	-	-	-	33,855
2033 - 2037 Interest	-	-	14,097	32,569	-	5,114	-	-	-	4,104
2038 - 2042 Principal	-	-	-	71,025	-	14,595	-	-	-	-
2038 - 2042 Interest	-	-	-	8,642	-	1,747	-	-	-	-
<b>Principal</b>	<b>\$ 69,100</b>	<b>\$ 112,140</b>	<b>\$ 362,480</b>	<b>\$ 301,470</b>	<b>\$ 11,355</b>	<b>\$ 52,050</b>	<b>\$ 229,640</b>	<b>\$ 157,465</b>	<b>\$ 500,400</b>	<b>\$ 135,815</b>
<b>Interest</b>	<b>\$ 5,336</b>	<b>\$ 22,504</b>	<b>\$ 185,766</b>	<b>\$ 322,827</b>	<b>\$ 1,850</b>	<b>\$ 48,732</b>	<b>\$ 123,414</b>	<b>\$ 95,105</b>	<b>\$ 267,535</b>	<b>\$ 102,853</b>

  

	TRANSMISSION			NATURAL GAS			MISC.	
	Southern Transmission System	Mead-Phoenix	Mead-Adelanto	Pinedale	Barnett	Prepaid Natural Gas	Multiple Project Fund	Total
2013 Principal	\$ 56,970	\$ 5,530	\$ 15,230	\$ 2,549	\$ 6,016	\$ 4,805	\$ 12,900	\$ 172,590
2013 Interest	31,891	2,230	7,135	1,640	3,857	16,278	1,367	153,311
2014 Principal	49,130	5,905	16,265	2,253	5,302	4,065	13,800	187,575
2014 Interest	30,926	1,853	6,096	1,539	3,619	16,056	466	146,583
2015 Principal	50,410	5,200	17,535	2,219	5,211	3,875	-	157,980
2015 Interest	29,774	1,525	5,111	1,439	3,384	15,858	-	139,319
2016 Principal	51,930	5,220	17,590	2,274	5,326	4,075	-	163,125
2016 Interest	28,541	1,260	4,214	1,331	3,128	15,659	-	133,268
2017 Principal	51,700	5,300	17,725	2,249	5,266	4,275	-	173,135
2017 Interest	26,805	1,022	3,418	1,215	2,855	15,450	-	126,489
2018 - 2022 Principal	299,680	23,400	78,300	8,326	19,534	33,100	-	813,970
2018 - 2022 Interest	98,249	1,882	6,291	4,569	10,745	73,048	-	520,774
2023 - 2027 Principal	218,830	-	-	6,058	14,242	64,265	-	699,940
2023 - 2027 Interest	35,631	-	-	2,584	6,097	60,530	-	344,178
2028 - 2032 Principal	34,020	-	-	4,948	11,652	109,220	-	605,685
2028 - 2032 Interest	1,021	-	-	988	2,331	38,440	-	175,075
2033 - 2037 Principal	-	-	-	908	2,142	94,680	-	353,700
2033 - 2037 Interest	-	-	-	27	64	8,440	-	64,415
2038 - 2042 Principal	-	-	-	-	-	-	-	85,620
2038 - 2042 Interest	-	-	-	-	-	-	-	10,389
<b>Principal</b>	<b>\$ 812,670</b>	<b>\$ 50,555</b>	<b>\$ 162,645</b>	<b>\$ 31,784</b>	<b>\$ 74,691</b>	<b>\$ 322,360</b>	<b>\$ 26,700</b>	<b>\$ 3,413,320</b>
<b>Interest</b>	<b>\$ 282,838</b>	<b>\$ 9,772</b>	<b>\$ 32,265</b>	<b>\$ 15,332</b>	<b>\$ 36,080</b>	<b>\$ 259,759</b>	<b>\$ 1,833</b>	<b>\$ 1,813,801</b>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 7 – Notes Payable and Deferred Credits**

Notes payable and deferred credits consist mainly of Palo Verde Participants’ overbillings from prior periods; an allowance for future major maintenance expenses for the Magnolia Power Project; and swap-related transaction fees received in STS, Mead Adelanto, and Mead Phoenix Projects. The notes payable held in the Palo Verde Project are invested in a guaranteed investment contract (GIC) that will mature in June 2017. The GIC is unsecured, bear an interest rate at 4.97%, and is paid out in monthly installments of \$0.6 million. On June 30, 2012, the remaining balance of the GIC is \$33.7 million.

The Authority received approximately \$1.8 million and \$5.9 million in upfront payments in connection with the execution of the Mead Phoenix and Mead Adelanto 2004 Swaps, respectively, to be deferred through 2020. The deferred balance is \$0.5 million and \$1.7 million, respectively, as of June 30, 2012. The 5-year suspension of the STS 2006 Constant Maturity Swap (CMS) in May 2008 netted a compensation of \$3.7 million. In March 2011, the suspension was extended to May 2016 for net compensation of \$2.59 million. The deferred balance is \$2.6 million as of June 30, 2012. The 3-year suspension of the Mead Adelanto 2007 CMS (the CMS Swap) in November 2008 netted a compensation of \$4.1 million. In June 2010, the suspension was extended to June 2018 for net compensation of \$5.0 million. The total deferred balance of the CMS is \$3.7 million as of June 30, 2012 (see Note 5).

Notes payable and deferred credits rollforward (amounts in thousands):

Description	June 30, 2011	Additions	Payments/ Amortization	Amortization of Surplus Fund	June 30, 2012
PV prior year overbillings	\$ 37,188	\$ -	\$ (5,810)	\$ 393	\$ 31,771
MPP major maintenance	6,816	2,926	(6,816)	-	2,926
STS 2006 Swap suspension	3,915	-	(1,267)	-	2,648
Mead Phoenix 2004 Swap upfront fees	598	-	(86)	-	512
Mead Adelanto 2004 Swap upfront fees	1,990	-	(287)	-	1,703
Mead Adelanto 2007 Swap Suspension	4,820	-	(1,087)	-	3,733
	<u>\$ 55,327</u>	<u>\$ 2,926</u>	<u>\$ (15,353)</u>	<u>\$ 393</u>	<u>\$ 43,293</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 8 – Advances from Participants**

Advances from participants consist mainly of billings to participants related to acquisition, capital drilling, and inventory 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, both owners independent of SCPPA, are for their share of operating costs and capital expenditures pursuant to their respective Agency Agreements.

Advances from participants' rollforward (amounts in thousands):

Description	June 30, 2011	Activity	June 30, 2012
San Juan advances from participants	\$ 3,000	\$ 3,000	\$ 6,000
MAG advances from participants	17,344	551	17,895
Canyon Power advances from participants	2,225	-	2,225
Tieton advances from participants	202	-	202
Milford I advances from participants	250	-	250
Windy Point advances from participants	1,000	-	1,000
Linden Wind Energy advances from participants	2,004	-	2,004
NG Pinedale advances from participants	41,369	(2,240)	39,129
NG Barnett advances from participants	10,889	57	10,946
Ormat advances from participants	857	-	857
MWD advances from participants	500	-	500
Milford II advances from participants	250	-	250
Ameresco advances from participants	400	-	400
PDF advances from participants	1,780	(1,756)	24
SCPPA Building advances from participants	-	21	21
	<u>\$ 82,070</u>	<u>\$ (367)</u>	<u>\$ 81,703</u>

**Note 9 – Net Assets (Deficit)**

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 assets (deficit). 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 9 – Net Assets (Deficit) (continued)**

Net assets (deficit) are comprised of the following (in thousands):

	Fiscal Year		Fiscal Year		
	June 30, 2010	2011 Activity	June 30, 2011	2012 Activity	June 30, 2012
GAAP items not included in billings to participants					
Depreciation of plant	\$ (1,260,146)	\$ (76,891)	\$ (1,337,037)	\$ (90,995)	\$ (1,428,032)
Nuclear fuel amortization	(5,860)	-	(5,860)	-	(5,860)
Decommissioning expense	(201,972)	(4,867)	(206,839)	(5,237)	(212,076)
Amortization of bond discount, debt issue costs, and loss on refundings	(731,513)	(7,711)	(739,224)	(7,234)	(746,458)
Interest expense	(56,820)	15,967	(40,853)	(2,262)	(43,115)
Loss on defeasance of bonds	(85,827)	-	(85,827)	-	(85,827)
Derivatives and related charges	(35,480)	(22,199)	(57,679)	(42,743)	(100,422)
Bond requirements included in billings to participants					
Operations and maintenance, net of investment income	307,704	(41,539)	266,165	(60,316)	205,849
Costs of acquisition of capacity	10,574	(1,305)	9,269	(1,361)	7,908
Billings to amortize costs recoverable	382,050	-	382,050	-	382,050
Reduction in debt service billings due to transfer of excess funds	(90,020)	-	(90,020)	-	(90,020)
Principal repayments	1,333,164	125,434	1,458,598	159,502	1,618,100
Other	199,477	18,760	218,237	40,455	258,692
	(234,669)	5,649	(229,020)	(10,191)	(239,211)
Multiple Project Fund net assets	126	(1,299)	(1,173)	(1,343)	(2,516)
Project Development Fund	-	2,358	2,358	(2,358)	-
Projects' Stabilization Fund net assets	102,037	(1,281)	100,756	11,663	112,419
	<u>\$ (132,506)</u>	<u>\$ 5,427</u>	<u>\$ (127,079)</u>	<u>\$ (2,229)</u>	<u>\$ (129,308)</u>

**Note 10 – Retirement Plan**

The Authority is a participating public employer in the California Public Employees Retirement System (CalPERS) Miscellaneous 2.5% at 55 Risk Pool Employees' Retirement Plan, which is an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Authority resolution. CalPERS issues a separate comprehensive annual financial report, which is available from the CalPERS' Executive Office, 400 P Street, Sacramento, California 95814.

The Authority makes the plan contributions required of its employees on their behalf and for their account. The Authority is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the Authority are established and may be amended by CalPERS.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 10 – Retirement Plan (continued)**

**Summary of certain plan provisions and benefits in effect for fiscal year ended June 30, 2012:**

Required service for eligibility	5 full-time years
Benefit payments (% of final annual salary)	Monthly for life
Minimum retirement age	50
Monthly benefit	2.00% at age 50 to 2.50% at age 55 and up
Required employee contribution rate	8.000%
Required employer contribution rates	17.861% normal services
Actuarial annual required contribution (based on estimated payroll)	\$161,874

Actual employer portion contributions to the plan totaled \$256,248 and \$209,933 for fiscal years 2012 and 2011, respectively. The Agency’s annual required contribution (based on actuarially established rates) was determined as part of a June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The primary actuarial assumptions included a 7.75% annual investment rate of return (net of administrative expenses); forecasted annual salary increases that vary by age, service and type of employment ranging from 3.55% to 14.45%; a 3.25% overall annual payroll growth; an individual salary growth of 3.00%; an annual production growth of 0.25%; and, an inflation component of 3.00%. A 15-year rate smoothed market approach is used to spread investment returns. At fiscal year end June 30, 2010 (the date of the actuarial valuation), the Agency had eight eligible active employees and two retirees drawing benefits under this program.

**Trend Information for Agency CalPERS Retirement Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 168,308	100.0%	-
June 30, 2011	209,933	100.0%	-
June 30, 2012	256,248	100.0%	-

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 10 - Retirement Plan (continued)**

**Funded Status of the CalPERS Miscellaneous 2.5% at 55 Risk Pool (in thousands):**

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Actuarial Accrued Unfunded Liability (a) - (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	Unfunded Actuarial Accrued Liability as % of Payroll [(a) - (b)] / (c)
June 30, 2008	\$ 1,537,910	\$ 1,337,708	\$ 200,202	87.0%	\$ 333,308	60.1%
June 30, 2009	1,834,425	1,493,431	340,994	81.4%	355,150	96.0%
June 30, 2010	1,972,911	1,603,482	369,429	81.3%	352,637	104.8%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized over a period of time. The average remaining amortization period at the June 30, 2010 valuation date was approximately 19 years. Operating gains and losses of the plan are amortized over a 30-year rolling period with the exception of gains and losses in fiscal years 2008-2009, 2009-2010, and 2010-2011 in which each year's gains and losses will be isolated and amortized over fixed and declining 30 year periods. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period. CalPERS actuarial valuations become available approximately two years after the Agency's fiscal year-end.

**Note 11 - Commitments and Contingencies**

**Industry restructuring** – Since the passage of Assembly Bill 1890 (the Bill) in September 1996, the electric industry in California continues to remain uncertain. The deregulation experiment has, for the most part, been abandoned. The public power participants of SCPA were not required to comply with the Bill's provisions.

**Public benefits** – The members continue to collect the public benefit charge through existing rate structures and have instituted in excess of \$1.1 billion of programs to benefit their customers including conservation and energy efficiency programs, public educational programs, research and development, and low income rate subsidies. The decisions on how these funds are allocated are made by the local governing authority, in most cases this is the city council.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 11 – Commitments and Contingencies (continued)**

**Executive action and state legislation** – The California Legislature approved several bills that affected the electric utility industry. In general, these bills provide for reduced greenhouse gas emission standards and greater investment in energy-efficient and environmentally friendly generation alternatives through more stringent renewable resource portfolio standards. The following is a brief summary of certain of these bills:

**Greenhouse gas emissions** – 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 emissions levels by 2010; (ii) a reduction to 1990 levels by 2020; and (iii) a reduction to 80% below 1990 levels by 2050.

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 a mandatory reporting program for all investor-owned utilities (IOUs), municipal utilities and other load-serving utilities 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. The scoping plan included a cap-and-trade system that covers 85% of all California greenhouse gas emissions. In August 2011, CARB revised the scoping plan in response to litigation. The revised scoping plan continues to include a cap-and-trade system.

On October 20, 2011 CARB adopted a regulation, which was approved on January 1, 2012, implementing a cap-and-trade system. The cap-and-trade regulation became effective on January 1, 2012, and it provides for emission compliance obligations to begin on January 1, 2013. The cap-and-trade program will be implemented in phases.

The cap-and-trade program will include the distribution of carbon allowances. Initially, as part of the transition process, most of the carbon allowances will be distributed for free. Additional allowances will be auctioned quarterly, beginning 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.



## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 – Commitments and Contingencies (continued)**

There are a number of issues remaining to be addressed prior to the start of the emission compliance obligation in 2013, and 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.

Senate Bill 1368 (SB 1368) also 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 December 2011, the CEC decided to undertake a review of these regulations to ensure there is adequate review of investments in facilities that do not meet the emission performance standard. Changes to these regulations pursuant to this review may impact the Project Participants.

In addition, Assembly 1925 signed into law on September 26, 2006, requires the CEC to develop a cost effective strategy for the geologic sequestration and management of industrial carbon dioxide.

**Energy procurement and efficiency reporting** – Senate Bill 1037 requires each POU, including each Project Participant, 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 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. Each of the Project Participants has complied with this reporting requirement.

**Renewable Portfolio Standard (RPS)** – Senate Bill 1078 (SB 1078), which became law on September 2002, requires that the IOUs adopt a Renewable Portfolio Standard (RPS) to meet a minimum of 1% of retail energy sales needs each year from renewable resources and to meet a goal of 20% of their retail energy needs from renewable energy resources by the year 2017. SB 1078 also directed the State's POUs to implement and enforce an RPS that recognizes the intent of the Legislature to encourage development of renewable resources, taking into consideration the impact on a utility's standard on rates, reliability, financial resources, and the goal of environmental improvement. Senate Bill 107 requires IOUs to have 20% of their electricity produced by renewable sources by 2010 and prescribes that POUs meet the intent of the legislation. Executive Order S-14-08 provides that the RPS target established for California shall require retail electricity sellers to serve 33% of their retail loads with eligible renewable energy resources by 2020.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 – Commitments and Contingencies (continued)**

In order to help utilities overcome the challenges associated with meeting the accelerated RPS goals, the CPUC and the CEC supported the implementation of a renewable energy certificate (REC) trading system. SB107 allows RECs to be used for RPS compliance. In parallel, pursuant to SB 1078, the CEC, collaboratively with the Western Governors Association and the Western Electricity Coordinating Council (WECC), established the Western Renewable Energy Generation Information System (WREGIS) to ensure the integrity of RECs and prevent the double counting of certificates. The Authority has elected to use WREGIS to transfer and account for the RECs associated with the renewable energy procured by the Authority on behalf of certain of its members.

Senate Bill X1 2 (SBX1 2), the “California Renewable Energy Resources Act,” was signed into law on April 12, 2011. As enacted, SBX 1 2 makes the requirements of the RPS program applicable to POU. The governing boards of POU are responsible for implementing the requirements 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 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 POU is given to the CEC and CARB, including 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 is in the process of developing detailed rules to implement SBX1 2.

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. The current guidelines identify bio-methane as an eligible renewable energy resource and allow power plants that use bio-methane to generate electricity to be certified as eligible to meet the RPS requirements.

On March 28, 2012, the CEC suspended its previously adopted guidelines with respect to allowing electric generation facilities to be certified as eligible renewable energy resources if the facilities use bio-methane to generate electricity. However, the suspension does not affect power plants that have been certified as RPS-eligible by the CEC and permitted to use bio-methane as part of the certification, subject to certain limitations. Certain of the Project Participants are currently using bio-methane to generate electricity either in their local generation plants or at the Magnolia Power Plant and have obtained certification from the CEC to do so. However, legislation concerning the RPS eligibility of bio-methane is currently pending in the California legislature. The outcome of this legislation may impact the degree to which certain of the Project Participants’ existing bio-methane fuel contracts will meet the “in-state” definition, but is not expected to disqualify them completely from RPS-eligibility. The outcome of which may impact the bio-methane eligibility guidelines the CEC will put into place if and when the suspension is lifted and the affected Project Participants’ requirements for future resources to comply with the renewable portfolio mandate.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 – Commitments and Contingencies (continued)**

**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. Each of the Project Participants has established programs in accordance with the requirements of the California Solar Initiative.

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 energy legislation** – Under the federal Energy Policy Act of 2005 (EPAAct 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. EPAAct 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.

**Other legislation** – Numerous bills have been under consideration in Congress addressing United States energy policies and various environmental matters, including those related to energy supplies, 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 in general. 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. The Authority is unable to predict the outcome of these legal and legislative challenges at this time.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 11 – Commitments and Contingencies (continued)**

**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 is 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. 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 CO<sub>2</sub>e. 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. 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. This decision may be appealed.

On September 22, 2009, the EPA issued the final rule for mandatory monitoring and annual reporting of greenhouse gas emissions from various categories of facilities, including electric generating facilities. This rule does not require controls or limits on emissions, but required data collection to begin on January 1, 2010. The Project Participants are complying with the data collection and reporting requirement to which they are subject. Such data collection and reporting lays the foundation for controlling and reducing greenhouse gas emission in the future, whether by way of the EPA regulation under existing Clean Air Act authority or under a new climate change federal law.

On December 23, 2010, the EPA announced two settlements with a number of states and environmental groups. The settlements commit the EPA to issuing regulations setting performance standards for greenhouse gas emissions from new, modified, and existing power plants based on the best demonstrated control technology. On March 27, 2012, the EPA issued its proposed regulation setting such performance standards for new power plants. As proposed, the performance standard will apply only to new power plants; it will not apply to existing, modified or reconstructed power plants. In addition, power plants that have been issued a Prevention of Significant Deterioration permit and commence construction within one year, will be exempted from application of the new performance standard. On September 28, 2011, the EPA’s Office of Inspector General issued a report concluding that the EPA should have followed a more rigorous peer review process in relation to the endangered finding. The EPA disagreed with this conclusion. In addition, legislation has been introduced in the United States Congress that would repeal the EPA’s endangerment finding or otherwise prevent the EPA from regulating greenhouse gases as air pollutants. 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**

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#### **Note 11 – 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 has been established, each 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 will now resume the process of issuing non-attainment designations for the ozone. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions.

**Mercury and Air Toxic Standards** – 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. 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 Project Participants purchase power from coal-fired power stations that may be affected by these new rules, and may be exposed to increased costs.

**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.

**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 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 Nuclear Regulatory Commission, the operation date of the repository was pushed back several times.

## SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY NOTES TO COMBINED FINANCIAL STATEMENTS

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### **Note 11 – Commitments and Contingencies (continued)**

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 Yucca Mountain at the urge of the Congress except a small budget allocation for the closing of the project. DOE subsequently submitted a request to the NRC to withdraw the license application. The withdrawal request was denied by the NRC due to a 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 DOE for the Nuclear Waste Fund recognizing that there is a lack of spent fuel disposal policy from the federal government.

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 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. Palo Verde recently filed a claim of \$59 million for costs associated with the storage of spent fuel at the plant site for the period between 2007-2011.

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 Facility, 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 94 casks, each containing 24 spent fuel assemblies, were placed in the Facility. The current plan calls for the transfer of about 240 fuel assemblies from the wet pool to the Facility every year. The costs incurred by the procurement, packing, preparation and transportation of the casks are accounted as part of the fuel expenses, and are estimated at approximately \$13 million a year (about \$760,000 for the Authority). 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 Dry Cask Storage Facility to relieve the congestion within the pool. Currently the plan is to make an annual transfer of 384 fuel assemblies at a cost of \$30 million per year (about \$1.77 million for the Authority) for the years of 2012 and 2013. This cost includes the purchase of new large-capacity casks that were designed to hold 36 assemblies per cask and help to extend the storage capacity of the current Dry Cask Storage Facility possibly until 2047. Storing spent fuel at Palo Verde is now considered indefinite with undetermined costs until spent fuel is removed from the plant site.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 – 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 \$12.6 billion per incident. Participants in the Palo Verde Nuclear Generating Station currently insure potential claims and liability through commercial insurance with a \$375 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 \$111.9 million per reactor for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$17.5 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 \$19.84 million per incident for all three units, limited to payments of \$3.1 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 \$2.5 million.

**Other legal matters** – Claims and a lawsuit for damages have been filed with the Authority, Intermountain Power Authority (the IPA), and LADWP seeking \$100 million in special damages and a like amount in general damages. An expert report has since been filed alleging that plaintiffs' damages are \$250 million. 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. SCPPA moved the Utah court to dismiss the action as to SCPPA. This motion resulted in the dismissal of certain of the causes of action in the complaint against SCPPA; however, other causes of action still remain. The ultimate outcome of this litigation cannot be predicted at this time. No provision for this litigation matter has been included in the accompanying financial statements.

On December 10, 2010, SCPPA was served in the case of Dulle, Pritchett, and Murrin, Jr. vs. Devon Energy Production Company, Devon Energy Corporation, Southern California Public Power Authority, Turlock Irrigation District, Collins & Young, LLC, Collins & Young Holdings L.P., and Collins & Young Holding, LLC; arising out of its non-operating working interest in oil and gas production property situated in the Barnett Shale in certain Texas counties including Hood County, Texas. Devon Energy Production Company (Devon) acts as SCPPA's operator with respect to all oil and gas operations upon this property. The plaintiff in this lawsuit has alleged that the royalty payments, which have been made to them by Devon, were not properly calculated for a substantial period of time and were less than the amounts which were owed under the plaintiff's leases. The matter was settled on October 14, 2011 and provided for payment of \$1.2 million to the plaintiffs. As a participant of this project, the Authority is responsible for \$172,000 of this amount. The terms of the lease were also amended to eliminate the potential for litigation of the lease issues which were raised in this case in the future.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**Note 11 – Commitments and Contingencies (continued)**

SCPPA possesses an ownership interest in Unit 3 of the San Juan Generating Station (SJGS) in New Mexico. The operator of the SJGS, on behalf of SCPPA and the other SJGS participants is the Public Service Company of New Mexico (PNM) which is also a co-owner of the plant. Fuel for the SJGS is provided from the San Juan Coal Mine (Mine) which is located near the SJGS. The Mine is operated by the San Juan Coal Company (Company) which carries out mining operations at this site and provides the fuel to the plant pursuant to agreements entered into for this purpose with PNM. On April 8, 2010, the Sierra Club filed a lawsuit in the United States District Court for the District of New Mexico against PNM Resources, the parent company of PNM; PNM, as the operator of the SJGS; BHP Billiton Limited; and the Company, as the operator of the Mine; over alleged surface and groundwater contamination stemming from coal ash placement in the Mine and from plant operations. SCPPA is a participant in this project and is responsible, along with the other project participants, for its proportionate share, attributable to its interest in this facility. During March 2012, the parties achieved a settlement of the matter. The settlement entailed a Consent Decree providing for a number of specific environmental measures which will be taken with respect to the project and the expenditure of certain specified amounts. These measures will be funded by the participants in the SJGS Project in proportion to each participant's proportionate share of the overall project.

The total maximum estimated cost of this settlement is approximately \$10,150,000. In addition, it is estimated that the additional operating costs, which may be generated by the requirements of the Consent Decree could run approximately \$40,000 per year. SCPPA's proportionate share of the costs of compliance with the Consent Decree amounts to approximately ten percent of this total and is being billed for and paid, as a SJGS operating cost, through the normal SCPPA budget process. Costs associated with compliance with the Consent Decree in future years will also be handled through SCPPA's normal budget process.



## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 - Commitments and Contingencies (continued)**

On September 16, 2011, PNM filed a Petition for Review in the United States Court of Appeals for the Tenth Circuit, on behalf of itself and the other SJGS owners. This action arises out of a significant dispute under the Federal Clean Air Act between the owners of the SJGS and the United States Environmental Protection Agency (EPA). San Juan is a four-unit, coal-fired electric generating facility with a generating capacity of 1,800 gross megawatts located in Waterflow, New Mexico. SCPPA owns 43 percent of Unit 3. The Clean Air Act (Act) requires states to prevent air pollution from sources within their borders from impairing air quality and visibility in other states. The Act also requires states to reduce pollution from significant sources whose emissions reduce visibility in the nation's pristine and wilderness areas (such as the Grand Canyon), and contribute to regional haze. When a state has not adopted plans as required by these provisions, EPA must put such a plan in place. The EPA usually defers to the states to implement plans and programs to carry forth the purposes of the Act, and the State of New Mexico had proposed such a plan for the SJGS which would carry forth these purposes through a long term program at a potentially reasonable cost. EPA issued a pronouncement proposing to disapprove New Mexico's Implementation Plan for the SJGS and proposed a more expensive source-specific plan to cut pollution from SJGS and to address adverse visibility impacts which the EPA contended originated from the plant. EPA's proposed rule, among other things, imposed extremely stringent additional limits on certain emissions from the SJGS than already existed at the plant and mandated installation of a very expensive Selective Catalyst Reduction System (SCRS). During the ensuing comment period, with respect to this new EPA rule, the SJGS owners protested the installation of the proposed SCRS that would cost the owners between \$750 million to a billion dollars. The EPA disputed this assertion and indicated that the proposed upgrade would only cost approximately \$345 million dollars.

On August 22, 2011 the EPA published its final ruling in this matter ordering the installation of the full SCRS at the SJGS. While this case has concluded the administrative stages of this dispute before the EPA, the parties are just beginning the course of the litigation in the appellate courts. If the San Juan owners lose the litigation, they may be faced with costs for installation of the SCRS of as much as one billion dollars. SCPPA would be at risk for approximately ten percent of these costs. At the current time, it cannot be determined with any certainty whether the owners will prevail in this matter, whether the EPA will prevail, or what the eventual outcome or determination of the courts might be.

During May 2010, the California Public Employees Retirement System (CalPERS) carried out an audit of SCPPA. Similar audits have routinely been carried out with respect to many other California public entities participating in the CalPERS retirement system. The purpose of such audits is to identify what CalPERS has characterized as certain "Risks" associated with the administration by the audited public entity related to its participation in the CalPERS system. The SCPPA audit was carried forth under a standard CalPERS audit regimen to assess the "Risks" associated with twelve different areas. The conclusion that CalPERS reached for Risk Item 6 is the only risk item that SCPPA disputes.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 11 – Commitments and Contingencies (continued)**

Risk Item 6 addresses the employment of retired annuitants under the California Public Employees Retirement Law. Government Code Section 21220 et. Seq. imposes certain restrictions relating to employment of retirees of the CalPERS retirement system by entities participating in this system. It is not known what administrative penalties CalPERS might seek to impose, however, such penalties in the past have generally been intended to compensate CalPERS for its costs associated with the matter. It is not possible at this time to determine the potential exposure associated with this matter nor is it possible to predict when and how this matter might eventually come to a final resolution or what the exact costs of such a resolution might amount to.

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 12 – Subsequent Events**

**Mead Adelanto/Mead Phoenix Project Revenue Bonds** – On September 12, 2012, SCPPA issued the 2012 Bonds in the aggregate principal amount of \$125,785,000, consisting of \$79,380,000 principal amount of Mead-Adelanto 2012 Series A, \$16,630,000 principal amount of Mead-Adelanto 2012 Series B, \$24,510,000 principal amount of Mead-Phoenix 2012 Series A, and \$5,265,000 million principal amount of Mead-Phoenix 2012 Series B Revenue Bonds. The 2012 Bonds were issued to provide funds, together with other available funds, to refund the outstanding Mead-Adelanto Project Revenue Bonds, 2008 Series A and 2008 Series B, and the Mead-Phoenix Project Revenue Bonds, 2008 Series A and 2008 Series B, to fund the costs of the termination of the related swap agreements, and to pay the costs of issuance of the 2012 Bonds.

**San Juan Reclamation Trust Fund** – The Authority has certain ownership interests in Unit 3 of the SJGS in New Mexico. One of the obligations associated with this ownership interest involves the development of plans and arrangements for the eventual reclamation of the Mine which is currently mined by the SJCC for the benefit of the SJGS. This obligation is set forth in the Underground Coal Sales Agreement for the SJGS which was entered into in 2001 and provides for the SJCC to mine and deliver coal produced from the Mine for consumption in the SJGS and also addresses the obligation of the SJGS relating to the reclamation of the Mine. The San Juan participants have entered into two agreements to satisfy the reclamation costs associated with the Mine. The first of these is a Mine Reclamation Trust Funds Agreement (Reclamation Agreement) among the San Juan participants which sets forth the relationship among the SJGS owners; and the terms and conditions for the funding over time of the eventual reclamation costs of the Mine. The Reclamation Agreement requires that individual trust arrangements are set up wherein such funds will be held in trust for the purpose of funding the mine reclamation costs. In addition, the Reclamation Agreement establishes the San Juan Mine Reclamation Trust Investment Committee, whose primary function is to oversee the funding of each participant's trust. These trusts will provide assurance that the Company will be reimbursed for all reclamation costs.

## **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

### **NOTES TO COMBINED FINANCIAL STATEMENTS**

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#### **Note 12 - Subsequent Events (continued)**

The second agreement is the SJGS Reclamation Trust Agreement, where each owner has agreed to enter into a trust agreement with the Trustee of their choice. On August 28, 2012, the Authority entered into an agreement with a Trustee for the benefit of the Company. The Authority's portion of the required funding in the amount of \$1.5 million was completed on August 29, 2012.

**SUPPLEMENTAL INFORMATION**

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**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	Decom- missioning Trust Fund	Escrow Account	General Reserve Account	Issue Account	Operating Account	Reserve & Contingency	Revenue Fund	Total
Balance at June 30, 2011	\$ -	\$ 162,905	\$ 224,996	\$ 1,305	\$ 12,857	\$ 58,070	\$ 17,987	\$ -	\$ 478,120
<b>Additions</b>									
Investment earnings	-	3,123	25,735	11	2	1,932	171	-	30,974
Discount on investment purchases	-	-	-	2	26	8	5	-	41
Distribution of investment earnings	-	-	-	(13)	(28)	(111)	(176)	328	-
Revenue from power sales	-	-	-	-	-	-	-	86,398	86,398
Distribution of revenue	-	-	-	-	11,338	58,791	16,597	(86,726)	-
Transfer from escrow	24,067	-	(41,451)	-	17,384	-	-	-	-
<b>Total</b>	<b>24,067</b>	<b>3,123</b>	<b>(41,451)</b>	<b>-</b>	<b>28,722</b>	<b>60,620</b>	<b>16,597</b>	<b>-</b>	<b>117,413</b>
<b>Deductions</b>									
Construction expenditures	-	-	-	-	-	-	16,394	-	16,394
Operating expenditures	-	3	-	-	-	40,979	-	-	40,982
Fuel costs	-	-	-	-	-	22,507	-	-	22,507
Payment of principal	-	-	-	-	10,340	-	-	-	10,340
Interest paid - non escrow	-	-	-	-	611	-	-	-	611
Premium and interest on investment purchases	-	-	9	-	-	-	-	-	9
Payment of principal and interest - escrow	24,067	-	-	-	17,384	-	-	-	41,451
<b>Total</b>	<b>24,067</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>28,335</b>	<b>63,486</b>	<b>16,394</b>	<b>-</b>	<b>132,294</b>
Balance at June 30, 2012	\$ -	\$ 166,025	\$ 209,271	\$ 1,305	\$ 13,244	\$ 55,204	\$ 18,190	\$ -	\$ 463,239

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$46 and \$47 held in the revolving fund at June 30, 2012 and 2011, 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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	Debt Service Reserve Account	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Escrow Account	Total
Balance at June 30, 2011	\$ 7,009	\$ 17,551	\$ -	\$ 10,657	\$ 13,762	\$ 73,208	\$ 122,187
Additions							
Investment earnings	3	1,101	1	55	127	2,415	3,702
Discount on investments	12	-	-	-	13	-	25
Distribution of investment earnings	(15)	(1,101)	1,309	(55)	(138)	-	-
Revenue from power sales	-	-	91,455	-	-	-	91,455
Distribution of revenues	18,484	-	(92,765)	64,337	9,944	-	-
Other	75,623	-	-	-	-	(75,623)	-
Total	94,107	-	-	64,337	9,946	(73,208)	95,182
Deductions							
Operating expenses	-	-	-	60,281	-	-	60,281
Construction expenses	-	-	-	-	6,022	-	6,022
Payment of principal and interest - escrow	75,623	-	-	-	-	-	75,623
Payment of principal	12,345	-	-	-	-	-	12,345
Interest paid - non-escrow	6,472	-	-	-	-	-	6,472
Total	94,440	-	-	60,281	6,022	-	160,743
Balance at June 30, 2012	\$ 6,676	\$ 17,551	\$ -	\$ 14,713	\$ 17,686	\$ -	\$ 56,626

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$22 held in the revolving fund at June 30, 2012 and 2011.

**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Account	Debt Service Reserve Account	Project Fund	Operating Reserve Fund	Reserve and Contingency	Operating Fund	Revenue Fund	General Reserve Fund	Escrow Fund	Total
Balance at June 30, 2011	\$ 14,826	\$ 30,332	\$ 4,434	\$ 4,919	\$ 18,886	\$ 7,116	\$ -	\$ 9,783	\$ 213,037	\$ 303,333
<b>Additions</b>										
Investment earnings	11	676	40	48	275	20	-	121	9,680	10,871
Discount on investment purchases	21	3	-	-	21	7	-	5	-	57
Distribution of investment earnings	(32)	(619)	-	(48)	(296)	(27)	1,029	(7)	-	-
Transfer of funds for debt service payment	11,684	-	-	-	-	-	-	-	(11,684)	-
Receipt from participants	-	-	-	-	-	-	51,183	-	-	51,183
Distribution of revenues	24,354	90	-	7	4,398	23,435	(52,212)	(72)	-	-
Bond proceeds 2011A-1	-	7,036	678	-	-	-	-	-	62,650	70,364
Other	(1,357)	(3,176)	-	(3,410)	(7,065)	10,475	-	-	4,533	-
<b>Total</b>	<b>34,681</b>	<b>4,010</b>	<b>718</b>	<b>(3,403)</b>	<b>(2,667)</b>	<b>33,910</b>	<b>-</b>	<b>47</b>	<b>65,179</b>	<b>132,475</b>
<b>Deductions</b>										
Construction expenditures	-	-	(71)	-	1,863	-	-	-	-	1,792
Operating expenses	-	-	-	-	-	32,785	-	-	-	32,785
Payment of principal	9,395	-	-	-	-	-	-	-	-	9,395
Interest paid	25,879	-	-	-	-	-	-	-	-	25,879
Debt issuance costs	-	-	652	-	-	-	-	-	-	652
Premium and interest on investment purchases	-	5	-	-	-	-	-	28	-	33
<b>Total</b>	<b>35,274</b>	<b>5</b>	<b>581</b>	<b>-</b>	<b>1,863</b>	<b>32,785</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>70,536</b>
Balance at June 30, 2012	\$ 14,233	\$ 34,337	\$ 4,571	\$ 1,516	\$ 14,356	\$ 8,241	\$ -	\$ 9,802	\$ 278,216	\$ 365,272

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$19 and \$22 held in the revolving fund at June 30, 2012 and 2011, 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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Project Fund	U.S. Treasury Direct Subsidy	Total
Balance at June 30, 2011	\$ -	\$ -	\$ 10,869	\$ 19,721	\$ 46,033	\$ 1,981	\$ 78,604
Additions							
Investment earnings	-	-	37	457	126	-	620
Discount on investments purchases	-	-	24	6	1	-	31
Distribution of investment earnings	380	-	(61)	(463)	144	-	-
Receipt from participants	11,964	-	-	-	-	-	11,964
Distribution of revenues	(12,344)	2,275	14,031	-	-	(3,962)	-
Other	-	-	-	-	-	3,962	3,962
Total	-	2,275	14,031	-	271	-	16,577
Deductions							
Construction expenses	-	-	-	-	33,725	-	33,725
Operating expenses	-	1,667	-	-	-	-	1,667
Interest paid	-	-	16,731	-	-	-	16,731
Total	-	1,667	16,731	-	33,725	-	52,123
Balance at June 30, 2012	\$ -	\$ 608	\$ 8,169	\$ 19,721	\$ 12,579	\$ 1,981	\$ 43,058

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$12 and \$6 held in the revolving fund at June 30, 2012 and 2011, respectively.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**HOOVER UPRATING PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	General Reserve Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2011	\$ 1,362	\$ 1,700	\$ 1,326	\$ -	\$ 4,388
Additions					
Investment earnings	-	23	14	-	37
Discount on investment purchases	2	2	1	-	5
Distribution of investment earnings	(2)	(25)	(15)	42	-
Revenue from power sales	-	-	-	2,467	2,467
Distribution of revenue	2,250	-	259	(2,509)	-
Other	-	-	3	-	3
Total	<u>2,250</u>	<u>-</u>	<u>262</u>	<u>-</u>	<u>2,512</u>
Deductions					
Operating expenses	-	-	285	-	285
Payment of principal	1,600	-	-	-	1,600
Interest paid	614	-	-	-	614
Total	<u>2,214</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>2,499</u>
Balance at June 30, 2012	<u>\$ 1,398</u>	<u>\$ 1,700</u>	<u>\$ 1,303</u>	<u>\$ -</u>	<u>\$ 4,401</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$15 and \$16 held in the revolving fund at June 30, 2012 and 2011, respectively.

**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Reserve & Contingency Fund	General Reserve Fund	Total
Balance at June 30, 2011	\$ -	\$ 1,812	\$ 2,040	\$ 5,008	\$ 500	\$ 24	\$ 9,384
Additions							
Investment earnings	-	2	2	102	8	-	114
Discount on investments	-	2	-	-	-	-	2
Distribution of investment earnings	116	(4)	(2)	(102)	(8)	-	-
Receipt from participants	3,423	-	-	-	-	-	3,423
Distribution of revenues	(3,539)	242	3,297	-	-	-	-
Total	-	242	3,297	-	-	-	3,539
Deductions							
Acquisition costs	-	13	-	-	-	-	13
Operating expenses	-	1,458	-	-	-	-	1,458
Payment of principal	-	-	680	-	-	-	680
Interest paid	-	-	2,590	-	-	-	2,590
Total	-	1,471	3,270	-	-	-	4,741
Balance at June 30, 2012	\$ -	\$ 583	\$ 2,067	\$ 5,008	\$ 500	\$ 24	\$ 8,182

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$12 and \$9 held in the revolving fund at June 30, 2012 and 2011, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**MILFORD 1 WIND PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Operating Reserve Fund	Project Fund	Total
Balance at June 30, 2011	\$ -	\$ 6,643	\$ 13,234	\$ 18,872	\$ 2,520	\$ 3,000	\$ 41	\$ 44,310
Additions								
Investment earnings	1	7	4	324	48	68	-	452
Discount on investments	-	7	18	3	-	-	-	28
Distribution of investment earnings	475	(13)	(22)	(324)	(48)	(68)	-	-
Receipt from participants	34,570	-	-	-	-	-	-	34,570
Distribution of revenues	(35,046)	16,172	18,874	-	-	-	-	-
Other	-	41	-	-	-	-	(41)	-
Total	<u>-</u>	<u>16,214</u>	<u>18,874</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>(41)</u>	<u>35,050</u>
Deductions								
Operating expenses	-	15,315	-	-	-	-	-	15,315
Debt issue costs	-	-	7,595	-	-	-	-	7,595
Interest paid	-	-	11,146	-	-	-	-	11,146
Premium and interest on investment purchases	-	-	-	(2)	-	-	-	(2)
Total	<u>-</u>	<u>15,315</u>	<u>18,741</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,054</u>
Balance at June 30, 2012	<u>\$ -</u>	<u>\$ 7,542</u>	<u>\$ 13,367</u>	<u>\$ 18,877</u>	<u>\$ 2,520</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 45,306</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$15 and \$19 held in the revolving fund at June 30, 2012 and 2011, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**MILFORD 2 WIND PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	<u>Revenue Fund</u>	<u>Operating Fund</u>	<u>Debt Service Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Project Fund</u>	<u>Cost of Issuance</u>	<u>Total</u>
Balance at June 30, 2011	\$ -	\$ 3,323	\$ -	\$ -	\$ -	\$ -	\$ 3,323
Additions							
Investment earnings	-	6	3	21	-	-	30
Discount on investments	-	2	5	-	-	-	7
Distribution of investment earnings	37	(8)	(8)	(21)	-	-	-
Receipt from participants	22,087	4,524	-	-	-	-	26,611
Distribution of revenues	(22,124)	11,190	10,934	-	-	-	-
Bond Proceeds 2011-1	-	-	-	3,216	174,035	1,406	178,657
Other	-	50	-	-	-	-	50
Total	<u>-</u>	<u>15,764</u>	<u>10,934</u>	<u>3,216</u>	<u>174,035</u>	<u>1,406</u>	<u>205,355</u>
Deductions							
Prepayment expenses	-	-	-	-	174,035	-	174,035
Operating expenses	-	10,187	-	-	-	-	10,187
Interest paid	-	-	2,759	-	-	-	2,759
Debt issuance costs	-	-	-	-	-	1,380	1,380
Total	<u>-</u>	<u>10,187</u>	<u>2,759</u>	<u>-</u>	<u>174,035</u>	<u>1,380</u>	<u>188,361</u>
Balance at June 30, 2012	\$ -	\$ 8,900	\$ 8,175	\$ 3,216	\$ -	\$ 26	\$ 20,317

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$12 and \$19 held in the revolving fund at June 30, 2012 and 2011, respectively.

**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	Total
Balance at June 30, 2011	\$ -	\$ 15,673	\$ 25,801	\$ 10,262	\$ 51,736
Additions					
Investment earnings	-	32	8	163	203
Discount on investments	-	9	36	3	48
Distribution of investment earnings	251	(41)	(44)	(166)	-
Receipt from participants	69,584	-	-	-	69,584
Distribution of revenue	(69,835)	28,792	41,043	-	-
Total	<u>-</u>	<u>28,792</u>	<u>41,043</u>	<u>-</u>	<u>69,835</u>
Deductions					
Operating expenses	-	41,185	-	-	41,185
Payment of principal	-	-	13,760	-	13,760
Interest paid	-	-	23,941	-	23,941
Total	<u>-</u>	<u>41,185</u>	<u>37,701</u>	<u>-</u>	<u>78,886</u>
Balance at June 30, 2012	<u>\$ -</u>	<u>\$ 3,280</u>	<u>\$ 29,143</u>	<u>\$ 10,262</u>	<u>\$ 42,685</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$15 and \$12 held in the revolving fund at June 30, 2012 and 2011, 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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Project Fund	U.S. Treasury Direct Subsidy	Total
Balance at June 30, 2011	\$ -	\$ 6,525	\$ 5,934	\$ 2,324	\$ 69	\$ 582	\$ 431	\$ 15,865
Additions								
Investment earnings	-	6	4	36	-	1	-	47
Discount on investments	-	9	10	1	-	-	-	20
Distribution of investment earnings	66	(15)	(14)	(37)	-	-	-	-
Revenue from power sales	15,597	-	-	-	-	-	-	15,597
Distribution of revenue	(15,663)	6,501	9,162	-	-	-	-	-
Other transfers	-	-	861	-	-	-	(861)	-
Other receipts	-	-	-	-	-	-	861	861
Total	-	6,501	10,023	-	-	1	-	16,525
Deductions								
Operating expenses	-	9,355	-	-	-	-	-	9,355
Payment of principal	-	-	2,510	-	-	-	-	2,510
Interest paid	-	-	6,820	-	-	-	-	6,820
Total	-	9,355	9,330	-	-	-	-	18,685
Balance at June 30, 2012	\$ -	\$ 3,671	\$ 6,627	\$ 2,324	\$ 69	\$ 583	\$ 431	\$ 13,705

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$15 held in the revolving fund at June 30, 2012 and 2011.

**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Escrow Fund	General Reserve Fund	Issue Fund	Upgrade Construction Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2011	\$ -	\$ 4,659	\$ 62,472	\$ 11,954	\$ 6,235	\$ -	\$ 85,320
Additions							
Investment earnings	-	62	835	131	65	2	1,095
Discount on investment purchases	-	-	70	-	-	-	70
Distribution of investment earnings	-	(58)	(904)	-	(65)	1,027	-
Revenue from transmission sales	-	-	-	-	-	116,365	116,365
Distribution of revenue	-	(471)	93,487	-	24,401	(117,417)	-
Bond Proceeds 2012A	47,372	-	-	-	-	-	47,372
Other transfers	1,192	(1,088)	(104)	-	-	-	-
Other receipts	-	-	-	1,211	-	23	1,234
Total	<u>48,564</u>	<u>(1,555)</u>	<u>93,384</u>	<u>1,342</u>	<u>24,401</u>	<u>-</u>	<u>166,136</u>
Deductions							
Construction expenses	-	-	-	3,075	-	-	3,075
Operating expenses	-	-	-	-	26,117	-	26,117
Payment of principal	-	-	27,995	-	-	-	27,995
Interest paid	-	-	38,289	-	-	-	38,289
Debt issuance costs	-	-	480	-	-	-	480
Premium and interest on investment purchases	-	(1)	-	-	-	-	(1)
Total	<u>-</u>	<u>(1)</u>	<u>66,764</u>	<u>3,075</u>	<u>26,117</u>	<u>-</u>	<u>95,955</u>
Balance at June 30, 2012	<u>\$ 48,564</u>	<u>\$ 3,105</u>	<u>\$ 89,092</u>	<u>\$ 10,221</u>	<u>\$ 4,519</u>	<u>\$ -</u>	<u>\$ 155,501</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$22 held in the revolving fund at June 30, 2012 and 2011.

**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Debt Service Account	Debt Service Reserve Account	Operating Fund	Reserve & Contingency Fund	Cost of Issuance Fund	Total
Balance at June 30, 2011	\$ -	\$ 5,342	\$ 7,671	\$ 162	\$ 201	\$ 65	\$ 13,441
Additions							
Investment earnings	-	13	431	-	13	-	457
Discount on investment earnings	-	1	-	-	-	-	1
Distribution of investment earnings	249	(7)	(235)	-	(7)	-	-
Transmission revenue	8,999	-	-	-	-	-	8,999
Distribution of revenues	(9,248)	7,856	(161)	1,331	(7)	229	-
Total	-	7,863	35	1,331	(1)	229	9,457
Deductions							
Construction expenditures	-	-	-	-	(47)	-	(47)
Operating expenses	-	-	-	1,246	-	-	1,246
Principal payment	-	5,190	-	-	-	-	5,190
Interest paid	-	2,492	-	-	-	278	2,770
Total	-	7,682	-	1,246	(47)	278	9,159
Balance at June 30, 2012	\$ -	\$ 5,523	\$ 7,706	\$ 247	\$ 247	\$ 16	\$ 13,739

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$12 held in the revolving fund at June 30, 2012 and 2011.



**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, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Account	Debt Service Reserve Fund	Operating Fund	Reserve & Contingency	Revenue Fund	Surplus Fund	Cost of Issuance Fund	Total
Balance at June 30, 2011	\$ 16,147	\$ 22,066	\$ 588	\$ 6,138	\$ -	\$ 1	\$ 171	\$ 45,111
Additions								
Investment earnings	51	1,285	1	451	-	-	1	1,789
Discount on investment earnings	7				-	-	-	7
Distribution of investment earnings	(28)	(1,284)	(1)	(451)	1,765	-	(1)	-
Transmission revenue	-	-	-	-	23,682	-	-	23,682
Distribution of revenues	22,298	79	1,990	296	(25,447)	-	784	-
Total	<u>22,328</u>	<u>80</u>	<u>1,990</u>	<u>296</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>25,478</u>
Deductions								
Principal payment	14,305	-	-	-	-	-	-	14,305
Interest paid	7,840	-	-	-	-	-	922	8,762
Operating expenses	-	-	1,927	-	-	-	-	1,927
Construction expenses	-	-	-	303	-	-	-	303
Total	<u>22,145</u>	<u>-</u>	<u>1,927</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>922</u>	<u>25,297</u>
Balance at June 30, 2012	<u>\$ 16,330</u>	<u>\$ 22,146</u>	<u>\$ 651</u>	<u>\$ 6,131</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 33</u>	<u>\$ 45,292</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$12 held in the revolving fund at June 30, 2012 and 2011.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NATURAL GAS PINEDALE PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	<u>Revenue Fund</u>	<u>Operating Fund</u>	<u>Debt Service Fund</u>	<u>General Reserve Fund</u>	<u>Project Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Balance at June 30, 2011	\$ -	\$ 5,900	\$ 4,284	\$ 38	\$ 11,524	\$ 24,044	\$ 45,790
Additions							
Investment earnings	-	13	4	-	59	165	241
Discount on investment purchases	-	1	1	-	-	7	9
Distribution of investment earnings	6	-	(6)	-	-	-	-
Receipt from participants	5,055	85,378	-	-	-	-	90,433
Sales of natural gas	1,845	17,817	-	-	-	-	19,662
Distribution of revenues	(6,906)	(62,057)	4,240	-	-	64,724	1
Other receipts	-	30	-	-	-	(30)	-
Other transfer	-	883	-	-	(7,583)	6,699	(1)
Total	-	42,065	4,239	-	(7,524)	71,565	110,345
Deductions							
Construction expenditures	-	-	-	-	-	78,733	78,733
Operating expenses	-	38,950	-	-	-	-	38,950
Payment of principal	-	-	3,368	-	-	-	3,368
Interest paid	-	-	1,756	-	-	-	1,756
Total	-	38,950	5,124	-	-	78,733	122,807
Balance at June 30, 2012	\$ -	\$ 9,015	\$ 3,399	\$ 38	\$ 4,000	\$ 16,876	\$ 33,328

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$28 and \$31 held in the revolving fund at June 30, 2012 and 2011, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**NATURAL GAS BARNETT PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2011	\$ -	\$ 1,550	\$ 10,113	\$ 110	\$ 46,094	\$ (5,142)	\$ 52,725
Additions							
Investment earnings	-	1	3	-	312	1	317
Discount on investment purchases	-	-	19	-	4	-	23
Distribution of investment earnings	22	-	(22)	-	-	-	-
Receipt from participants	10,837	568	-	-	-	-	11,405
Sales of Natural Gas	4,059	901	-	-	-	-	4,960
Distribution of revenues	(14,942)	4,856	9,995	(88)	-	179	-
Other transfer	-	-	-	-	(1,982)	1,982	-
Total	<u>(24)</u>	<u>6,326</u>	<u>9,995</u>	<u>(88)</u>	<u>(1,666)</u>	<u>2,162</u>	<u>16,705</u>
Deductions							
Construction expenditures	-	-	-	-	-	2,422	2,422
Operating expenses	(24)	7,158	-	-	-	-	7,134
Payment of principal	-	-	7,972	-	-	-	7,972
Interest paid	-	-	4,132	-	-	-	4,132
Total	<u>(24)</u>	<u>7,158</u>	<u>12,104</u>	<u>-</u>	<u>-</u>	<u>2,422</u>	<u>21,660</u>
Balance at June 30, 2012	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 8,004</u>	<u>\$ 22</u>	<u>\$ 44,428</u>	<u>\$ (5,402)</u>	<u>\$ 47,770</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$15 and \$19 held in the revolving fund at June 30, 2012 and 2011, 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, 2012**  
**(AMOUNTS IN THOUSANDS)**

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	<u>Revenue Fund</u>	<u>Operating Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance at June 30, 2011	\$ -	\$ 13,210	\$ 5,999	\$ 19,209
Additions				
Investment earnings	-	490	304	794
Distribution of investment earnings	484	(484)	-	-
Receipt from gas sales	8,355	-	-	8,355
Distribution of revenues	(22,975)	1,599	21,376	-
Commodity swap settlement	14,136	-	-	14,136
Other receipts	-	-	621	621
Total	<u>-</u>	<u>1,605</u>	<u>22,301</u>	<u>23,906</u>
Deductions				
A & G expenses	-	371	-	371
Payment of Principal	-	-	5,295	5,295
Payment of interest	-	-	17,151	17,151
Total	<u>-</u>	<u>371</u>	<u>22,446</u>	<u>22,817</u>
Balance at June 30, 2012	<u>\$ -</u>	<u>\$ 14,444</u>	<u>\$ 5,854</u>	<u>\$ 20,298</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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, and \$19 and \$12 held in the revolving fund at June 30, 2012 and 2011, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
 MULTIPLE PROJECT FUND  
 SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS  
 REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2012  
 (AMOUNTS IN THOUSANDS)**

	<u>Proceeds Account</u>	<u>Debt Service Account</u>	<u>Earnings Account</u>	<u>Total</u>
Balance at June 30, 2011	\$ 47,049	\$ 14,149	\$ -	\$ 61,198
<b>Additions</b>				
Investment earnings	3,048	1,040	-	4,088
Distribution of investment earnings	-	14,208	(14,208)	-
Transfer for debt service payment	(14,208)	-	14,208	-
Total	<u>(11,160)</u>	<u>15,248</u>	<u>-</u>	<u>4,088</u>
<b>Deductions</b>				
Interest paid	-	2,210	-	2,210
Payment of principal	-	12,100	-	12,100
Total	<u>-</u>	<u>14,310</u>	<u>-</u>	<u>14,310</u>
Balance at June 30, 2012	<u>\$ 35,889</u>	<u>\$ 15,087</u>	<u>\$ -</u>	<u>\$ 50,976</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and have 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.