



**SOUTHERN CALIFORNIA  
PUBLIC POWER AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT AND  
COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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## INDEPENDENT AUDITOR'S REPORT

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, 2010 and 2009 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 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, Windy Point Project, Multiple Project Fund, Project Development Fund and Projects' Stabilization Fund as of June 30, 2010 and 2009 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.

As discussed in Note 2 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective July 1, 2009. The financial statements for the year ended June 30, 2009 were restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 53.

The management's discussion and analysis preceding the combined financial statements is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The additional supplemental information, as listed in the table of contents, following the combined financial statements and notes to combined financial statements is also not a required part of the basic financial statements but is supplementary information provided for purposes of additional analysis. We did not audit or perform any other procedures on this information and express no opinion on it.

*Moss Adams LLP*

Portland, Oregon  
 November 5, 2010

## **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, 2010 and 2009. 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 2 million retail electric customers. A Board of Directors (the "Board") governs the Authority, which consists of one representative from each member agency.

### **USING THIS FINANCIAL REPORT**

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

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

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

	<b>JUNE 30,</b>		
	<b>2010</b>	<b>2009 As Restated</b>	<b>2008 As Restated</b>
<b>Assets</b>			
Net utility plant	\$ 1,364,717	\$ 1,070,203	\$ 1,009,331
Investments	870,322	828,151	558,619
Cash and cash equivalents	245,390	143,671	230,000
Prepaid and other	783,001	732,168	682,405
Total assets	<u>\$ 3,263,430</u>	<u>\$ 2,774,193</u>	<u>\$ 2,480,355</u>
<b>Liabilities</b>			
Noncurrent liabilities	\$ 3,073,274	\$ 2,669,451	\$ 2,410,519
Current liabilities	322,662	273,947	220,748
Total liabilities	<u>3,395,936</u>	<u>2,943,398</u>	<u>2,631,267</u>
<b>Net Assets (Deficit)</b>			
Invested in capital assets, net of related debt	(746,931)	(768,276)	(1,236,053)
Restricted net assets	606,563	547,675	996,901
Unrestricted net assets	7,862	51,396	88,240
Total net deficit	<u>(132,506)</u>	<u>(169,205)</u>	<u>(150,912)</u>
Total liabilities and net assets (deficit)	<u>\$ 3,263,430</u>	<u>\$ 2,774,193</u>	<u>\$ 2,480,355</u>
<b>Revenues, Expenses and Changes in Net Assets (Deficit) for the year ended June 30</b>			
Operating revenues	\$ 516,088	\$ 464,286	\$ 476,865
Operating expenses	(388,129)	(347,709)	(327,249)
Operating income	127,959	116,577	149,616
Investment and other income	36,212	27,741	32,956
Derivative gain (loss)	(8,720)	(16,457)	(10,303)
Debt expense	(128,545)	(145,965)	(108,062)
Change in net assets	26,906	(18,104)	64,207
<b>Net Deficit, beginning of year</b>	(169,205)	(150,912)	(217,083)
<b>Net Contributions/(Withdrawals) By Participants</b>	9,793	(189)	1,964
<b>Net Deficit, end of year</b>	<u>\$ (132,506)</u>	<u>\$ (169,205)</u>	<u>\$ (150,912)</u>

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

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**Combined Financial Statements (Continued)**

*Net Deficit –*

During fiscal year 2010 the Authority's net deficit decreased by \$37 million mainly due to the increase in assets of \$489 million offset by the increase in liabilities of \$452 million.

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

- **Utility Plant – increased by \$295 million.**  
This increase is primarily due to the \$145 million payment of acquisition costs for the Linden Wind Energy Project; \$79 million ongoing construction costs in the Canyon Power Project (CPP); \$48 million payment of acquisition costs for the Tieton Hydropower Project, \$53 million ongoing costs for the upgrade of two converter stations in the Southern Transmission System (STS); and \$35 million ongoing capital improvements in Palo Verde (PV), San Juan (SJ), and Natural Gas Pinedale and Barnett Projects; offset by \$66 million of scheduled depreciation and amortization in all projects.
- **Investments – increased by \$42 million.**  
This increase is largely due to \$100 million remaining proceeds from the issuance of the CPP Revenue Bonds, 2010, Series A&B; \$20 million remaining proceeds from the issuance of the Milford 1 Wind Revenue Bonds, 2010-1; and \$3 million remaining proceeds from the issuance of the Linden Wind Energy Project Revenue Notes 2009, Series A; offset by \$33 million transfer of funds from long term investments to cash and cash equivalents in the Palo Verde, STS, Magnolia, Hoover, Mead Adelanto, PSF, Pinedale and Barnett Natural Gas Projects; and \$45 million of payments for the ongoing construction for the STS upgrade.
- **Cash and cash equivalents – increased by \$102 million.**  
This increase is mainly due to \$42 million remaining bond proceeds from the issuance of CPP Revenue Notes 2010 Series A&B, from Milford 1 Wind Revenue Bonds Series 2010-1, and from Linden Wind Energy Revenue Notes 2009 Series A; \$33 million transfer of investments from long term to cash and cash equivalents in the Palo Verde, Hoover, STS, Magnolia, Mead Adelanto, PSF, Pinedale and Barnett Natural Gas Projects; \$22 million accumulated overbillings and advances from San Juan, Magnolia, Barnett, and Pebble Spring Projects; and \$5 million in advances from the participants of various projects.
- **Prepaid and Other Assets – increased by \$51 million.**  
This increase is primarily due to the \$221 million prepayment of a supply of energy for the participants of the Milford 1 Wind Project; \$6 million net increase in fair value of the derivative instruments. The increases were offset by \$172 million reduction in the unamortized costs of the prepaid gas due to the restructuring of the agreements relating to the Prepaid Natural Gas Project; and by the amortization of bond issue costs in various projects.

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

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**Combined Financial Statements (Continued)**

The increase in the Authority's liabilities of \$452 million is mainly due to the following:

- \$237 million issuance of the Milford 1 Revenue Bonds, 2010-1; \$140 million issuance of the Linden Wind Revenue Notes, 2009 Series A; \$48 million Tieton Hydropower, Revenue Notes, 2009 Series A and B; \$301 million from the issuance of the CPP Revenue Bonds 2010 Series A and B and \$170 million issuance of the CPP Revenue Notes, 2009 Series A. The increases were offset by \$165 million of debt reduction resulting from the restructure of the Prepaid Natural Gas Revenue Bonds, 2007 Series B; and the redemption of the \$104 million CPP Notes, 2008 Series A and the \$170 million CPP Notes, 2009 Series A.

During fiscal year 2009, the Canyon Power Project Revenue Notes, Series A, were issued to provide interim financing for a portion of the costs to construct the Canyon Power Project; the STS 2008 Series B Subordinate Bonds were issued to provide financing for the upgrade of two converter stations to increase the capacity of the STS Transmission line; and the Magnolia Power Project A, Refunding Revenue Bonds, Series 2009-1 and 2009-2 were issued to make a payment to the counterparties of the 2007-1 Magnolia Swap Agreements in addition to refunding the Magnolia Power Project A, Refunding Bonds, 2007-1. As a result of these events and other ongoing transactions, such as the scheduled depreciation, and the payment for capital improvements in all projects, in 2009 the Authority's assets increased by \$294 million and its liabilities increased by \$312 million resulting in an increase to net deficit of \$18 million.

***Operating Income –***

The net increase in operating income of \$11 million is due to \$51 million increase in operating revenues offset by \$40 million of operating expenses. The increase in operating revenue and operating expense is largely due to the additional transactions generated from the new projects: Milford 1, and Windy Points/Flats Project; and an \$11 million increase in billings to the participants for the costs related to major maintenance outages in the San Juan Project.

During fiscal year 2009, the environmental upgrades in San Juan, and the steam generator replacement program in Palo Verde were completed; the estimated useful life of the San Juan Plan was increased; there was a decrease in realized gain on the suspension of the 2007 Swap which was used to offset the expenditures in the Mead Adelanto Project; and the lower price of gas in the Magnolia, Pinedale and Barnett Natural Gas Reserve Project all resulted in a \$13 million decrease in operating revenues. The decreases were offset by a \$20 million increase in operating income related to the commencement of the deliveries of natural gas in the Prepaid Natural Gas Project and the postponement of the expenditures related to the STS upgrades. The net effect was a \$33 million decrease in operating income in 2009.

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

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**Combined Financial Statements (Continued)**

***Investment and Other Income –***

Investment income increased \$8 million largely due to the \$11 million realized gain relating to the restructuring of the Prepaid Natural Gas Revenue Bonds 2007 Series B; offset by the \$3 million decrease in interest earnings due to callable, high yield investment securities that were called and replaced with lower yielding securities in the Decommissioning Trust Fund, and Palo Verde Project.

During fiscal year 2009, there was a \$5 million decrease in investment income because of high yield investment securities that were called and replaced by lower yielding securities.

***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. SCPPA engaged an independent party to perform the valuation and required tests on the derivatives held by the Authority. \$9 million and \$16 million were charged to expense related to the Authority's derivative instruments that were deemed investment instruments as of June 30, 2010 and 2009, respectively. (See Note 2 and Note 5)

***Debt Expense –***

Debt expense decreased by \$17 million mainly due to \$6 million reduction in debt expense because of the restructure of the Gas Project Revenue Bonds, Project No. 1, 2007 Series A, \$7 million decrease in the interest payments of the variable rate bonds in the STS, Palo Verde, and Mead Adelanto Projects due to improved performance of these bonds in the variable interest rate market; and \$4 million decrease due to the loss in refunding that was fully amortized in the Palo Verde Revenue Bonds, 2008 Series A and in the San Juan Revenue Bonds, 2002 Series A.

During fiscal year 2009, debt expense increased \$38 million primarily due to the interest related to the Prepaid Natural Gas Project Revenue Bonds, 2007 A and B that were expensed due to the commencement of natural gas deliveries and increased expenses related to the remarketing of the variable interest rate bonds in the STS and Magnolia Projects.



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

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**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.

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.

Energy efficiency and demand reduction programs are vital parts of public power's resource strategy and critical to balancing the portfolio's generation and load match. Since 1998, SCPPA members have spent more than \$390 million on energy efficiency and demand reduction management programs.

In addition to energy efficiency, AB 1890 requires all California electric utilities to commit a portion of their revenue to other Public Benefit Programs, including renewable energy, research, development and demonstration (RD&D), and low-income customer assistance. SCPPA members have a significant commitment to low-income customer assistance and RD&D public benefit programs. Since 1998, over one billion has been spent to date to support local communities.

**Renewable Projects** – SCPPA members are committed to the use of renewable energy resources in the future and are considering several renewable projects including Ameresco Chiquita Energy LLC, Milford Wind Corridor Phase II Project and Miller Ranch Wind Project.

### **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,	
	2010	2009 As Restated
<b>ASSETS</b>		
Noncurrent assets		
Net utility plant	\$ 1,364,717	\$ 1,070,203
Investments - restricted	754,813	756,916
Investments - unrestricted	115,509	71,235
Advance to IPA - restricted	11,550	11,550
Advances for capacity and energy, net - restricted	9,544	10,850
Derivatives and related deferrals	135,436	129,252
Unamortized debt expenses	49,142	49,651
Prepaid and other assets	507,135	465,666
Total noncurrent assets	<u>2,947,846</u>	<u>2,565,323</u>
Current assets		
Cash and cash equivalents - restricted	192,773	114,684
Cash and cash equivalents - unrestricted	52,617	28,987
Interest receivable	6,403	6,593
Accounts receivable	15,167	19,463
Materials and supplies	19,796	19,744
Prepaid and other assets	28,828	19,399
Total current assets	<u>315,584</u>	<u>208,870</u>
Total assets	<u>\$ 3,263,430</u>	<u>\$ 2,774,193</u>
<b>LIABILITIES</b>		
Noncurrent liabilities		
Long-term debt	\$ 2,823,415	\$ 2,434,044
Derivatives and related deferrals	170,916	156,012
Notes payable and deferred credits	49,702	50,240
Advances from participants	29,241	29,155
Total noncurrent liabilities	<u>3,073,274</u>	<u>2,669,451</u>
Current liabilities		
Debt due within one year	110,655	86,805
Notes payable and deferred credits due within one year	8,556	9,069
Advances from participants due within one year	43,377	47,670
Accrued interest	39,200	36,291
Accounts payable and accruals	116,123	87,618
Accrued property tax	4,751	6,494
Total current liabilities	<u>322,662</u>	<u>273,947</u>
Total liabilities	<u>3,395,936</u>	<u>2,943,398</u>
<b>NET ASSETS (DEFICIT)</b>		
Invested in capital assets, net of related debt and advances from participants		
	(746,931)	(768,276)
Restricted net assets	606,563	547,675
Unrestricted net assets (deficit)	7,862	51,396
Total net assets (deficit)	<u>(132,506)</u>	<u>(169,205)</u>
Total liabilities and net assets (deficit)	<u>\$ 3,263,430</u>	<u>\$ 2,774,193</u>

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

	YEAR ENDED JUNE 30,	
	2010	2009 As Restated
Operating revenues		
Sales of electric energy	\$ 346,848	\$ 293,817
Sales of transmission services	113,914	111,712
Sales of natural gas	55,326	58,757
Total operating revenues	<u>516,088</u>	<u>464,286</u>
Operating expenses		
Operations and maintenance	303,138	262,313
Depreciation, depletion and amortization	68,689	67,190
Amortization of nuclear fuel	11,006	9,634
Decommissioning	5,296	8,572
Total operating expenses	<u>388,129</u>	<u>347,709</u>
Operating income (loss)	<u>127,959</u>	<u>116,577</u>
Non operating revenues (expenses)		
Investment and other income	36,212	27,741
Derivative gain (loss)	(8,720)	(16,457)
Debt expense	<u>(128,545)</u>	<u>(145,965)</u>
Net non operating revenues (expenses)	<u>(101,053)</u>	<u>(134,681)</u>
Change in net assets (deficit)	26,906	(18,104)
Net assets (deficit) - beginning of year, as previously reported	(169,205)	(140,609)
Prior period adjustments	<u>-</u>	<u>(10,303)</u>
Net assets (deficit) - beginning of year, as restated	<u>(169,205)</u>	<u>(150,912)</u>
Net contributions (withdrawals) by participants	<u>9,793</u>	<u>(189)</u>
Net assets (deficit) - end of year	<u>\$ (132,506)</u>	<u>\$ (169,205)</u>

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

	YEAR ENDED JUNE 30,	
	2010	2009
Cash flows from operating activities		
Receipts from participants	\$ 451,526	\$ 404,398
Receipts from sale of oil and gas	6,675	16,500
Payments to operating managers	(229,721)	(193,392)
Other disbursements and receipts	29,629	12,943
Net cash flows from operating activities	<u>258,109</u>	<u>240,449</u>
Cash flows from noncapital financing activities		
Advances (withdrawals) by participants, net	<u>21,392</u>	<u>(13,632)</u>
Cash flows from capital financing activities		
Additions to plant and prepaid projects, net	(592,027)	(128,429)
Debt interest payments	(113,020)	(121,586)
Proceeds from sale of bonds	933,197	852,809
Payment for defeasance of revenue bonds	-	(587,271)
Transfer of funds from (to) escrow	(279,345)	(662)
Principal payments on debt	(86,805)	(72,585)
Payment for bond issue costs	(6,608)	(37,285)
Net cash used for capital and related financing activities	<u>(144,608)</u>	<u>(95,009)</u>
Cash flows from investing activities		
Interest received on investments	20,394	20,948
Purchases of investments	(705,840)	(487,975)
Proceeds from sale/maturity of investments	652,272	248,890
Net cash provided by (used for) investing activities	<u>(33,174)</u>	<u>(218,137)</u>
Net increase (decrease) in cash and cash equivalents	101,719	(86,329)
Cash and cash equivalents, beginning of year	<u>143,671</u>	<u>230,000</u>
Cash and cash equivalents, end of year	<u>\$ 245,390</u>	<u>\$ 143,671</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 127,959	\$ 116,577
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	68,689	67,190
Decommissioning	5,296	8,572
Advances for capacity and energy	2,744	2,736
Amortization of nuclear fuel	11,006	9,634
Changes in assets and liabilities		
Accounts receivable	3,268	1,170
Accounts payable and accruals	14,622	26,886
Other	24,525	7,684
Net cash provided by operating activities	<u>\$ 258,109</u>	<u>\$ 240,449</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)		
Cash and cash equivalents - restricted	\$ 192,773	\$ 114,684
Cash and cash equivalents - unrestricted	52,617	28,987
	<u>\$ 245,390</u>	<u>\$ 143,671</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
<b>ASSETS</b>				
Noncurrent assets				
Net utility plant	\$ 109,904	\$ 84,107	\$ 259,095	\$ 159,339
Investments - restricted	185,157	31,525	-	127,563
Investments - unrestricted	54,287	5,993	55,229	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	1,673	-
Unamortized debt expenses	437	800	31,546	2,503
Prepaid and other assets	-	-	-	-
Total noncurrent assets	<u>349,785</u>	<u>122,425</u>	<u>347,543</u>	<u>289,405</u>
Current assets				
Cash and cash equivalents - restricted	18,843	6,991	21,500	35,341
Cash and cash equivalents - unrestricted	7,080	2,521	3,363	-
Interest receivable	1,218	23	272	6
Accounts receivable	2,287	190	2,477	-
Due from other project - restricted	-	-	-	-
Materials and supplies	7,912	3,913	7,971	-
Prepaid and other assets	234	395	1,621	-
Total current assets	<u>37,574</u>	<u>14,033</u>	<u>37,204</u>	<u>35,347</u>
Total assets	<u>\$ 387,359</u>	<u>\$ 136,458</u>	<u>\$ 384,747</u>	<u>\$ 324,752</u>
<b>LIABILITIES</b>				
Noncurrent liabilities				
Long-term debt	\$ 74,157	\$ 127,268	\$ 360,291	\$ 312,998
Derivatives and related deferrals	-	-	11,211	-
Notes payable and deferred credits	36,871	-	3,928	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>111,028</u>	<u>127,268</u>	<u>375,430</u>	<u>312,998</u>
Current liabilities				
Debt due within one year	10,030	11,715	9,010	-
Notes payable and deferred credits due within one year	5,431	-	-	-
Advances from participants due within one year	-	-	16,763	-
Accrued interest	19	3,551	4,393	1,035
Accounts payable and accruals	23,705	8,514	4,002	10,719
Accrued property tax	1,500	282	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>40,685</u>	<u>24,062</u>	<u>34,168</u>	<u>11,754</u>
Total liabilities	<u>151,713</u>	<u>151,330</u>	<u>409,598</u>	<u>324,752</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	26,153	(54,077)	(69,083)	(34,995)
Restricted net assets	148,222	34,987	46,267	34,995
Unrestricted net assets (deficit)	61,271	4,218	(2,035)	-
Total net assets (deficit)	<u>235,646</u>	<u>(14,872)</u>	<u>(24,851)</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 387,359</u>	<u>\$ 136,458</u>	<u>\$ 384,747</u>	<u>\$ 324,752</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
<b>ASSETS</b>				
Noncurrent assets				
Net utility plant	\$ 111,953	\$ 75,345	\$ 269,945	\$ 80,393
Investments - restricted	198,112	33,030	57,809	27,003
Investments - unrestricted	70,036	-	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	-	-	-	-
Derivatives and related deferrals	-	-	14,812	-
Unamortized debt expenses	577	980	33,448	179
Prepaid and other assets	-	-	-	-
Total noncurrent assets	<u>380,678</u>	<u>109,355</u>	<u>376,014</u>	<u>107,575</u>
Current assets				
Cash and cash equivalents - restricted	9,315	2,457	14,509	10,960
Cash and cash equivalents - unrestricted	4,101	2,670	3,280	-
Interest receivable	1,288	45	194	176
Accounts receivable	1,807	4,268	2,346	-
Due from other project - restricted	-	-	-	-
Materials and supplies	7,804	3,941	7,999	-
Prepaid and other assets	143	346	1,024	-
Total current assets	<u>24,458</u>	<u>13,727</u>	<u>29,352</u>	<u>11,136</u>
Total assets	<u>\$ 405,136</u>	<u>\$ 123,082</u>	<u>\$ 405,366</u>	<u>\$ 118,711</u>
<b>LIABILITIES</b>				
Noncurrent liabilities				
Long-term debt	\$ 82,426	\$ 139,830	\$ 369,235	\$ 104,627
Derivatives and related deferrals	-	-	14,812	-
Notes payable and deferred credits	41,929	-	1,273	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	<u>124,355</u>	<u>139,830</u>	<u>385,320</u>	<u>104,627</u>
Current liabilities				
Debt due within one year	10,360	11,115	8,695	-
Notes payable and deferred credits due within one year	5,232	-	1,341	-
Advances from participants due within one year	-	-	15,525	-
Accrued interest	23	3,849	4,644	1,479
Accounts payable and accruals	30,956	3,663	2,061	12,605
Accrued property tax	1,500	240	-	-
Due to other projects	-	-	-	-
Total current liabilities	<u>48,071</u>	<u>18,867</u>	<u>32,266</u>	<u>14,084</u>
Total liabilities	<u>172,426</u>	<u>158,697</u>	<u>417,586</u>	<u>118,711</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	19,745	(90,817)	(67,816)	-
Restricted net assets	141,405	31,681	44,281	-
Unrestricted net assets (deficit)	71,560	23,521	11,315	-
Total net assets (deficit)	<u>232,710</u>	<u>(35,615)</u>	<u>(12,220)</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 405,136</u>	<u>\$ 123,082</u>	<u>\$ 405,366</u>	<u>\$ 118,711</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER			
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Linden Wind Energy
<b>ASSETS</b>				
Noncurrent assets				
Net utility plant	\$ -	\$ 46,896	\$ -	\$ 145,159
Investments - restricted	2,266	-	19,965	2,999
Investments - unrestricted	-	-	-	-
Advance to IPA - restricted	-	-	-	-
Advances for capacity and energy, net - restricted	9,544	-	-	-
Derivatives and related deferrals	-	-	-	-
Unamortized debt expenses	108	-	2,091	237
Prepaid and other assets	-	50	209,540	-
Total noncurrent assets	11,918	46,946	231,596	148,395
Current assets				
Cash and cash equivalents - restricted	1,971	562	9,015	3,575
Cash and cash equivalents - unrestricted	13	261	4,650	-
Interest receivable	8	-	164	3
Accounts receivable	106	110	-	-
Due from other project - restricted	-	-	-	-
Materials and supplies	-	-	-	-
Prepaid and other assets	1,306	-	11,401	-
Total current assets	3,404	933	25,230	3,578
Total assets	\$ 15,322	\$ 47,879	\$ 256,826	\$ 151,973
<b>LIABILITIES</b>				
Noncurrent liabilities				
Long-term debt	\$ 12,752	\$ 47,705	\$ 253,813	\$ 140,211
Derivatives and related deferrals	-	-	-	-
Notes payable and deferred credits	-	-	-	-
Advances from participants	-	-	-	-
Total noncurrent liabilities	12,752	47,705	253,813	140,211
Current liabilities				
Debt due within one year	1,540	-	-	-
Notes payable and deferred credits due within one year	-	-	-	-
Advances from participants due within one year	-	209	257	-
Accrued interest	177	627	4,448	1,862
Accounts payable and accruals	34	88	4,393	9,900
Accrued property tax	-	-	-	-
Due to other projects	-	-	-	-
Total current liabilities	1,751	924	9,098	11,762
Total liabilities	14,503	48,629	262,911	151,973
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants	-	(237)	-	-
Restricted net assets	734	-	-	-
Unrestricted net assets (deficit)	85	(513)	(6,085)	-
Total net assets (deficit)	819	(750)	(6,085)	-
Total liabilities and net assets (deficit)	\$ 15,322	\$ 47,879	\$ 256,826	\$ 151,973

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER	
	Hoover Uprating	Tieton Hydropower
<b>ASSETS</b>		
Noncurrent assets		
Net utility plant	\$ -	\$ -
Investments - restricted	2,699	-
Investments - unrestricted	1,199	-
Advance to IPA - restricted	-	-
Advances for capacity and energy, net - restricted	10,850	-
Derivatives and related deferrals	-	-
Unamortized debt expenses	139	-
Prepaid and other assets	-	-
Total noncurrent assets	14,887	-
Current assets		
Cash and cash equivalents - restricted	308	-
Cash and cash equivalents - unrestricted	117	926
Interest receivable	-	-
Accounts receivable	-	-
Due from other project - restricted	-	-
Materials and supplies	-	-
Prepaid and other assets	1,322	-
Total current assets	1,747	926
Total assets	\$ 16,634	\$ 926
<b>LIABILITIES</b>		
Noncurrent liabilities		
Long-term debt	\$ 13,850	\$ -
Notes payable and deferred credits	-	-
Advances from participants	-	-
Total noncurrent liabilities	13,850	-
Current liabilities		
Debt due within one year	1,480	-
Derivatives and related deferrals	-	-
Notes payable and deferred credits due within one year	-	-
Advances from participants due within one year	-	-
Accrued interest	192	-
Accounts payable and accruals	66	926
Accrued property tax	-	-
Due to other projects	-	-
Total current liabilities	1,738	926
Total liabilities	15,588	926
<b>NET ASSETS (DEFICIT)</b>		
Invested in capital assets, net of related debt and advances from participants	-	-
Restricted net assets	-	-
Unrestricted net assets (deficit)	1,046	-
Total net assets (deficit)	1,046	-
Total liabilities and net assets (deficit)	\$ 16,634	\$ 926



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
	System	Mead- Phoenix	Mead- Adelanto
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 308,795	\$ 37,214	\$ 108,994
Investments - restricted	98,169	8,920	31,265
Investments - unrestricted	-	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	69,543	4,724	15,777
Unamortized debt expenses	5,324	605	1,309
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>493,381</u>	<u>51,463</u>	<u>157,345</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	39,420	4,192	12,714
Cash and cash equivalents - unrestricted	5,892	159	674
Interest receivable	181	227	865
Accounts receivable	1,770	-	784
Due from other project - restricted	-	6,717	18,472
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>47,263</u>	<u>11,295</u>	<u>33,509</u>
Total assets	<u>\$ 540,644</u>	<u>\$ 62,758</u>	<u>\$ 190,854</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 793,763	\$ 51,428	\$ 164,275
Derivatives and related deferrals	95,840	4,724	15,422
Notes payable and deferred credits	1,498	598	6,807
Advances from participants	-	-	-
Total noncurrent liabilities	<u>891,101</u>	<u>56,750</u>	<u>186,504</u>
<b>Current liabilities</b>			
Debt due within one year	32,990	4,895	13,490
Notes payable and deferred credits due within one year	749	86	2,290
Advances from participants due within one year	-	-	-
Accrued interest	11,309	1,018	3,018
Accounts payable and accruals	17,987	421	2,128
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>63,035</u>	<u>6,420</u>	<u>20,926</u>
Total liabilities	<u>954,136</u>	<u>63,170</u>	<u>207,430</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(466,815)	(19,188)	(76,558)
Restricted net assets	92,192	19,012	59,638
Unrestricted net assets (deficit)	(38,869)	(236)	344
Total net assets (deficit)	<u>(413,492)</u>	<u>(412)</u>	<u>(16,576)</u>
Total liabilities and net assets (deficit)	<u>\$ 540,644</u>	<u>\$ 62,758</u>	<u>\$ 190,854</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
	System	Mead- Phoenix	Mead- Adelanto
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Net utility plant	\$ 274,297	\$ 38,300	\$ 113,508
Investments - restricted	158,425	8,283	31,534
Investments - unrestricted	-	-	-
Advance to IPA - restricted	11,550	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	66,821	3,676	12,268
Unamortized debt expenses	5,976	692	1,498
Prepaid and other assets	-	-	-
Total noncurrent assets	<u>517,069</u>	<u>50,951</u>	<u>158,808</u>
<b>Current assets</b>			
Cash and cash equivalents - restricted	29,062	3,031	12,357
Cash and cash equivalents - unrestricted	4,095	225	285
Interest receivable	410	241	832
Accounts receivable	5,010	568	-
Due from other project - restricted	-	6,247	17,180
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>38,577</u>	<u>10,312</u>	<u>30,654</u>
Total assets	<u>\$ 555,646</u>	<u>\$ 61,263</u>	<u>\$ 189,462</u>
<b>LIABILITIES</b>			
<b>Noncurrent liabilities</b>			
Long-term debt	\$ 816,294	\$ 55,660	\$ 175,837
Derivatives and related deferrals	93,189	3,676	12,660
Notes payable and deferred credits	2,247	684	4,107
Advances from participants	-	-	-
Total noncurrent liabilities	<u>911,730</u>	<u>60,020</u>	<u>192,604</u>
<b>Current liabilities</b>			
Debt due within one year	30,585	2,870	9,480
Notes payable and deferred credits due within one year	749	86	1,661
Advances from participants due within one year	-	-	-
Accrued interest	12,765	1,020	3,024
Accounts payable and accruals	16,995	596	4,483
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>61,094</u>	<u>4,572</u>	<u>18,648</u>
Total liabilities	<u>972,824</u>	<u>64,592</u>	<u>211,252</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(476,696)	(20,308)	(76,079)
Restricted net assets	96,771	16,773	58,591
Unrestricted net assets (deficit)	(37,253)	206	(4,302)
Total net assets (deficit)	<u>(417,178)</u>	<u>(3,329)</u>	<u>(21,790)</u>
Total liabilities and net assets (deficit)	<u>\$ 555,646</u>	<u>\$ 61,263</u>	<u>\$ 189,462</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
<b>ASSETS</b>			
Noncurrent assets			
Net utility plant	\$ 45,584	\$ 59,630	\$ -
Investments - restricted	29,949	41,981	18,252
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	-	-	43,719
Unamortized debt expenses	848	865	2,469
Prepaid and other assets	-	-	297,326
Total noncurrent assets	<u>76,381</u>	<u>102,476</u>	<u>361,766</u>
Current assets			
Cash and cash equivalents - restricted	13,054	5,625	2,596
Cash and cash equivalents - unrestricted	4,167	6,733	-
Interest receivable	33	94	61
Accounts receivable	1,329	1,079	1,962
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	552	-	13,319
Total current assets	<u>19,135</u>	<u>13,531</u>	<u>17,938</u>
Total assets	<u>\$ 95,516</u>	<u>\$ 116,007</u>	<u>\$ 379,704</u>
<b>LIABILITIES</b>			
Noncurrent liabilities			
Long-term debt	\$ 35,153	\$ 82,662	\$ 331,963
Derivatives and related deferrals	-	-	43,719
Notes payable and deferred credits	-	-	-
Advances from participants	19,412	9,829	-
Total noncurrent liabilities	<u>54,565</u>	<u>92,491</u>	<u>375,682</u>
Current liabilities			
Debt due within one year	2,929	6,941	5,715
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	20,188	1,594	-
Accrued interest	961	2,263	2,825
Accounts payable and accruals	7,551	2,926	5,723
Accrued property tax	2,969	-	-
Due to other projects	-	-	-
Total current liabilities	<u>34,598</u>	<u>13,724</u>	<u>14,263</u>
Total liabilities	<u>89,163</u>	<u>106,215</u>	<u>389,945</u>
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(11,581)	(40,550)	-
Restricted net assets	22,917	45,436	-
Unrestricted net assets (deficit)	(4,983)	4,906	(10,241)
Total net assets (deficit)	<u>6,353</u>	<u>9,792</u>	<u>(10,241)</u>
Total liabilities and net assets (deficit)	<u>\$ 95,516</u>	<u>\$ 116,007</u>	<u>\$ 379,704</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
<b>ASSETS</b>			
Noncurrent assets			
Net utility plant	\$ 44,114	\$ 62,348	\$ -
Investments - restricted	42,992	46,212	11,901
Investments - unrestricted	-	-	-
Advance to IPA - restricted	-	-	-
Advances for capacity and energy, net - restricted	-	-	-
Derivatives and related deferrals	-	-	31,675
Unamortized debt expenses	1,036	1,058	4,068
Prepaid and other assets	-	-	465,666
Total noncurrent assets	88,142	109,618	513,310
Current assets			
Cash and cash equivalents - restricted	6,475	5,172	2,207
Cash and cash equivalents - unrestricted	4,422	536	401
Interest receivable	249	95	50
Accounts receivable	1,370	1,785	2,309
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	552	-	16,012
Total current assets	13,068	7,588	20,979
Total assets	\$ 101,210	\$ 117,206	\$ 534,289
<b>LIABILITIES</b>			
Noncurrent liabilities			
Long-term debt	\$ 38,082	\$ 89,603	\$ 503,498
Derivatives and related deferrals	-	-	31,675
Notes payable and deferred credits	-	-	-
Advances from participants	18,670	10,485	-
Total noncurrent liabilities	56,752	100,088	535,173
Current liabilities			
Debt due within one year	1,956	4,639	5,625
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	30,719	1,426	-
Accrued interest	995	2,343	4,263
Accounts payable and accruals	2,300	2,066	2,971
Accrued property tax	4,754	-	-
Due to other projects	-	-	-
Total current liabilities	40,724	10,474	12,859
Total liabilities	97,476	110,562	548,032
<b>NET ASSETS (DEFICIT)</b>			
Invested in capital assets, net of related debt and advances from participants	(13,558)	(42,747)	-
Restricted net assets	18,501	49,136	-
Unrestricted net assets (deficit)	(1,209)	255	(13,743)
Total net assets (deficit)	3,734	6,644	(13,743)
Total liabilities and net assets (deficit)	\$ 101,210	\$ 117,206	\$ 534,289

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs	Windy Point Project
<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	-	-	-	219
Total noncurrent assets	-	-	-	219
Current assets				
Cash and cash equivalents - restricted	-	-	-	-
Cash and cash equivalents - unrestricted	511	1,541	6,196	8,856
Interest receivable	-	-	-	2
Accounts receivable	1,016	-	-	2,057
Due from other project - restricted	-	-	-	-
Materials and supplies	-	-	-	-
Prepaid and other assets	-	-	-	-
Total current assets	1,527	1,541	6,196	10,915
Total assets	\$ 1,527	\$ 1,541	\$ 6,196	\$ 11,134
<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	860	500	-	1,006
Accrued interest	-	-	-	-
Accounts payable and accruals	667	1,041	6,196	10,128
Accrued property tax	-	-	-	-
Due to other projects	-	-	-	-
Total current liabilities	1,527	1,541	6,196	11,134
Total liabilities	1,527	1,541	6,196	11,134
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt and advances from participants				
	-	-	-	-
Restricted net assets				
	-	-	-	-
Unrestricted net assets (deficit)				
	-	-	-	-
Total net assets (deficit)	-	-	-	-
Total liabilities and net assets (deficit)	\$ 1,527	\$ 1,541	\$ 6,196	\$ 11,134

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS		
	Ormat		
	Geothermal Energy	MWD Small Hydro	Pebble Springs
<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	<u>-</u>	<u>-</u>	<u>-</u>
Current assets			
Cash and cash equivalents - restricted	-	-	-
Cash and cash equivalents - unrestricted	2,673	1,286	3,970
Interest receivable	1	-	-
Accounts receivable	-	-	-
Due from other project - restricted	-	-	-
Materials and supplies	-	-	-
Prepaid and other assets	-	-	-
Total current assets	<u>2,674</u>	<u>1,286</u>	<u>3,970</u>
Total assets	<u>\$ 2,674</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>
<b>LIABILITIES</b>			
Noncurrent liabilities			
Long-term debt	\$ -	\$ -	\$ -
Derivatives and related deferrals	-	-	-
Notes payable and deferred credits	-	-	-
Advances from participants	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities			
Debt due within one year	-	-	-
Notes payable and deferred credits due within one year	-	-	-
Advances from participants due within one year	-	-	-
Accrued interest	-	-	-
Accounts payable and accruals	2,674	1,286	3,970
Accrued property tax	-	-	-
Due to other projects	-	-	-
Total current liabilities	<u>2,674</u>	<u>1,286</u>	<u>3,970</u>
Total liabilities	<u>2,674</u>	<u>1,286</u>	<u>3,970</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)			
	-	-	-
Total net assets (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets (deficit)	<u>\$ 2,674</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2010**  
**(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	\$ -	\$ -	\$ -	\$ 1,364,717	\$ -	\$ 1,364,717
Investments - restricted	70,784	-	86,018	754,813	-	754,813
Investments - unrestricted	-	-	-	115,509	-	115,509
Advance to IPA - restricted	-	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	-	9,544	-	9,544
Derivatives and related deferrals	-	-	-	135,436	-	135,436
Unamortized debt expenses	-	-	-	49,142	-	49,142
Prepaid and other assets	-	-	-	507,135	-	507,135
Total noncurrent assets	<u>70,784</u>	<u>-</u>	<u>86,018</u>	<u>2,947,846</u>	<u>-</u>	<u>2,947,846</u>
<b>Current assets</b>						
Cash and cash equivalents - restricted	-	2,000	15,374	192,773	-	192,773
Cash and cash equivalents - unrestricted	-	-	-	52,617	-	52,617
Interest receivable	2,601	-	645	6,403	-	6,403
Accounts receivable	-	-	-	15,167	-	15,167
Due from other project - restricted	-	-	-	25,189	(25,189)	-
Materials and supplies	-	-	-	19,796	-	19,796
Prepaid and other assets	-	-	-	28,828	-	28,828
Total current assets	<u>2,601</u>	<u>2,000</u>	<u>16,019</u>	<u>340,773</u>	<u>(25,189)</u>	<u>315,584</u>
Total assets	<u>\$ 73,385</u>	<u>\$ 2,000</u>	<u>\$ 102,037</u>	<u>\$ 3,288,619</u>	<u>\$ (25,189)</u>	<u>\$ 3,263,430</u>
<b>LIABILITIES</b>						
<b>Noncurrent liabilities</b>						
Long-term debt	\$ 34,976	\$ -	\$ -	\$ 2,823,415	\$ -	\$ 2,823,415
Derivatives and related deferrals	-	-	-	170,916	-	170,916
Notes payable and deferred credits	-	-	-	49,702	-	49,702
Advances from participants	-	-	-	29,241	-	29,241
Total noncurrent liabilities	<u>34,976</u>	<u>-</u>	<u>-</u>	<u>3,073,274</u>	<u>-</u>	<u>3,073,274</u>
<b>Current liabilities</b>						
Debt due within one year	11,400	-	-	110,655	-	110,655
Notes payable and deferred credits due within one year	-	-	-	8,556	-	8,556
Advances from participants due within one year	-	2,000	-	43,377	-	43,377
Accrued interest	1,694	-	-	39,200	-	39,200
Accounts payable and accruals	-	-	-	116,123	-	116,123
Accrued property tax	-	-	-	4,751	-	4,751
Due to other projects	25,189	-	-	25,189	(25,189)	-
Total current liabilities	<u>38,283</u>	<u>2,000</u>	<u>-</u>	<u>347,851</u>	<u>(25,189)</u>	<u>322,662</u>
Total liabilities	<u>73,259</u>	<u>2,000</u>	<u>-</u>	<u>3,421,125</u>	<u>(25,189)</u>	<u>3,395,936</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt and advances from participants	-	-	-	(746,931)	-	(746,931)
Restricted net assets	126	-	102,037	606,563	-	606,563
Unrestricted net assets (deficit)	-	-	-	7,862	-	7,862
Total net assets (deficit)	<u>126</u>	<u>-</u>	<u>102,037</u>	<u>(132,506)</u>	<u>-</u>	<u>(132,506)</u>
Total liabilities and net assets (deficit)	<u>\$ 73,385</u>	<u>\$ 2,000</u>	<u>\$ 102,037</u>	<u>\$ 3,288,619</u>	<u>\$ (25,189)</u>	<u>\$ 3,263,430</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS (DEFICIT)**  
**JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS		Total	Eliminations	Total Combined
	Multiple Project Fund	Projects' Stabilization Fund			
<b>ASSETS</b>					
Noncurrent assets					
Net utility plant	\$ -	\$ -	\$ 1,070,203	\$ -	\$ 1,070,203
Investments - restricted	68,986	69,930	756,916	-	756,916
Investments - unrestricted	-	-	71,235	-	71,235
Advance to IPA - restricted	-	-	11,550	-	11,550
Advances for capacity and energy, net - restricted	-	-	10,850	-	10,850
Derivatives and related deferrals	-	-	129,252	-	129,252
Unamortized debt expenses	-	-	49,651	-	49,651
Prepaid and other assets	-	-	465,666	-	465,666
Total noncurrent assets	<u>68,986</u>	<u>69,930</u>	<u>2,565,323</u>	<u>-</u>	<u>2,565,323</u>
Current assets					
Cash and cash equivalents - restricted	119	18,712	114,684	-	114,684
Cash and cash equivalents - unrestricted	-	-	28,987	-	28,987
Interest receivable	2,499	513	6,593	-	6,593
Accounts receivable	-	-	19,463	-	19,463
Due from other project - restricted	-	-	23,427	(23,427)	-
Materials and supplies	-	-	19,744	-	19,744
Prepaid and other assets	-	-	19,399	-	19,399
Total current assets	<u>2,618</u>	<u>19,225</u>	<u>232,297</u>	<u>(23,427)</u>	<u>208,870</u>
Total assets	<u>\$ 71,604</u>	<u>\$ 89,155</u>	<u>\$ 2,797,620</u>	<u>\$ (23,427)</u>	<u>\$ 2,774,193</u>
<b>LIABILITIES</b>					
Noncurrent liabilities					
Long-term debt	\$ 45,102	\$ -	\$ 2,434,044	\$ -	\$ 2,434,044
Derivatives and related deferrals	-	-	156,012	-	156,012
Notes payable and deferred credits	-	-	50,240	-	50,240
Advances from participants	-	-	29,155	-	29,155
Total noncurrent liabilities	<u>45,102</u>	<u>-</u>	<u>2,669,451</u>	<u>-</u>	<u>2,669,451</u>
Current liabilities					
Debt due within one year	-	-	86,805	-	86,805
Notes payable and deferred credits due within one year	-	-	9,069	-	9,069
Advances from participants due within one year	-	-	47,670	-	47,670
Accrued interest	1,694	-	36,291	-	36,291
Accounts payable and accruals	-	-	87,618	-	87,618
Accrued property tax	-	-	6,494	-	6,494
Due to other projects	23,427	-	23,427	(23,427)	-
Total current liabilities	<u>25,121</u>	<u>-</u>	<u>297,374</u>	<u>(23,427)</u>	<u>273,947</u>
Total liabilities	<u>70,223</u>	<u>-</u>	<u>2,966,825</u>	<u>(23,427)</u>	<u>2,943,398</u>
<b>NET ASSETS (DEFICIT)</b>					
Invested in capital assets, net of related debt and advances from participants	-	-	(768,276)	-	(768,276)
Restricted net assets	1,381	89,155	547,675	-	547,675
Unrestricted net assets (deficit)	-	-	51,396	-	51,396
Total net assets (deficit)	<u>1,381</u>	<u>89,155</u>	<u>(169,205)</u>	<u>-</u>	<u>(169,205)</u>
Total liabilities and net assets (deficit)	<u>\$ 71,604</u>	<u>\$ 89,155</u>	<u>\$ 2,797,620</u>	<u>\$ (23,427)</u>	<u>\$ 2,774,193</u>



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Operating revenues				
Sales of electric energy	\$ 77,847	\$ 93,438	\$ 95,533	\$ -
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>77,847</u>	<u>93,438</u>	<u>95,533</u>	<u>-</u>
Operating expenses				
Operations and maintenance	43,371	60,213	70,421	-
Depreciation, depletion and amortization	19,224	5,553	11,454	-
Amortization of nuclear fuel	11,006	-	-	-
Decommissioning	3,753	1,543	-	-
Total operating expenses	<u>77,354</u>	<u>67,309</u>	<u>81,875</u>	<u>-</u>
Operating income (loss)	<u>493</u>	<u>26,129</u>	<u>13,658</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	5,465	1,348	1,949	-
Derivative gain (loss)	-	-	(9,538)	-
Debt expense	(3,022)	(6,734)	(18,700)	-
Net non operating revenues (expenses)	<u>2,443</u>	<u>(5,386)</u>	<u>(26,289)</u>	<u>-</u>
Change in net assets (deficit)	2,936	20,743	(12,631)	-
Net assets (deficit) - beginning of year	<u>232,710</u>	<u>(35,615)</u>	<u>(12,220)</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 235,646</u>	<u>\$ (14,872)</u>	<u>\$ (24,851)</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, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Operating revenues				
Sales of electric energy	\$ 78,060	\$ 82,568	\$ 114,273	\$ -
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>78,060</u>	<u>82,568</u>	<u>114,273</u>	<u>-</u>
Operating expenses				
Operations and maintenance	42,178	60,451	87,925	-
Depreciation, depletion and amortization	19,083	5,486	11,438	-
Amortization of nuclear fuel	9,634	-	-	-
Decommissioning	7,029	1,543	-	-
Total operating expenses	<u>77,924</u>	<u>67,480</u>	<u>99,363</u>	<u>-</u>
Operating income (loss)	<u>136</u>	<u>15,088</u>	<u>14,910</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	8,141	1,782	1,677	-
Derivative gain (loss)	-	-	-	-
Debt expense	<u>(7,966)</u>	<u>(8,186)</u>	<u>(19,376)</u>	<u>-</u>
Net non operating revenues (expenses)	<u>175</u>	<u>(6,404)</u>	<u>(17,699)</u>	<u>-</u>
Change in net assets (deficit)	311	8,684	(2,789)	-
Net assets (deficit) - beginning of year, as previously reported	<u>232,399</u>	<u>(44,299)</u>	<u>(9,431)</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - beginning of year, as restated	<u>232,399</u>	<u>(44,299)</u>	<u>(9,431)</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 232,710</u>	<u>\$ (35,615)</u>	<u>\$ (12,220)</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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER			
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Linden Wind Energy
Operating revenues				
Sales of electric energy	\$ 2,486	\$ 2,686	\$ 9,758	\$ -
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>2,486</u>	<u>2,686</u>	<u>9,758</u>	<u>-</u>
Operating expenses				
Operations and maintenance	2,978	2,344	12,387	-
Depreciation, depletion and amortization	-	829	-	-
Amortization of nuclear fuel	-	-	-	-
Decommissioning	-	-	-	-
Total operating expenses	<u>2,978</u>	<u>3,173</u>	<u>12,387</u>	<u>-</u>
Operating income (loss)	<u>(492)</u>	<u>(487)</u>	<u>(2,629)</u>	<u>-</u>
Non operating revenues (expenses)				
Investment and other income	40	371	272	-
Derivative gain (loss)	-	-	-	-
Debt expense	<u>225</u>	<u>(634)</u>	<u>(3,728)</u>	<u>-</u>
Net non operating revenues (expenses)	<u>265</u>	<u>(263)</u>	<u>(3,456)</u>	<u>-</u>
Change in net assets (deficit)	(227)	(750)	(6,085)	-
Net assets (deficit) - beginning of year	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 819</u>	<u>\$ (750)</u>	<u>\$ (6,085)</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, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER	
	Hoover Uprating	Tieton Hydropower
Operating revenues		
Sales of electric energy	\$ 2,353	\$ 1,041
Sales of transmission services	-	-
Sales of natural gas	-	-
Total operating revenues	<u>2,353</u>	<u>1,041</u>
Operating expenses		
Operations and maintenance	2,918	1,041
Depreciation, depletion and amortization	-	-
Amortization of nuclear fuel	-	-
Decommissioning	-	-
Total operating expenses	<u>2,918</u>	<u>1,041</u>
Operating income (loss)	<u>(565)</u>	<u>-</u>
Non operating revenues (expenses)		
Investment and other income	80	-
Derivative gain (loss)	-	-
Debt expense	<u>11</u>	<u>-</u>
Net non operating revenues (expenses)	<u>91</u>	<u>-</u>
Change in net assets (deficit)	(474)	-
Net assets (deficit) - beginning of year, as previously reported	<u>1,520</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>
Net assets (deficit) - beginning of year, as restated	<u>1,520</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 1,046</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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	86,311	8,480	19,123
Sales of natural gas	-	-	-
Total operating revenues	<u>86,311</u>	<u>8,480</u>	<u>19,123</u>
Operating expenses			
Operations and maintenance	18,064	1,012	2,124
Depreciation, depletion and amortization	18,708	1,406	4,514
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>36,772</u>	<u>2,418</u>	<u>6,638</u>
Operating income (loss)	<u>49,539</u>	<u>6,062</u>	<u>12,485</u>
Non operating revenues (expenses)			
Investment and other income	2,923	495	1,859
Derivative gain (loss)	71	-	747
Debt expense	<u>(48,847)</u>	<u>(3,640)</u>	<u>(9,877)</u>
Net non operating revenues (expenses)	<u>(45,853)</u>	<u>(3,145)</u>	<u>(7,271)</u>
Change in net assets (deficit)	3,686	2,917	5,214
Net assets (deficit) - beginning of year	<u>(417,178)</u>	<u>(3,329)</u>	<u>(21,790)</u>
Net assets (deficit) - end of year	<u>\$ (413,492)</u>	<u>\$ (412)</u>	<u>\$ (16,576)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	86,228	7,709	17,775
Sales of natural gas	-	-	-
Total operating revenues	<u>86,228</u>	<u>7,709</u>	<u>17,775</u>
Operating expenses			
Operations and maintenance	15,272	1,026	1,680
Depreciation, depletion and amortization	18,708	1,406	4,503
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>33,980</u>	<u>2,432</u>	<u>6,183</u>
Operating income (loss)	<u>52,248</u>	<u>5,277</u>	<u>11,592</u>
Non operating revenues (expenses)			
Investment and other income	3,513	584	1,888
Derivative gain (loss)	(13,152)	-	(3,305)
Debt expense	<u>(57,007)</u>	<u>(3,663)</u>	<u>(10,277)</u>
Net non operating revenues (expenses)	<u>(66,646)</u>	<u>(3,079)</u>	<u>(11,694)</u>
Change in net assets (deficit)	(14,398)	2,198	(102)
Net assets (deficit) - beginning of year, as previously reported	<u>(389,564)</u>	<u>(5,527)</u>	<u>(24,601)</u>
Prior period adjustments	<u>(13,216)</u>	-	2,913
Net assets (deficit) - beginning of year, as restated	<u>(402,780)</u>	<u>(5,527)</u>	<u>(21,688)</u>
Net assets (deficit) - end of year	<u>\$ (417,178)</u>	<u>\$ (3,329)</u>	<u>\$ (21,790)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	7,345	22,355	25,626
Total operating revenues	<u>7,345</u>	<u>22,355</u>	<u>25,626</u>
Operating expenses			
Operations and maintenance	1,853	9,854	13,396
Depreciation, depletion and amortization	1,210	5,791	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>3,063</u>	<u>15,645</u>	<u>13,396</u>
Operating income (loss)	<u>4,282</u>	<u>6,710</u>	<u>12,230</u>
Non operating revenues (expenses)			
Investment and other income	447	1,157	11,605
Derivative gain (loss)	-	-	-
Debt expense	<u>(2,110)</u>	<u>(4,719)</u>	<u>(20,333)</u>
Net non operating revenues (expenses)	<u>(1,663)</u>	<u>(3,562)</u>	<u>(8,728)</u>
Change in net assets (deficit)	2,619	3,148	3,502
Net assets (deficit) - beginning of year	<u>3,734</u>	<u>6,644</u>	<u>(13,743)</u>
Net assets (deficit) - end of year	<u>\$ 6,353</u>	<u>\$ 9,792</u>	<u>\$ (10,241)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ -
Sales of transmission services	-	-	-
Sales of natural gas	7,363	23,504	27,890
Total operating revenues	<u>7,363</u>	<u>23,504</u>	<u>27,890</u>
Operating expenses			
Operations and maintenance	2,892	15,009	16,358
Depreciation, depletion and amortization	1,477	5,089	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>4,369</u>	<u>20,098</u>	<u>16,358</u>
Operating income (loss)	<u>2,994</u>	<u>3,406</u>	<u>11,532</u>
Non operating revenues (expenses)			
Investment and other income	514	1,325	758
Derivative gain (loss)	-	-	-
Debt expense	<u>(2,220)</u>	<u>(4,933)</u>	<u>(26,033)</u>
Net non operating revenues (expenses)	<u>(1,706)</u>	<u>(3,608)</u>	<u>(25,275)</u>
Change in net assets (deficit)	1,288	(202)	(13,743)
Net assets (deficit) - beginning of year, as previously reported	<u>2,446</u>	<u>6,846</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - beginning of year, as restated	<u>2,446</u>	<u>6,846</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ 3,734</u>	<u>\$ 6,644</u>	<u>\$ (13,743)</u>



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal	MWD Small Hydro	Pebble Springs	Windy Point Project
Operating revenues				
Sales of electric energy	\$ 9,173	\$ 2,998	\$ 16,488	\$ 36,441
Sales of transmission services	-	-	-	-
Sales of natural gas	-	-	-	-
Total operating revenues	<u>9,173</u>	<u>2,998</u>	<u>16,488</u>	<u>36,441</u>
Operating expenses				
Operations and maintenance	9,180	2,999	16,489	36,453
Depreciation, depletion and amortization	-	-	-	-
Amortization of nuclear fuel	-	-	-	-
Decommissioning	-	-	-	-
Total operating expenses	<u>9,180</u>	<u>2,999</u>	<u>16,489</u>	<u>36,453</u>
Operating income (loss)	<u>(7)</u>	<u>(1)</u>	<u>(1)</u>	<u>(12)</u>
Non operating revenues (expenses)				
Investment and other income	7	1	1	12
Derivative gain (loss)	-	-	-	-
Debt expense	-	-	-	-
Net non operating revenues (expenses)	<u>7</u>	<u>1</u>	<u>1</u>	<u>12</u>
Change in net assets (deficit)	-	-	-	-
Net assets (deficit) - beginning of year	-	-	-	-
Net assets (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS		
	Ormat	MWD Small	
	Geothermal	Hydro	
Operating revenues			
Sales of electric energy	\$ 6,599	\$ 1,689	\$ 7,234
Sales of transmission services	-	-	-
Sales of natural gas	-	-	-
Total operating revenues	<u>6,599</u>	<u>1,689</u>	<u>7,234</u>
Operating expenses			
Operations and maintenance	6,636	1,689	7,238
Depreciation, depletion and amortization	-	-	-
Amortization of nuclear fuel	-	-	-
Decommissioning	-	-	-
Total operating expenses	<u>6,636</u>	<u>1,689</u>	<u>7,238</u>
Operating income (loss)	<u>(37)</u>	<u>-</u>	<u>(4)</u>
Non operating revenues (expenses)			
Investment and other income	34	-	4
Derivative gain (loss)	-	-	-
Debt expense	-	-	-
Net non operating revenues (expenses)	<u>34</u>	<u>-</u>	<u>4</u>
Change in net assets (deficit)	(3)	-	-
Net assets (deficit) - beginning of year, as previously reported	<u>3</u>	<u>-</u>	<u>-</u>
Prior period adjustments	-	-	-
Net assets (deficit) - beginning of year, as restated	<u>3</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - end of year	<u>\$ -</u>	<u>\$ -</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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS			Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	
Operating revenues				
Sales of electric energy	\$ -	\$ -	\$ -	\$ 346,848
Sales of transmission services	-	-	-	113,914
Sales of natural gas	-	-	-	55,326
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,088</u>
Operating expenses				
Operations and maintenance	-	-	-	303,138
Depreciation, depletion and amortization	-	-	-	68,689
Amortization of nuclear fuel	-	-	-	11,006
Decommissioning	-	-	-	5,296
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,129</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,959</u>
Non operating revenues (expenses)				
Investment and other income	5,171	-	3,089	36,212
Derivative gain (loss)	-	-	-	(8,720)
Debt expense	<u>(6,426)</u>	<u>-</u>	<u>-</u>	<u>(128,545)</u>
Net non operating revenues (expenses)	<u>(1,255)</u>	<u>-</u>	<u>3,089</u>	<u>(101,053)</u>
Change in net assets (deficit)	(1,255)	-	3,089	26,906
Net assets (deficit) - beginning of year	1,381	-	89,155	(169,205)
Net withdrawals by participants	<u>-</u>	<u>-</u>	<u>9,793</u>	<u>9,793</u>
Net assets (deficit) - end of year	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 102,037</u>	<u>\$ (132,506)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS (DEFICIT)**  
**FOR THE YEAR ENDED JUNE 30, 2009 AS RESTATED**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS		
	Multiple Project Fund	Projects' Stabilization Fund	Total Combined
Operating revenues			
Sales of electric energy	\$ -	\$ -	\$ 293,817
Sales of transmission services	-	-	111,712
Sales of natural gas	-	-	58,757
Total operating revenues	<u>-</u>	<u>-</u>	<u>464,286</u>
Operating expenses			
Operations and maintenance	-	-	262,313
Depreciation, depletion and amortization	-	-	67,190
Amortization of nuclear fuel	-	-	9,634
Decommissioning	-	-	8,572
Total operating expenses	<u>-</u>	<u>-</u>	<u>347,709</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>116,577</u>
Non operating revenues (expenses)			
Investment and other income	4,967	2,474	27,741
Derivative gain (loss)	-	-	(16,457)
Debt expense	<u>(6,315)</u>	<u>-</u>	<u>(145,965)</u>
Net non operating revenues (expenses)	<u>(1,348)</u>	<u>2,474</u>	<u>(134,681)</u>
Change in net assets (deficit)	(1,348)	2,474	(18,104)
Net assets (deficit) - beginning of year, as previously reported	2,729	86,870	(140,609)
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(10,303)</u>
Net assets (deficit) - beginning of year, as restated	<u>2,729</u>	<u>86,870</u>	<u>(150,912)</u>
Net contributions by participants	<u>-</u>	<u>(189)</u>	<u>(189)</u>
Net assets (deficit) - end of year	<u>\$ 1,381</u>	<u>\$ 89,155</u>	<u>\$ (169,205)</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Cash flows from operating activities				
Receipts from participants	\$ 66,060	\$ 98,983	\$ 60,909	\$ -
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(44,975)	(57,820)	(33,022)	-
Other disbursements and receipts	7,634	-	20	-
Net cash flows from operating activities	<u>28,719</u>	<u>41,163</u>	<u>27,907</u>	<u>-</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	(33,648)	(14,846)	(994)	(79,217)
Debt interest and swap payments	(1,179)	(7,699)	(15,296)	-
Proceeds from sale of bonds	-	-	-	485,710
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	(279,345)
Principal payments on debt	(10,360)	(11,115)	(8,695)	-
Payment for bond issue costs	-	-	(446)	(2,568)
Net cash used for capital and related financing activities	<u>(45,187)</u>	<u>(33,660)</u>	<u>(25,431)</u>	<u>124,580</u>
Cash flows from investing activities				
Interest received on investments	973	1,445	1,343	489
Purchases of investments	(44,762)	(31,655)	(52,689)	(192,568)
Proceeds from sale/maturity of investments	72,764	27,092	55,944	91,880
Net cash provided by (used for) investing activities	<u>28,975</u>	<u>(3,118)</u>	<u>4,598</u>	<u>(100,199)</u>
Net increase (decrease) in cash and cash equivalents	12,507	4,385	7,074	24,381
Cash and cash equivalents, beginning of year	<u>13,416</u>	<u>5,127</u>	<u>17,789</u>	<u>10,960</u>
Cash and cash equivalents, end of year	<u>\$ 25,923</u>	<u>\$ 9,512</u>	<u>\$ 24,863</u>	<u>\$ 35,341</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 493	\$ 26,129	\$ 13,658	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	19,224	5,553	11,454	-
Decommissioning	3,753	1,543	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	11,006	-	-	-
Changes in assets and liabilities				
Accounts receivable	(526)	4,078	(1,183)	-
Accounts payable and accruals	(5,031)	3,881	2,443	-
Other	(200)	(21)	1,535	-
Net cash provided by operating activities	<u>\$ 28,719</u>	<u>\$ 41,163</u>	<u>\$ 27,907</u>	<u>\$ -</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 18,843	\$ 6,991	\$ 21,500	\$ 35,341
Cash and cash equivalents - unrestricted	7,080	2,521	3,363	-
	<u>\$ 25,923</u>	<u>\$ 9,512</u>	<u>\$ 24,863</u>	<u>\$ 35,341</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	GENERATION			
	Palo Verde	San Juan	Magnolia Power	Canyon Power
Cash flows from operating activities				
Receipts from participants	\$ 88,269	\$ 75,981	\$ 64,856	\$ -
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(43,290)	(60,027)	(45,761)	-
Other disbursements and receipts	12,908	-	-	-
Net cash flows from operating activities	<u>57,887</u>	<u>15,954</u>	<u>19,095</u>	<u>-</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	(25,503)	(5,932)	(265)	(67,444)
Debt interest payments	(2,548)	(8,266)	(21,690)	-
Proceeds from sale of bonds	99,830	-	258,070	105,505
Payment for defeasance of revenue bonds	(101,820)	-	(223,933)	-
Transfer of funds from (to) escrow	(742)	-	-	-
Principal payments on debt	-	(10,550)	(7,930)	-
Payment for bond issue costs	(798)	-	(32,319)	(429)
Net cash used for capital and related financing activities	<u>(31,581)</u>	<u>(24,748)</u>	<u>(28,067)</u>	<u>37,632</u>
Cash flows from investing activities				
Interest received on investments	1,283	1,545	2,257	201
Purchases of investments	(64,403)	(20,579)	(73,060)	(38,073)
Proceeds from sale/maturity of investments	26,905	9,078	63,404	11,200
Net cash provided by (used for) investing activities	<u>(36,215)</u>	<u>(9,956)</u>	<u>(7,399)</u>	<u>(26,672)</u>
Net increase (decrease) in cash and cash equivalents	(9,909)	(18,750)	(16,371)	10,960
Cash and cash equivalents, beginning of year	<u>23,325</u>	<u>23,877</u>	<u>34,160</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 13,416</u>	<u>\$ 5,127</u>	<u>\$ 17,789</u>	<u>\$ 10,960</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 136	\$ 15,088	\$ 14,910	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	19,083	5,486	11,438	-
Decommissioning	7,029	1,543	-	-
Advances for capacity and energy	-	-	-	-
Amortization of nuclear fuel	9,634	-	-	-
Changes in assets and liabilities				
Accounts receivable	2,035	(3,304)	2,484	-
Accounts payable and accruals	19,743	(2,814)	(2,692)	-
Other	227	(45)	(7,045)	-
Net cash provided by operating activities	<u>\$ 57,887</u>	<u>\$ 15,954</u>	<u>\$ 19,095</u>	<u>\$ -</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 9,315	\$ 2,457	\$ 14,509	\$ 10,960
Cash and cash equivalents - unrestricted	4,101	2,670	3,280	-
	<u>\$ 13,416</u>	<u>\$ 5,127</u>	<u>\$ 17,789</u>	<u>\$ 10,960</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER			
	Hoover Uprating	Tieton Hydropower	Milford I Wind	Linden Wind Energy
Cash flows from operating activities				
Receipts from participants	\$ 2,347	\$ 2,591	\$ 13,525	\$ -
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(235)	(2,945)	(4,696)	-
Other disbursements and receipts	3	-	-	-
Net cash flows from operating activities	2,115	(354)	8,829	-
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	-	250	-
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	(47,408)	(231,049)	(134,285)
Debt interest and swap payments	(738)	-	-	-
Proceeds from sale of bonds	-	48,174	257,686	141,627
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	-
Principal payments on debt	(1,480)	-	-	-
Payment for bond issue costs	-	(526)	(2,201)	(867)
Net cash used for capital and related financing activities	(2,218)	240	24,436	6,475
Cash flows from investing activities				
Interest received on investments	26	11	18	81
Purchases of investments	(5,079)	-	(19,868)	(92,981)
Proceeds from sale/maturity of investments	6,715	-	-	90,000
Net cash provided by (used for) investing activities	1,662	11	(19,850)	(2,900)
Net increase (decrease) in cash and cash equivalents	1,559	(103)	13,665	3,575
Cash and cash equivalents, beginning of year	425	926	-	-
Cash and cash equivalents, end of year	\$ 1,984	\$ 823	\$ 13,665	\$ 3,575
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (492)	\$ (487)	\$ (2,629)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	829	-	-
Decommissioning	-	-	-	-
Advances for capacity and energy	2,744	-	-	-
Amortization of nuclear fuel	-	-	-	-
Changes in assets and liabilities				
Accounts receivable	(106)	(110)	-	-
Accounts payable and accruals	(31)	(586)	4,392	-
Other	-	-	7,066	-
Net cash provided by operating activities	\$ 2,115	\$ (354)	\$ 8,829	\$ -
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ 1,971	\$ 562	\$ 9,015	\$ 3,575
Cash and cash equivalents - unrestricted	13	261	4,650	-
	\$ 1,984	\$ 823	\$ 13,665	\$ 3,575

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	GREEN POWER	
	Hoover Upgrading	Tieton Hydropower
Cash flows from operating activities		
Receipts from participants	\$ 2,404	\$ 1,308
Receipts from sale of oil and gas	-	-
Payments to operating managers	(228)	(382)
Other disbursements and receipts	34	-
Net cash flows from operating activities	<u>2,210</u>	<u>926</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 payments	(796)	-
Proceeds from sale of bonds	-	-
Payment for defeasance of revenue bonds	-	-
Transfer of funds from (to) escrow	-	-
Principal payments on debt	(1,425)	-
Payment for bond issue costs	-	-
Net cash used for capital and related financing activities	<u>(2,221)</u>	<u>-</u>
Cash flows from investing activities		
Interest received on investments	88	-
Purchases of investments	(5,603)	-
Proceeds from sale/maturity of investments	3,329	-
Net cash provided by (used for) investing activities	<u>(2,186)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,197)	926
Cash and cash equivalents, beginning of year	2,622	-
Cash and cash equivalents, end of year	<u>\$ 425</u>	<u>\$ 926</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (565)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	-	-
Decommissioning	-	-
Advances for capacity and energy	2,736	-
Amortization of nuclear fuel	-	-
Changes in assets and liabilities		
Accounts receivable	34	-
Accounts payable and accruals	3	926
Other	2	-
Net cash provided by operating activities	<u>\$ 2,210</u>	<u>\$ 926</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)		
Cash and cash equivalents - restricted	\$ 308	\$ -
Cash and cash equivalents - unrestricted	117	926
	<u>\$ 425</u>	<u>\$ 926</u>



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 84,672	\$ 8,334	\$ 19,837
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(13,894)	(1,178)	(6,353)
Other disbursements and receipts	-	568	5,060
Net cash flows from operating activities	<u>70,778</u>	<u>7,724</u>	<u>18,544</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	(45,381)	(279)	-
Debt interest and swap payments	(47,110)	(3,352)	(10,416)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(30,585)	(2,870)	(9,480)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(123,076)</u>	<u>(6,501)</u>	<u>(19,896)</u>
Cash flows from investing activities			
Interest received on investments	4,249	505	1,814
Purchases of investments	(101,948)	(3,573)	(11,726)
Proceeds from sale/maturity of investments	162,152	2,940	12,010
Net cash provided by (used for) investing activities	<u>64,453</u>	<u>(128)</u>	<u>2,098</u>
Net increase (decrease) in cash and cash equivalents	12,155	1,095	746
Cash and cash equivalents, beginning of year	<u>33,157</u>	<u>3,256</u>	<u>12,642</u>
Cash and cash equivalents, end of year	<u>\$ 45,312</u>	<u>\$ 4,351</u>	<u>\$ 13,388</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 49,539	\$ 6,062	\$ 12,485
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	18,708	1,406	4,514
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	3,239	568	(784)
Accounts payable and accruals	(732)	(312)	(2,692)
Other	24	-	5,021
Net cash provided by operating activities	<u>\$ 70,778</u>	<u>\$ 7,724</u>	<u>\$ 18,544</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 39,420	\$ 4,192	\$ 12,714
Cash and cash equivalents - unrestricted	5,892	159	674
	<u>\$ 45,312</u>	<u>\$ 4,351</u>	<u>\$ 13,388</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**Did yoCOMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	TRANSMISSION		
	Southern Transmission System	Mead- Phoenix	Mead- Adelanto
Cash flows from operating activities			
Receipts from participants	\$ 85,128	\$ 7,754	\$ 22,581
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(13,964)	(1,145)	(1,678)
Other disbursements and receipts	-	-	1
Net cash flows from operating activities	<u>71,164</u>	<u>6,609</u>	<u>20,904</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	(20,341)	(3,339)	(480)
Debt interest payments	(41,113)	(4,217)	(7,859)
Proceeds from sale of bonds	243,674	33,830	111,900
Payment for defeasance of revenue bonds	(121,065)	(32,200)	(108,253)
Transfer of funds from (to) escrow	80	-	-
Principal payments on debt	(31,075)	(3,425)	(11,400)
Payment for bond issue costs	(2,540)	(499)	(700)
Net cash used for capital and related financing activities	<u>27,620</u>	<u>(9,850)</u>	<u>(16,792)</u>
Cash flows from investing activities			
Interest received on investments	3,334	617	1,892
Purchases of investments	(147,730)	(3,504)	(20,247)
Proceeds from sale/maturity of investments	30,986	2,790	14,120
Net cash provided by (used for) investing activities	<u>(113,410)</u>	<u>(97)</u>	<u>(4,235)</u>
Net increase (decrease) in cash and cash equivalents	(14,626)	(3,338)	(123)
Cash and cash equivalents, beginning of year	<u>47,783</u>	<u>6,594</u>	<u>12,765</u>
Cash and cash equivalents, end of year	<u>\$ 33,157</u>	<u>\$ 3,256</u>	<u>\$ 12,642</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 52,248	\$ 5,277	\$ 11,592
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	18,708	1,406	4,503
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	509	-	685
Accounts payable and accruals	(361)	(89)	4,124
Other	60	15	-
Net cash provided by operating activities	<u>\$ 71,164</u>	<u>\$ 6,609</u>	<u>\$ 20,904</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 29,062	\$ 3,031	\$ 12,357
Cash and cash equivalents - unrestricted	4,095	225	285
	<u>\$ 33,157</u>	<u>\$ 3,256</u>	<u>\$ 12,642</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 5,522	\$ 12,893	\$ 12,556
Receipts from sale of oil and gas	982	5,693	
Payments to operating managers	(1,765)	(5,971)	(450)
Other disbursements and receipts	-	-	16,344
Net cash flows from operating activities	<u>4,739</u>	<u>12,615</u>	<u>28,450</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>6,684</u>	<u>405</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(2,412)	(2,508)	-
Debt interest and swap payments	(1,955)	(4,606)	(17,280)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(1,956)	(4,639)	(5,625)
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(6,323)</u>	<u>(11,753)</u>	<u>(22,905)</u>
Cash flows from investing activities			
Interest received on investments	397	1,145	791
Purchases of investments	(393)	(1,924)	(27,816)
Proceeds from sale/maturity of investments	<u>1,220</u>	<u>6,162</u>	<u>21,468</u>
Net cash provided by (used for) investing activities	<u>1,224</u>	<u>5,383</u>	<u>(5,557)</u>
Net increase (decrease) in cash and cash equivalents	6,324	6,650	(12)
Cash and cash equivalents, beginning of year	<u>10,897</u>	<u>5,708</u>	<u>2,608</u>
Cash and cash equivalents, end of year	<u>\$ 17,221</u>	<u>\$ 12,358</u>	<u>\$ 2,596</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 4,282	\$ 6,710	\$ 12,230
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	1,210	5,791	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	112	706	347
Accounts payable and accruals	(336)	675	2,759
Other	<u>(529)</u>	<u>(1,267)</u>	<u>13,114</u>
Net cash provided by operating activities	<u>\$ 4,739</u>	<u>\$ 12,615</u>	<u>\$ 28,450</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 13,054	\$ 5,625	\$ 2,596
Cash and cash equivalents - unrestricted	<u>4,167</u>	<u>6,733</u>	<u>-</u>
	<u>\$ 17,221</u>	<u>\$ 12,358</u>	<u>\$ 2,596</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	NATURAL GAS		
	Pinedale	Barnett	Prepaid Natural Gas
Cash flows from operating activities			
Receipts from participants	\$ 3,887	\$ 10,791	\$ 22,756
Receipts from sale of oil and gas	1,041	9,706	5,753
Payments to operating managers	(2,227)	(11,885)	(327)
Other disbursements and receipts	-	-	-
Net cash flows from operating activities	<u>2,701</u>	<u>8,612</u>	<u>28,182</u>
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	<u>(16,189)</u>	<u>2,746</u>	<u>-</u>
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	(337)	(4,788)	-
Debt interest payments	(1,820)	(4,307)	(25,581)
Proceeds from sale of bonds	-	-	-
Payment for defeasance of revenue bonds	-	-	-
Transfer of funds from (to) escrow	-	-	-
Principal payments on debt	(2,015)	(4,765)	-
Payment for bond issue costs	-	-	-
Net cash used for capital and related financing activities	<u>(4,172)</u>	<u>(13,860)</u>	<u>(25,581)</u>
Cash flows from investing activities			
Interest received on investments	476	1,320	707
Purchases of investments	(439)	(6,467)	(20,662)
Proceeds from sale/maturity of investments	84	5,281	19,677
Net cash provided by (used for) investing activities	<u>121</u>	<u>134</u>	<u>(278)</u>
Net increase (decrease) in cash and cash equivalents	(17,539)	(2,368)	2,323
Cash and cash equivalents, beginning of year	<u>28,436</u>	<u>8,076</u>	<u>285</u>
Cash and cash equivalents, end of year	<u>\$ 10,897</u>	<u>\$ 5,708</u>	<u>\$ 2,608</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 2,994	\$ 3,406	\$ 11,532
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	1,477	5,089	-
Decommissioning	-	-	-
Advances for capacity and energy	-	-	-
Amortization of nuclear fuel	-	-	-
Changes in assets and liabilities			
Accounts receivable	(531)	1,567	(2,309)
Accounts payable and accruals	(607)	(540)	2,947
Other	(632)	(910)	16,012
Net cash provided by operating activities	<u>\$ 2,701</u>	<u>\$ 8,612</u>	<u>\$ 28,182</u>
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 6,475	\$ 5,172	\$ 2,207
Cash and cash equivalents - unrestricted	4,422	536	401
	<u>\$ 10,897</u>	<u>\$ 5,708</u>	<u>\$ 2,608</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS			
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs	Windy Point Project
Cash flows from operating activities				
Receipts from participants	\$ 6,110	\$ 2,893	\$ 19,084	\$ 35,210
Receipts from sale of oil and gas	-	-	-	-
Payments to operating managers	(9,140)	(3,039)	(16,868)	(27,370)
Other disbursements and receipts	-	-	-	-
Net cash flows from operating activities	<u>(3,030)</u>	<u>(146)</u>	<u>2,216</u>	<u>7,840</u>
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	860	400	-	1,000
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	8	1	10	16
Purchases of investments	-	-	-	-
Proceeds from sale/maturity of investments	-	-	-	-
Net cash provided by (used for) investing activities	<u>8</u>	<u>1</u>	<u>10</u>	<u>16</u>
Net increase (decrease) in cash and cash equivalents	(2,162)	255	2,226	8,856
Cash and cash equivalents, beginning of year	2,673	1,286	3,970	-
Cash and cash equivalents, end of year	<u>\$ 511</u>	<u>\$ 1,541</u>	<u>\$ 6,196</u>	<u>\$ 8,856</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (7)	\$ (1)	\$ (1)	\$ (12)
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	(1,016)	-	-	(2,057)
Accounts payable and accruals	(2,007)	(145)	2,217	10,127
Other	-	-	-	(218)
Net cash provided by operating activities	<u>\$ (3,030)</u>	<u>\$ (146)</u>	<u>\$ 2,216</u>	<u>\$ 7,840</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	511	1,541	6,196	8,856
	<u>\$ 511</u>	<u>\$ 1,541</u>	<u>\$ 6,196</u>	<u>\$ 8,856</u>

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	POWER PURCHASE AGREEMENTS		
	Ormat Geothermal Energy	MWD Small Hydro	Pebble Springs
Cash flows from operating activities			
Receipts from participants	\$ 7,737	\$ 1,956	\$ 8,990
Receipts from sale of oil and gas	-	-	-
Payments to operating managers	(6,784)	(670)	(5,024)
Other disbursements and receipts	-	-	-
Net cash flows from operating activities	<u>953</u>	<u>1,286</u>	<u>3,966</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 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>
Cash flows from investing activities			
Interest received on investments	36	-	4
Purchases of investments	-	-	-
Proceeds from sale/maturity of investments	-	-	-
Net cash provided by (used for) investing activities	<u>36</u>	<u>-</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	989	1,286	3,970
Cash and cash equivalents, beginning of year	<u>1,684</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 2,673</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (37)	\$ -	\$ (4)
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	-	-	-
Accounts payable and accruals	990	1,286	3,970
Other	-	-	-
Net cash provided by operating activities	<u>\$ 953</u>	<u>\$ 1,286</u>	<u>\$ 3,966</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	<u>2,673</u>	<u>1,286</u>	<u>3,970</u>
	<u>\$ 2,673</u>	<u>\$ 1,286</u>	<u>\$ 3,970</u>

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS			Total Combined
	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	
Cash flows from operating activities				
Receipts from participants	\$ -	\$ -	\$ -	\$ 451,526
Receipts from sale of oil and gas	-	-	-	6,675
Payments to operating managers	-	-	-	(229,721)
Other disbursements and receipts	-	-	-	29,629
Net cash flows from operating activities	-	-	-	258,109
Cash flows from noncapital financing activities				
Advances (withdrawals) by participants, net	-	2,000	9,793	21,392
Cash flows from capital financing activities				
Additions to plant and prepaid projects, net	-	-	-	(592,027)
Debt interest and swap payments	(3,389)	-	-	(113,020)
Proceeds from sale of bonds	-	-	-	933,197
Payment for defeasance of revenue bonds	-	-	-	-
Transfer of funds from (to) escrow	-	-	-	(279,345)
Principal payments on debt	-	-	-	(86,805)
Payment for bond issue costs	-	-	-	(6,608)
Net cash used for capital and related financing activities	(3,389)	-	-	(144,608)
Cash flows from investing activities				
Interest received on investments	5,068	-	2,004	20,394
Purchases of investments	(2,798)	-	(116,060)	(705,840)
Proceeds from sale/maturity of investments	1,000	-	100,925	652,272
Net cash provided by (used for) investing activities	3,270	-	(13,131)	(33,174)
Net increase (decrease) in cash and cash equivalents	(119)	2,000	(3,338)	101,719
Cash and cash equivalents, beginning of year	119	-	18,712	143,671
Cash and cash equivalents, end of year	\$ -	\$ 2,000	\$ 15,374	\$ 245,390
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ -	\$ -	\$ -	\$ 127,959
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation, depletion and amortization	-	-	-	68,689
Decommissioning	-	-	-	5,296
Advances for capacity and energy	-	-	-	2,744
Amortization of nuclear fuel	-	-	-	11,006
Changes in assets and liabilities				
Accounts receivable	-	-	-	3,268
Accounts payable and accruals	-	-	-	14,622
Other	-	-	-	24,525
Net cash provided by operating activities	\$ -	\$ -	\$ -	\$ 258,109
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)				
Cash and cash equivalents - restricted	\$ -	\$ 2,000	\$ 15,374	\$ 192,773
Cash and cash equivalents - unrestricted	-	-	-	52,617
	\$ -	\$ 2,000	\$ 15,374	\$ 245,390

See accompanying notes.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(AMOUNTS IN THOUSANDS)**

	MISCELLANEOUS		Total Combined
	Multiple Project Fund	Projects' Stabilization Fund	
Cash flows from operating activities			
Receipts from participants	\$ -	\$ -	\$ 404,398
Receipts from sale of oil and gas	-	-	16,500
Payments to operating managers	-	-	(193,392)
Other disbursements and receipts	-	-	12,943
Net cash flows from operating activities	-	-	240,449
Cash flows from noncapital financing activities			
Advances (withdrawals) by participants, net	-	(189)	(13,632)
Cash flows from capital financing activities			
Additions to plant and prepaid projects, net	-	-	(128,429)
Debt interest payments	(3,389)	-	(121,586)
Proceeds from sale of bonds	-	-	852,809
Payment for defeasance of revenue bonds	-	-	(587,271)
Transfer of funds from (to) escrow	-	-	(662)
Principal payments on debt	-	-	(72,585)
Payment for bond issue costs	-	-	(37,285)
Net cash used for capital and related financing activities	(3,389)	-	(95,009)
Cash flows from investing activities			
Interest received on investments	4,769	2,419	20,948
Purchases of investments	(8,449)	(78,759)	(487,975)
Proceeds from sale/maturity of investments	2,740	59,296	248,890
Net cash provided by (used for) investing activities	(940)	(17,044)	(218,137)
Net increase (decrease) in cash and cash equivalents	(4,329)	(17,233)	(86,329)
Cash and cash equivalents, beginning of year	4,448	35,945	230,000
Cash and cash equivalents, end of year	\$ 119	\$ 18,712	\$ 143,671
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ -	\$ -	\$ 116,577
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	-	-	67,190
Decommissioning	-	-	8,572
Advances for capacity and energy	-	-	2,736
Amortization of nuclear fuel	-	-	9,634
Changes in assets and liabilities			
Accounts receivable	-	-	1,170
Accounts payable and accruals	-	-	26,886
Other	-	-	7,684
Net cash provided by operating activities	\$ -	\$ -	\$ 240,449
Cash and cash equivalents as stated in the Combined Statements of Net Assets (Deficit)			
Cash and cash equivalents - restricted	\$ 119	\$ 18,712	\$ 114,684
Cash and cash equivalents - unrestricted	-	-	28,987
	\$ 119	\$ 18,712	\$ 143,671



**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 fifty 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 megawatt nuclear-fueled generating station near Phoenix, Arizona, a 5.56% ownership interest in the Arizona Nuclear Power Project High Voltage Switchyard, 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.

**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-megawatt 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 megawatts 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.

- **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 will expire in January 2011. SoGas provides transportation, storage, and balancing services of natural gas from the Southern California Border to the MAG Plant.

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

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**NOTE 1 – ORGANIZATION AND PURPOSE – (continued)**

- **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 Authority approved the construction of a new generating plant that will be located on approximately 10 acres of land within an industrial area of the City of Anaheim, California (“Anaheim”). The Canyon Power Project (“the Project”) will consist of a simple cycle natural gas-fired power generating plant, comprised of four General Electric LM 6000PC Sprint combustion turbines with a combined nominally rated net base capacity of 200 MW, and auxiliary facilities. The Project will be owned by the Authority and constructed, operated, and maintained by Anaheim. The cost of the Project is estimated to be \$320 million of which \$15 million was spent to obtain the necessary emission credits for the Project. The Project is expected to be substantially complete in July 2011.

**Hoover Upgrading Project** – As of March 1, 1986, the Authority and six participants entered into an agreement pursuant to which each participant assigned its entitlement to 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 Authority has an 18.68% interest in the contingent capacity of the Hoover Upgrading Project (HU).

**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. (See Note 11)

- **Contractor Service Agreement:** SCPPA entered into a 2-year agreement on December 1, 2009, with an independent contractor 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.

**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 megawatt 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 megawatt 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 Megawatt 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)**

**Linden Wind Energy Project** – On August 1, 2009 the Authority entered into a contract for the sale and purchase of the Linden Wind Energy Project (the “Project”). 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. During the period of construction, the Authority is obligated to make certain installment payments to Northwest Wind towards the purchase price of the Project pursuant to an Asset Purchase Agreement, dated as of June 23, 2009. 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. Completion of construction and commercial operation occurred at the end of June 2010. The Authority expects to complete its obligations to Northwest Wind in September 2010. (See Note 11)

**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 from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. Currently, construction is underway to upgrade two AC/DC converter stations and increase their combined rating from 1,920 MW to 2,400 MW. The Department of Water and Power of the City of Los Angeles (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 the operations manager of Mead-Adelanto.

**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.

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

**NOTE 1 – ORGANIZATION AND PURPOSE – (continued)**

- **Gathering and Processing Agreements:** SCPPA’s purchase of Pinedale included underlying agreements with Jonah Gas Gathering Company, Questar Gas Management Company, and Mountain 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 with an effective production date of April 1, 2006. 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.

**Participant Ownership Interests** – The Authority’s participants may elect to participate in the projects. As of June 30, 2010, 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	Linden Wind Energy	Pinedale Project	Barnett Project
City of Los Angeles	-	-	92.5%	90.0%	-	-
City of Anaheim	42.6%	-	-	-	35.7%	45.4%
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%
City of Burbank	16.0%	50.0%	5.0%	-	14.3%	27.3%
City of Glendale	-	50.0%	-	10.0%	28.6%	-
City of Cerritos	-	-	-	-	-	-
City of Pasadena	-	-	2.5%	-	14.3%	18.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

The contracts expire as follows:

Palo Verde Project	2030
San Juan Project	2030
Magnolia Power Project	2036
Canyon Power Project	2040
Hoover Uprating Project	2018
Tieton Hydropower Project	2040
Milford I Wind Project	2030
Linden Wind Energy Project	2035
Southern Transmission System Project	2027
Mead-Phoenix Project	2030
Mead-Adelanto Project	2030
Natural Gas Pinedale Project	2032
Natural Gas Barnett Project	2032

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

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**NOTE 1 – ORGANIZATION AND PURPOSE** – (continued)

The Authority's interests or entitlements in natural gas, generation, and transmission projects are jointly owned with other utilities, except for the Magnolia Power Project, Canyon Power Project, 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.

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)

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

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**NOTE 1 – ORGANIZATION AND PURPOSE** – (continued)

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

<u>PROJECT PARTICIPANT</u>	<u>AVERAGE DAILY QUANTITY (1)</u>		<u>PARTICIPANT PERCENTAGE (%)</u>
	<u>REVISED VOLUMES</u>	<u>ORIGINAL VOLUMES</u>	
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.

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

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

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

**NOTE 1 – ORGANIZATION AND PURPOSE – (continued)**

**Windy Point/Windy Flats Project** – Pursuant to a power purchase agreement, dated June 24, 2009, the Authority has agreed to purchase a supply of energy from the Windy Point/Windy Flats Project (the “Project”) output for an initial delivery term of 20 years. 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. (See Note 11 – Subsequent Events)

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.

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	Windy Point Project
Capacity	17MW	98.7 MW	17.04MW	262.2MW
City of Los Angeles	-	69.6%	-	92.4%
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%	-	-
City of Glendale	15.0%	20.3%	-	7.6%
City of Pasadena	15.0%	-	-	-
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Contract Expires	2031	2025	2023	2030

**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.



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

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**NOTE 1 – ORGANIZATION AND PURPOSE** – (continued)

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

**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).

- **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.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**Utility plant** – The Authority’s share of construction and betterment costs, natural gas reserves, intangibles, and nuclear fuel associated with PVNGS, STS, Mead-Phoenix, Mead-Adelanto, SJGS, Magnolia Power Project, the Natural Gas 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 thirty-five years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto, thirty years for Magnolia, thirty-seven years for SJGS, and fifty years for the Tieton Hydropower Project. There is no depreciation expense for the Canyon Power Project, currently under development, or Linden Wind Energy Project which achieved commercial operation on June 30, 2010. (See Note 11)

**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 42.5 years. The estimate is based on site specific studies prepared by independent consultants as of January 2009. The depletion rate for the Natural Gas Pinedale Project was \$1.59/MMbtu and \$1.61/MMbtu; and the estimated total net revenue volume was 27,239,718 MMbtu and 27,629,287 MMbtu up to the period ending 2060, for fiscal years 2010 and 2009, respectively. The depletion rate for the Natural Gas Barnett Project was \$4.95/MMbtu and \$4.83/MMbtu; and the estimated total net revenue volume was 12,599,884 MMbtu and 13,077,737 MMbtu up to the period ending 2060, for fiscal years ended June 20, 2010 and 2009, 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 megawatt hour of nuclear generation. The Authority records this charge as a current year expense. See Note 10 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 \$121.3 million in 2008 dollars (\$275.6 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 2007. 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 \$3.8 million and \$7.0 million in fiscal years 2010 and 2009. The decommissioning liability is included as a component of accumulated depreciation and was \$230.9 million and \$227.0 million at June 30, 2010 and 2009, 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, 2010, decommissioning funds totaled approximately \$161.9 million, including approximately \$1.0 million of interest receivable.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**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 \$49.8 million and \$48.2 million at June 30, 2010 and 2009, respectively.

As of June 30, 2010, the Authority has not billed participants for the cost of demolition nor has it established a demolition fund.

**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. SCPPA has also entered into prepaid contracts for all of the energy generated by the Milford Wind Facility for a 20-year term and from the Windy Point/Windy Flats Facility, 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.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

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

**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 \$25.2 million (\$6.7 million payable to the Mead-Phoenix Project and \$18.5 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.

During the fiscal year ended June 30, 2010, the Authority made rebate payments to the IRS of \$0.02 million for the STS bonds, \$0.02 million for Palo Verde bonds.

Recorded arbitrage rebate and yield restriction liabilities as of June 30, 2010, were \$1.4 million for STS, \$0.2 million for Mead-Phoenix, and \$0.7 million for Mead-Adelanto, and \$0.08 million for Magnolia.

**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 \$45.1 million and \$50.3 million as of June 30, 2010 and 2009, 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, 2010 and 2009, transportation costs were approximately \$133 thousand and \$26 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, 2010 and 2009 the participants' contribution in kind was approximately 9.5 million MMBtu and 8.7 million MMBtu and was valued at approximately \$41.1 million and \$46.3 million, respectively.

**In Kind Payment** – The Natural Gas Pinedale Project pays federal royalties to Mineral Management Services (MMS). Beginning November 2007 through October 2010, SCPPA elected to pay its obligation in kind with approximately 0.3 million MMBtu and 0.9 million MMBtu for fiscal years 2010 and 2009, with a monetary value of approximately \$84 thousand and \$0.9 million for the fiscal years ended June 30, 2010 and 2009, respectively.

**Build America Bonds (“BABs”)** – Build America Bonds 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. (See Note 6 and Note 11)

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**Recently Issued and Adopted Accounting Principles**

**Derivative Instruments** – Effective July 1, 2009, the Department adopted GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which requires that changes in fair values of investment derivative instruments be recorded on the income statement and that the fair value of hedging derivative instruments be recorded as deferrals on the balance sheet, except as provided by the normal purchase and normal sales exception to that standard. The effect of implementing Statement No. 53 was to restate the fiscal year 2009 financial statements.

The effect of this restatement on the 2009 financial statements is as follows (in thousands):

	<u>2009 Reclassified in 2010 Report</u>	<u>2009 Reported</u>
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
Derivatives and related deferrals	\$ 129,252	\$ -
<b>LIABILITIES</b>		
Derivatives and related deferrals	156,012	-
<b>NET ASSETS</b>		
Unrestricted net assets (deficit)	51,396	89,533
<b>INCOME STATEMENT NON OPERATING</b>		
<b>REVENUES (EXPENSES)</b>		
Derivative gain(loss)	(16,457)	-

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

**NOTE 3 – UTILITY PLANT**

At June 30, 2010 Utility Plant consisted of the following (amounts in thousands):

	<b>June 30, 2010</b>						
	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	\$ 679,322	\$ 239,417	\$ 281,833	\$ -	\$ -	\$ 47,714	\$ -
Transmission	14,018	-	15,237	-	-	-	-
General	2,876	7,168	15,395	-	21	11	-
Natural gas reserves	-	-	-	-	-	-	-
	<u>696,216</u>	<u>246,585</u>	<u>312,465</u>	<u>-</u>	<u>21</u>	<u>47,725</u>	<u>-</u>
Less accumulated depreciation	<u>648,899</u>	<u>171,220</u>	<u>53,811</u>	<u>-</u>	<u>21</u>	<u>829</u>	<u>-</u>
	47,317	75,365	258,654	-	-	46,896	-
Construction work in progress	18,744	8,742	441	159,339	-	-	145,159
Nuclear fuel, at amortized cost	43,843	-	-	-	-	-	-
Net utility plant	<u>\$ 109,904</u>	<u>\$ 84,107</u>	<u>\$ 259,095</u>	<u>\$ 159,339</u>	<u>\$ -</u>	<u>\$ 46,896</u>	<u>\$ 145,159</u>
	TRANSMISSION			NATURAL GAS			
	Southern Transmission System Project	Mead- Phoenix Project	Mead- Adelanto Project	Pinedale Project	Barnett Project	Total	
Utility plant							
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,248,286	
Transmission	674,606	54,390	172,798	-	-	931,049	
General	18,911	2,721	473	1,254	-	48,830	
Natural gas reserves	-	-	-	50,831	70,218	121,049	
	<u>693,517</u>	<u>57,111</u>	<u>173,271</u>	<u>52,085</u>	<u>70,218</u>	<u>2,349,214</u>	
Less accumulated depreciation	<u>465,499</u>	<u>20,454</u>	<u>64,277</u>	<u>9,181</u>	<u>13,661</u>	<u>1,447,852</u>	
	228,018	36,657	108,994	42,904	56,557	901,362	
Construction work in progress	80,777	557	-	2,680	3,073	419,512	
Nuclear fuel, at amortized cost	-	-	-	-	-	43,843	
Net utility plant	<u>\$ 308,795</u>	<u>\$ 37,214</u>	<u>\$ 108,994</u>	<u>\$ 45,584</u>	<u>\$ 59,630</u>	<u>\$ 1,364,717</u>	

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

**NOTE 3 – UTILITY PLANT – (continued)**

At June 30, 2009 Utility Plant consisted of the following (amounts in thousands):

	<b>June 30, 2009</b>						
	GENERATION				GREEN POWER		
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Uprating Project	Tieton	Linden
Utility plant							
Production	\$ 667,180	\$ 229,332	\$ 281,757	\$ -	\$ -	\$ -	\$ -
Transmission	14,120	-	15,239	-	-	-	-
General	2,908	7,413	15,237	-	21	-	-
Natural gas reserves	-	-	-	-	-	-	-
	684,208	236,745	312,233	-	21	-	-
Less accumulated depreciation	629,516	168,359	42,357	-	21	-	-
	54,692	68,386	269,876	-	-	-	-
Construction work in progress	20,574	6,959	69	80,393	-	-	-
Nuclear fuel, at amortized cost	36,687	-	-	-	-	-	-
Net utility plant	<u>\$ 111,953</u>	<u>\$ 75,345</u>	<u>\$ 269,945</u>	<u>\$ 80,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	TRANSMISSION			NATURAL GAS			
	Southern Transmission System Project	Mead-Phoenix Project	Mead-Adelanto Project	Pinedale Project	Barnett Project	Total	
Utility plant							
Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178,269	
Transmission	674,606	50,967	172,798	-	-	927,730	
General	18,911	2,644	473	1,217	-	48,824	
Natural gas reserves	-	-	-	50,492	65,889	116,381	
	693,517	53,611	173,271	51,709	65,889	2,271,204	
Less accumulated depreciation	446,791	19,047	59,763	7,971	7,870	1,381,695	
	246,726	34,564	113,508	43,738	58,019	889,509	
Construction work in progress	27,571	3,736	-	376	4,329	144,007	
Nuclear fuel, at amortized cost	-	-	-	-	-	36,687	
Net utility plant	<u>\$ 274,297</u>	<u>\$ 38,300</u>	<u>\$ 113,508</u>	<u>\$ 44,114</u>	<u>\$ 62,348</u>	<u>\$ 1,070,203</u>	



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

**NOTE 3 – UTILITY PLANT – (continued)**

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

	Balance July 1, 2009	Additions	Disposals	Transfers	Balance June 30, 2010
<b>Nondepreciable utility plant</b>					
Land	\$ 42,472	\$ 186	\$ -	\$ -	\$ 42,658
Construction work in progress	139,302	307,868	-	(33,413)	413,757
Construction work in progress - gas	4,705	5,754	-	(4,704)	5,755
Nuclear fuel*	36,687	15,856	(8,700)	-	43,843
Total nondepreciable utility plant	<u>223,166</u>	<u>329,664</u>	<u>(8,700)</u>	<u>(38,117)</u>	<u>506,013</u>
<b>Depreciable utility plant</b>					
<b>Production</b>					
Nuclear generation (Palo Verde Project)	666,442	15,466	(3,506)	-	678,402
Coal-fired plant (San Juan Unit 3 Project)	229,332	14,053	(3,968)	-	239,417
Gas-fired plant (Magnolia Power Project)	281,758	-	-	74	281,832
Green power	-	34,425	-	-	34,425
Transmission	885,995	16,660	(52)	(2)	902,601
General	48,824	117	(307)	196	48,830
Natural gas reserves	116,381	-	-	4,668	121,049
Total depreciable utility plant	<u>2,228,732</u>	<u>80,721</u>	<u>(7,833)</u>	<u>4,936</u>	<u>2,306,556</u>
Less accumulated depreciation	<u>(1,381,695)</u>	<u>(69,472)</u>	<u>7,829</u>	<u>(4,514)</u>	<u>(1,447,852)</u>
Total utility plant, net	<u>\$ 1,070,203</u>	<u>\$ 340,913</u>	<u>\$ (8,704)</u>	<u>\$ (37,695)</u>	<u>\$ 1,364,717</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, 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 and the Canyon Power Project Bonds, Milford Wind Phase 1 Project Bonds, Linden Wind Project Notes, and the Tieton Project 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, 2010 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	\$ 383,122	3.24	34.3%
Guaranteed Investment Contracts	278,599	8.97	25.0%
Money Market Funds	227,015	0.08	20.3%
Commercial Paper	119,118	1.30	10.7%
Negotiable CDs	52,076	0.18	4.7%
U.S. Discount Notes	46,018	0.16	4.1%
Banker's Acceptance	9,764	0.17	0.9%
<b>Total</b>	<b>\$ 1,115,712</b>	<b>3.52</b>	<b>100.0%</b>

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

Investments at June 30, 2010 are as follows (amounts in thousands):

	GENERATION				GREEN POWER				TRANSMISSION		
	Palo Verde Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Hoover Upgrading Project	Tieton Hydro- power	Milford I Wind	Linden Wind Energy	Southern Transmission System Project	Mead-Phoenix Project	Mead- Adelanto Project
U.S. Agencies	\$ 174,119	\$ 4,204	\$ 51,366	\$ 6,102	\$ 1,706	\$ -	\$ 18,966	\$ -	\$ 28,995	\$ 1,758	\$ 5,808
Agency Discount Notes	-	7,994	1,500	-	1,330	-	999	-	15,498	-	900
Negotiable CDs	10,800	3,997	-	9,663	-	-	-	-	19,638	1,000	2,000
Bankers Acceptance	-	-	660	-	-	-	-	-	5,198	-	-
Commercial Paper	-	-	-	111,798	-	-	-	2,999	-	-	-
GIC's	45,056	21,323	3,863	-	-	-	-	-	37,179	6,409	23,457
Money Market Funds	35,392	9,512	22,703	35,341	1,214	823	13,665	3,575	36,973	4,104	12,488
<b>Total</b>	<b>\$ 265,367</b>	<b>\$ 47,030</b>	<b>\$ 80,092</b>	<b>\$ 162,904</b>	<b>\$ 4,250</b>	<b>\$ 823</b>	<b>\$ 33,630</b>	<b>\$ 6,574</b>	<b>\$ 143,481</b>	<b>\$ 13,271</b>	<b>\$ 44,653</b>
Restricted investments	\$ 185,157	\$ 31,525	\$ -	\$ 127,563	\$ 2,266	\$ -	\$ 19,965	\$ 2,999	\$ 98,169	\$ 8,920	\$ 31,265
Unrestricted investments	54,287	5,993	55,229	-	-	-	-	-	-	-	-
Cash and cash equivalents	25,923	9,512	24,863	35,341	1,984	823	13,665	3,575	45,312	4,351	13,388
<b>Total</b>	<b>\$ 265,367</b>	<b>\$ 47,030</b>	<b>\$ 80,092</b>	<b>\$ 162,904</b>	<b>\$ 4,250</b>	<b>\$ 823</b>	<b>\$ 33,630</b>	<b>\$ 6,574</b>	<b>\$ 143,481</b>	<b>\$ 13,271</b>	<b>\$ 44,653</b>
	POWER PURCHASE AGREEMENTS				NATURAL GAS			MISCELLANEOUS			
	Ormat Geo- thermal Project	MWD Small Hydro	Pebble Springs	Windy Point Project	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund	Project Development Fund	Projects' Stabilization Fund	Total
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ 3,577	\$ 503	\$ -	\$ -	\$ -	\$ 86,018	\$ 383,122
Agency Discount Notes	-	-	4,000	-	4,599	5,600	3,598	-	-	-	46,018
Negotiable CDs	-	-	-	-	3,499	1,480	-	-	-	-	52,077
Bankers Acceptance	-	-	-	-	3,407	500	-	-	-	-	9,765
Commercial Paper	-	-	-	-	4,322	-	-	-	-	-	119,119
GIC's	-	-	-	-	14,644	41,478	14,654	70,784	-	-	278,847
Money Market Funds	511	1,541	2,196	8,856	13,122	4,778	2,596	-	2,000	15,374	226,764
<b>Total</b>	<b>\$ 511</b>	<b>\$ 1,541</b>	<b>\$ 6,196</b>	<b>\$ 8,856</b>	<b>\$ 47,170</b>	<b>\$ 54,339</b>	<b>\$ 20,848</b>	<b>\$ 70,784</b>	<b>\$ 2,000</b>	<b>\$ 101,392</b>	<b>\$ 1,115,712</b>
Restricted investments	\$ -	\$ -	\$ -	\$ -	\$ 29,949	\$ 41,981	\$ 18,252	\$ 70,784	\$ -	\$ 86,018	\$ 754,813
Unrestricted investments	-	-	-	-	-	-	-	-	-	-	115,509
Cash and cash equivalents	511	1,541	6,196	8,856	17,221	12,358	2,596	-	2,000	15,374	245,390
<b>Total</b>	<b>\$ 511</b>	<b>\$ 1,541</b>	<b>\$ 6,196</b>	<b>\$ 8,856</b>	<b>\$ 47,170</b>	<b>\$ 54,339</b>	<b>\$ 20,848</b>	<b>\$ 70,784</b>	<b>\$ 2,000</b>	<b>\$ 101,392</b>	<b>\$ 1,115,712</b>

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

**NOTE 4 – INVESTMENTS – (continued)**

Investments at June 30, 2009 are as follows (amounts in thousands):

	GENERATION					POWER PURCHASE AGREEMENTS			
	Palo Verde Project	Hoover Upgrading Project	San Juan Project	Magnolia Power Project	Canyon Power Project	Ormat Geo- thermal Project	MWD Small Hydro	Pebble Springs	Tieton
U.S. Agencies	\$ 199,105	\$ -	\$ 9,497	\$ 45,558	\$ 27,003	\$ -	\$ -	\$ -	\$ -
Agency Discount Notes	21,594	3,898	3,049	14,038	-	-	-	-	-
GIC's	50,308	-	21,323	3,863	-	-	-	-	-
Money Market Funds	10,557	425	4,288	12,139	10,960	2,673	1,286	3,970	926
<b>Total</b>	<b>\$ 281,564</b>	<b>\$ 4,323</b>	<b>\$ 38,157</b>	<b>\$ 75,598</b>	<b>\$ 37,963</b>	<b>\$ 2,673</b>	<b>\$ 1,286</b>	<b>\$ 3,970</b>	<b>\$ 926</b>
Restricted investments	\$ 198,112	\$ 2,699	\$ 33,030	\$ 57,809	\$ 27,003	\$ -	\$ -	\$ -	\$ -
Unrestricted investments	70,036	1,199	-	-	-	-	-	-	-
Cash and cash equivalents	13,416	425	5,127	17,789	10,960	2,673	1,286	3,970	926
<b>Total</b>	<b>\$ 281,564</b>	<b>\$ 4,323</b>	<b>\$ 38,157</b>	<b>\$ 75,598</b>	<b>\$ 37,963</b>	<b>\$ 2,673</b>	<b>\$ 1,286</b>	<b>\$ 3,970</b>	<b>\$ 926</b>
	TRANSMISSION			NATURAL GAS		MISCELLANEOUS			
	Southern Transmission System Project	Mead- Phoenix Project	Mead- Adelanto Project	Pinedale Project	Barnett Project	Prepaid Natural Gas	Multiple Project Fund	Projects' Stabilization Fund	Total
U.S. Agencies	\$ 83,400	\$ 1,740	\$ 5,758	\$ 27,520	\$ 498	\$ -	\$ -	\$ 69,930	\$ 470,009
Agency Discount Notes	48,657	1,330	11,150	1,280	5,400	-	1,000	-	111,396
GIC's	37,179	6,543	22,626	15,472	42,405	11,901	67,986	-	279,606
Money Market Funds	22,346	1,926	4,642	9,617	3,617	2,608	119	18,712	110,811
<b>Total</b>	<b>\$ 191,582</b>	<b>\$ 11,539</b>	<b>\$ 44,176</b>	<b>\$ 53,889</b>	<b>\$ 51,920</b>	<b>\$ 14,509</b>	<b>\$ 69,105</b>	<b>\$ 88,642</b>	<b>\$ 971,822</b>
Restricted investments	\$ 158,425	\$ 8,283	\$ 31,534	\$ 42,992	\$ 46,212	\$ 11,901	\$ 68,986	\$ 69,930	\$ 756,916
Unrestricted investments	-	-	-	-	-	-	-	-	71,235
Cash and cash equivalents	33,157	3,256	12,642	10,897	5,708	2,608	119	18,712	143,671
<b>Total</b>	<b>\$ 191,582</b>	<b>\$ 11,539</b>	<b>\$ 44,176</b>	<b>\$ 53,889</b>	<b>\$ 51,920</b>	<b>\$ 14,509</b>	<b>\$ 69,105</b>	<b>\$ 88,642</b>	<b>\$ 971,822</b>

**Interest rate risk** – The Authority’s investment policy limits the maturity of its investments to a maximum of 5 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; 5 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, 2010, money market funds in the portfolios with Bank of New York Mellon have attained the highest possible ratings by three NRSRO's, specifically AAA by Standard and Poor's, Aaa by Moody's Investors Service, and AAA by Fitch Ratings, while money market funds in the portfolios with US Bank have attained the following ratings: AA- by Standard and Poor's, Aa1 by Moody's Investors Service, and AA 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, 2010 and 2009, 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, A3 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, A1 by Moody's Investors Service, and AA- 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 AAA by Standard and Poor's, Aa3 by Moody's Investors Service, and AA+ by Fitch Ratings.

**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 Southern Transmission System 1991 Series and the Mead-Adelanto and Mead-Phoenix projects.

Of the Authority's total investments as of June 30, 2010, \$142.0 million (13%) was invested in securities issued by the Federal Home Loan Bank; \$78.6 million (7%) was invested with Farm Credit Bank; \$129.3 million (12%) was invested in GIC's with AIG; \$128.5 million (12%) was invested in securities issued by the Federal National Mortgage Association; \$65.1 million (6%) was invested with Federal Home Loan Mortgage; \$100.4 million (9%) was invested in GIC's with PNC Financial Securities Group.

Of the Authority's total investments as of June 30, 2009, \$182.4 million (19%) was invested in securities issued by the Federal Home Loan Bank; \$142.2 million (15%) was invested with Farm Credit Bank; \$128.3 million (13%) was invested in GIC's with AIG; \$121.1 million (12%) was invested in securities issued by the Federal National Mortgage Association; \$116.8 million (12%) was invested with Federal Home Loan Mortgage; \$97.2 million (10%) was invested in GIC's with PNC Financial Securities Group.

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

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**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 eight 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, 2009, the balance for the swaps deemed to qualify for hedge accounting under GASB 53 was a net liability of \$99.6 million. During fiscal year ending June 30, 2010, the liability increased by \$32.3 million for an ending net liability balance of \$131.9 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, 2009 for the investment instruments was \$26.8 million, and the liability increased during fiscal year ending June 30, 2010 by \$8.7 million for an ending net liability balance of \$35.5 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, 2010, 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	\$ 100,000	5/11/2010	SIFMA	80.4% of 3-month LIBOR	\$ (4,934)	7/1/2036	AA-/Aa3/AA-
MPP 2010-2 Swap	100,000	5/12/2010	SIFMA	81% of 3-month LIBOR	(4,604)	7/1/2036	AA-/Aaa/AA
MPP 2009-1 Swap	111,419	4/21/2009	3.125%	SIFMA	869	7/1/2036	A+/A1/A+
MPP 2009-2 Swap	111,290	4/21/2009	3.129%	SIFMA	804	7/1/2036	AA-/Aa1/AA-
STS 2006 Amended Swap	100,000	5/1/2013	SIFMA	58.99% of 10-yr LIBOR CMS rate plus .664%	173	7/1/2023	AA-/Aa1/AA-
STS Swaption/Swap	125,000	2/6/2001	4.250%	60% of LIBOR	(32,708)	7/1/2022	A/A3/A+
STS 2001 Swap	79,795	6/7/2001	4.240%	SIFMA less .40%	(15,715)	7/1/2021	A+/Aa3/A+
STS 1991 Swap	234,000	4/17/1991	6.380%	Bond variable coupon rate	(55,148)	6/30/2019	A-/A3/NA
MP 2004 Amended Swap	28,700	10/2/2008	3.925%	65% of LIBOR	(4,724)	7/1/2020	A+/Aa3/A+
MA 2007 Swap	100,000	6/1/2018	1-month LIBOR	100% of 10-yr LIBOR CMS rate less .414%	355	9/15/2030	AA-/Aa1/AA-
MA 2004 Amended Swap	96,025	10/2/2008	3.921%	65% of LIBOR	(15,777)	7/1/2020	A+/Aa3/A+
Prepaid Natural Gas 2007 Swap	201,450	10/11/2007	5.0475%	67% of 3-Month LIBOR plus 1.47%	(43,719)	11/1/2038	A/Aa3/A+
	<u>\$ 1,387,679</u>				<u>\$ (175,128)</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)** – 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 recoupon the swaps, change the collateral posting requirements, and to move to uninsured swaps.

**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 recoupon the swaps, change the collateral posting requirements, and to move to uninsured swaps.
- **MAG 2007-1 Swap (Terminated)** – In April 2007, the Authority entered into an interest rate swap in connection with the issuance of variable-rate Magnolia Power Project A, Refunding Revenue Bonds, Series 2007-1 (“2007-1 Bonds”). The Swap created synthetic fixed-rate debt which consisted of a \$223.2 million 29-year floating-to-fixed interest rate swap allocated equally between two counterparties. The Authority paid each of the counterparties a fixed rate of 3.912% in exchange for receiving 98.9% of the SIFMA Index minus 6 basis points. The swap which became effective on June 13, 2007 was amended, restated, and novated to the MAG 2009-1 and the MAG 2009-2 Swaps on April 21, 2009. The MAG 2007-1 is no longer in effect.
- **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 1-month LIBOR plus 66.4 basis points. In addition, the STS 2006 Constant Maturity Swap was suspended for 5 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. The swap expires on July 1, 2023.
- **STS Swaption/Swap** – 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. The swap expires on July 1, 2022.
- **STS 2001 Swap** – In June 2001, the Authority entered into an interest rate swap agreement with a counterparty for the purpose of hedging against interest rate variations arising from the issuance of the 2001 Subordinate Refunding Series A Southern Transmission Project 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 0.37% and 0.65% at June 30, 2010 and 2009, 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** – In fiscal year 1991, the Authority entered into an interest rate swap Agreement with a 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 is equal to the par value of the bonds. Under the Swap Agreement, the Authority pays the counterparty a fixed rate of 6.38%; in exchange, the Authority receives payments mirroring the bond variable coupon rate (0.25% and 1.18% at June 30, 2010 and 2009, respectively). The swap expires on June 30, 2019.
- **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 2004 Mead-Phoenix Project 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 0.12% and 0.15% at June 30, 2010 and 2009, 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 1-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, 2010. 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, 2010 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 0.12% and 0.15% as of June 30, 2010 and 2009 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 3-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 thirty-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.

**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.

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

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**NOTE 5 – DERIVATIVE INSTRUMENTS** – (continued)

**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, 2010, 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, MA 2007, MAG 2009-1 AND MAG 2009-2 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 STS 1991 Swap, the Amended 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.

**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 1991 Swap and the PNG 2007 Swap, the Authority bears basis risk on each of its swaps. The 1991 Swap and the PNG 2007 Swap are 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, 2010, the SIFMA rate was 0.295%; the SIFMA rate, minus 40 bps, was -0.113%; 60% of LIBOR was 0.212%; 65% of LIBOR was 0.230%; and 67% of 3-month LIBOR plus 147 bps was 1.701%.

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

**NOTE 5 – DERIVATIVE INSTRUMENTS – (continued)**

The following is a summary of interest rates paid to and received from the counterparties as of June 30, 2010:

	Type of Derivative									
	1991 Swap	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	NGPrepay 2007 Swap
Payments to counterparty	6.380%	4.250%	4.240%	3.925%	3.921%	3.125%	3.129%	0.295%	0.295%	5.048%
Less, variable payments from counterparty	0.250%	0.534%	-0.113%	0.230%	0.230%	0.295%	0.295%	0.429%	0.432%	1.701%
Net interest rate swap payments	6.130%	3.716%	4.353%	3.695%	3.691%	2.830%	2.834%	-0.134%	-0.137%	3.347%
Add, variable-rate bond coupon payments	0.250%	N/A	0.370%	0.150%	0.150%	0.200%	0.200%	N/A	N/A	1.701%
Synthetic interest rate on bonds	6.380%	3.716%	4.723%	3.845%	3.841%	3.030%	3.034%	-0.134%	-0.137%	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.

**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.

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

**NOTE 5 – DERIVATIVE INSTRUMENTS** – (continued)

**Swap payments and associated debt** – Using rates as of June 30, 2010, 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	Total
	Principal	Interest	Swaps, Net	
2011	\$ 18,495	\$ 2,058	\$ 32,967	\$ 35,025
2012	41,120	1,919	30,998	32,917
2013	42,440	1,775	28,951	30,726
2014	74,770	1,498	25,672	27,170
2015	45,495	1,347	23,447	24,794
2016-2020	298,855	4,582	75,057	79,639
2021-2025	74,165	2,415	32,835	35,250
2026-2030	164,495	1,875	25,532	27,407
2031-2035	146,790	1,452	16,366	17,818
2036-2040	149,890	128	1,819	1,947
	\$ 1,056,515	\$ 19,049	\$ 293,644	\$ 312,693

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

Description	June 30, 2009	Change in Fair Value	June 30, 2010
<b>Assets</b>			
Magnolia - Derivative instruments	\$ 14,812	\$ (13,139)	\$ 1,673
STS - Deferred debits	66,821	2,549	69,370
STS - Derivative instruments	-	173	173
Mead Phoenix - Deferred debits	3,676	1,048	4,724
Mead Adelanto - Deferred debits	12,268	3,509	15,777
Prepaid Natural Gas - Deferred debits	31,675	12,044	43,719
	\$ 129,252	\$ 6,184	\$ 135,436
<b>Liabilities</b>			
Magnolia - Deferred credits	\$ 14,812	\$ (13,139)	\$ 1,673
Magnolia - Derivative instruments	-	9,538	9,538
STS - Derivative instruments	93,189	2,651	95,840
Mead Phoenix - Derivative instruments	3,676	1,048	4,724
Mead Adelanto - Derivative instruments	12,660	2,762	15,422
Prepaid Natural Gas - Derivative instruments	31,675	12,044	43,719
	\$ 156,012	\$ 14,904	\$ 170,916

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

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**NOTE 6 – LONG-TERM DEBT**

Long-term debt outstanding at June 30, 2010 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.

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 2009A Linden Wind Energy Revenue Notes; 2009 A&B Tieton Hydropower Revenue Notes; the 2002 Subordinate Refunding Series B 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 \$125.5 million of the Multiple Project Revenue Bonds; the 2007 A&B Prepaid Natural Gas Project No. 1 Bonds; portions of the 2010 A&B Canyon Power Revenue Bonds; and portions of the 2010-1 Milford 1 Wind Revenue Bonds.

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

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

**NOTE 6 – LONG-TERM DEBT – (continued)**

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	Linden Wind Energy
Total long-term debt at June 30, 2009	\$ 82,426	\$ 139,830	\$ 369,235	\$ 104,627	\$ 13,850	\$ -	\$ -	\$ -
Total debt due within one year at June 30, 2009	10,360	11,115	8,695	-	1,480	-	-	-
Total debt at June 30, 2009	92,786	150,945	377,930	104,627	15,330	-	-	-
Principal payments	(10,360)	(11,115)	(8,695)	-	(1,480)	-	-	-
Revenue bonds issued	-	-	-	-	-	47,655	237,235	139,680
Bonds refunded/defeased	-	-	-	(274,435)	-	-	-	-
Refunding bonds issued	-	-	-	471,905	-	-	-	-
Change in unamortized debt-related costs, net	1,761	(847)	66	10,901	442	50	16,578	531
Total debt at June 30, 2010	84,187	138,983	369,301	312,998	14,292	47,705	253,813	140,211
Total debt due within one year at June 30, 2010	(10,030)	(11,715)	(9,010)	-	(1,540)	-	-	-
Total long-term debt at June 30, 2010	\$ 74,157	\$ 127,268	\$ 360,291	\$ 312,998	\$ 12,752	\$ 47,705	\$ 253,813	\$ 140,211

  

	TRANSMISSION			NATURAL GAS		MISC.		
	Southern Transmission System Project	Mead- Phoenix Project	Mead- Adelanto Project	Barnett Project	Pinedale Project	Prepaid Natural Gas	Multiple Project Fund	Total
Total long-term debt at June 30, 2009	\$ 816,294	\$ 55,660	\$ 175,837	\$ 89,603	\$ 38,082	\$ 503,498	\$ 45,102	\$ 2,434,044
Total debt due within one year at June 30, 2009	30,585	2,870	9,480	4,639	1,956	5,625	-	86,805
Total debt at June 30, 2009	846,879	58,530	185,317	94,242	40,038	509,123	45,102	2,520,849
Principal payments	(30,585)	(2,870)	(9,480)	(4,639)	(1,956)	(5,625)	-	(86,805)
Revenue bonds issued	-	-	-	-	-	-	-	424,570
Bonds refunded/defeased	-	-	-	-	-	(165,450)	-	(439,885)
Refunding bonds issued	-	-	-	-	-	-	-	471,905
Change in unamortized debt-related costs, net	10,459	663	1,928	-	-	(370)	1,274	43,436
Total debt at June 30, 2010	826,753	56,323	177,765	89,603	38,082	337,678	46,376	2,934,070
Total debt due within one year at June 30, 2010	(32,990)	(4,895)	(13,490)	(6,941)	(2,929)	(5,715)	(11,400)	(110,655)
Total long-term debt at June 30, 2010	\$ 793,763	\$ 51,428	\$ 164,275	\$ 82,662	\$ 35,153	\$ 331,963	\$ 34,976	\$ 2,823,415

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

*The Palo Verde Escrow Restructure* – In April 2009, the Palo Verde 1997B Deposit Installment Escrow was restructured and the proceeds from the sale of certain of its escrow securities were used to tender \$94.8 million of the Palo Verde 1997B Refunded Bonds. The tender produced approximately \$4.6 million of cash savings, net of accrued interest and transaction fees, which was distributed to the Palo Verde participants.

*The Palo Verde Project Refunding* – In August 2008, the Authority issued the Palo Verde 2008 Subordinate Bonds in the aggregate principal amount of \$99.8 million, consisting of \$49.9 million principal amount of 2008 Series A Subordinate Refunding Bonds and \$49.9 million of 2008 Series B Subordinate Refunding Bonds. The 2008 Subordinate Bonds were issued to provide funds, together with certain other available moneys, to refund all of SCPPA's outstanding 1996 Series B and C Bonds, remove the current bond insurance and replace them with variable rate debt obligations that are supported by a bank issued Letter of Credit. This transaction resulted in a net loss for accounting purposes of \$11.6 million.

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

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

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**NOTE 6 – LONG-TERM DEBT – (continued)**

**Magnolia Power Project** – Debt consists of revenue and refunding series bonds with variable and fixed interest rates between 3.0% and 5.25% with final maturities occurring in 2036.

*Magnolia Power Project Refunding* – In April 2009, SCPPA issued \$258.1 million of Magnolia Power Project A, Refunding Revenue Bonds, consisting of \$146.5 million principal amount of Series 2009-1 and \$111.5 million principal amount of Series 2009-2, together the “2009 Bonds”. The 2009 bonds were issued to refund all of SCPPA’s outstanding Magnolia Power Project A, Refunding Revenue Bonds, 2007-1; to make a payment to the counterparties of the 2007-1 Swap Agreements; and to pay the related costs of issuance. This transaction resulted in a net loss for accounting purposes of \$14.2 million.

Of the outstanding Magnolia Power Project Revenue Bonds, \$13.0 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, 2010, 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 7/1/2019 are not subject to redemption prior to maturity. Final maturity will occur in July 2040. 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.

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 expects to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series B Bonds which will be applied to offset the interest costs of the 2010 Series B Bonds.



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

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**NOTE 6 – LONG-TERM DEBT** – (continued)

*Canyon Power Project Revenue Notes* – On November 18, 2009, SCPPA issued \$170.4 million of the Canyon Power Project 2009 Series A Revenue Notes, which matured on August 3, 2010. The 2009 Notes were issued to refund all of the \$104 million outstanding Canyon Power Project, Revenue Notes, 2008 Series A and to fund the remaining costs of construction. These notes are not subject to optional or mandatory redemption prior to maturity. The true interest cost of the Revenue Notes was 0.67%.

*Canyon Power Project Revenue Notes* – On December 11, 2008, SCPPA issued \$104 million of the Canyon Power Project 2008 Series A Revenue Notes which matures on December 2, 2009. The 2008 Notes were issued to provide interim financing for the payment of a portion of the costs to develop, construct and acquire a peaking power plant with a generating capability of approximately 200 MW to be located in the City of Anaheim, California. These notes are not subject to optional or mandatory redemption prior to maturity. The true interest cost of the Revenue Notes was 1.07%.

**Hoover Upgrading Project** – Debt consists of refunding series bonds with fixed interest rates between 4.0% and 5.25% and a final maturity during 2017.

**Tieton Hydropower Project** – As of June 30, 2010, debt consists of revenue notes with fixed interest rate of 2.0% and expected to mature on August 16, 2010.

*Tieton Hydropower Project Revenue Notes* – On November 24, 2009, SCPPA issued \$33.4 million and \$14.3 million of the Tieton Hydropower Project, Revenue Notes, 2009 Series A and B, respectively, in the aggregate principal amount of \$47.7 million. The 2009 Notes were issued to provide interim financing for the costs of acquisition of the Tieton Hydropower Project, a 13.6 MW nameplate capacity hydroelectric plant and an approximately 21-mile, 115 kV transmission line from the plant to the point of interconnection with the electrical grid and related assets, property and contractual rights. The 2009 Notes are also being issued to fund a Reserve and Contingency Fund and costs of issuance relating to the 2009 Notes. These notes are not subject to optional or mandatory redemption prior to maturity. The true interest cost of the Revenue Notes was 0.76%.

**Milford 1 Wind Project** – As of June 30, 2010, 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 Bonds were issued at a true interest cost of 4.16%.

**Linden Wind Energy Project** – As of June 30, 2010, debt consists of revenue notes with fixed interest rate of 2.0% and expected maturity of October 1, 2010.

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

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**NOTE 6 – LONG-TERM DEBT – (continued)**

*Linden Wind Energy Project Revenue Notes* – On November 10, 2009, SCPPA issued \$139.7 million of the Linden Wind Energy Project, Revenue Notes, 2009 Series A. The 2009 notes were issued to provide interim financing for the costs of acquisition of the Linden Wind Energy Project, and to pay related costs of issuance. These notes are not subject to optional or mandatory redemption prior to maturity. The true interest cost of the Revenue Notes was 0.63%.

**Southern Transmission System Project** – Debt consists of refunding and subordinate refunding series bonds with fixed interest rates ranging from 3.50% to 6.38% and final maturities occurring in 2027.

*STS Project Refunding* – On February 3, 2009, SCPPA issued \$117.3 million of the Southern Transmission System Project Revenue Bonds, 2009 Subordinate Refunding Series A. These fixed rate bonds were issued to provide funds, together with other available funds, to refund the STS 1996 Subordinate Refunding Series B Bonds (the Refunded Bonds) and to pay the related costs of issuance for the 2009 Series A Bonds. This transaction resulted in a net loss for accounting purposes of \$21.9 million.

On December 18, 2008, SCPPA issued \$125.0 million of the Southern Transmission System Project 2008 Series B Subordinate Bonds. The bonds were issued for the purpose of financing the construction of certain improvements to the Intermountain Power Project - STS, specifically the upgrade of its two converter stations to increase the capacity of STS from its present rating of 1,920 MW to a new rating of 2,400 MW.

**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.

*Mead Phoenix/Mead Adelanto Project Refunding Bonds* – On October 2, 2008, SCPPA issued the Mead-Adelanto & Mead-Phoenix 2008 Series A & B Revenue Bonds in the aggregate principal amount of \$145.7 million, consisting of \$104.8 million principal amount of Mead-Adelanto 2008 Series A, \$7.1 million principal amount of Mead-Adelanto 2008 Series B, \$31.3 million principal amount of Mead-Phoenix 2008 Series A, and \$2.5 million principal amount of Mead-Phoenix 2008 Series B (“2008 Series A and B Bonds”). The bonds were issued to provide funds, together with other available funds, to refund the Mead-Adelanto Project Revenue Bonds, 2004 Series A and the Mead-Phoenix Project Revenue Bonds, 2004 Series A (“Refunded Bonds”), which consisted of insured auction rate bonds. This transaction resulted in a net loss for accounting purposes of \$17.5 million.

**Natural Gas Projects** – Debt consists of revenue bonds with fixed interest rates ranging from 3.43% 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.

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

**NOTE 6 – LONG-TERM DEBT** – (continued)

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 during 2013.

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

Unamortized Debt-related Costs, Net	June 30, 2010		
	Loss on Refunding	(Premium) Discount	Total
Palo Verde Project	\$ 5,283	\$ -	\$ 5,283
San Juan Project	2,481	(5,264)	(2,783)
Magnolia Power Project	13,421	(2,972)	10,449
Canyon Power Project	301	(11,829)	(11,528)
Southern Transmission System Project	65,293	8,659	73,952
Mead-Phoenix Project	3,695	622	4,317
Mead-Adelanto Project	10,974	1,701	12,675
Hoover Up-rating Project	339	(136)	203
Tieton Hydropower Project	-	(50)	(50)
Milford I Wind Project	-	(16,578)	(16,578)
Linden Wind Energy Project	-	(531)	(531)
Prepaid Natural Gas Project No. 1	-	(4,308)	(4,308)
Multiple Project Fund	-	3,824	3,824
	<u>\$ 101,787</u>	<u>\$ (26,862)</u>	<u>\$ 74,925</u>

Unamortized Debt-related Costs, Net	June 30, 2009		
	Loss on Refunding	(Premium) Discount	Total
Palo Verde Project	\$ 7,044	\$ -	\$ 7,044
San Juan Project	2,851	(6,481)	(3,630)
Magnolia Power Project	14,074	(3,559)	10,515
Canyon Power Project	-	(627)	(627)
Southern Transmission System Project	73,224	11,187	84,411
Mead-Phoenix Project	4,297	683	4,980
Mead-Adelanto Project	12,732	1,871	14,603
Hoover Up-rating Project	809	(164)	645
Prepaid Natural Gas Project No. 1	-	(4,678)	(4,678)
Multiple Project Fund	-	5,098	5,098
	<u>\$ 115,031</u>	<u>\$ 3,330</u>	<u>\$ 118,361</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 \$3.04 billion and \$2.51 billion at June 30, 2010 and 2009, 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, 2010 and 2009, \$758.1 million and \$758.6 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 0.21% and 0.25%, respectively. The variable rates used for the MA and MP 2008 Subordinate Refunding Series A were 0.15%. The variable rates used for the MA and MP 2008 Subordinate Refunding Series B were 0.32%. The variable rates used for the STS 2000 and 2001 Subordinate Refunding Series A were 0.42% and 0.37%, respectively. The variable rates used for the MAG 2009-1 and MAG 2009-2 were 0.20%. All of the preceding variable rates were the rates at June 30, 2010. 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	Canyon Power	Hoover	Tieton Hydro-	Milford I Wind	Linden Wind
			Power	Project	Uprating	power		Energy
2011 Principal	\$ 10,030	\$ 11,715	\$ 9,010	\$ -	\$ 1,540	\$ 47,655	\$ -	\$ 139,680
2011 Interest	2,237	7,102	13,919	9,388	678	694	4,448	2,561
2012 Principal	10,340	12,345	9,395	-	1,600	-	7,595	-
2012 Interest	1,986	6,472	13,541	16,732	614	-	11,277	-
2013 Principal	10,660	13,010	9,780	-	1,670	-	7,860	-
2013 Interest	1,728	5,808	13,167	16,732	537	-	11,014	-
2014 Principal	10,980	27,250	10,220	-	1,755	-	8,135	-
2014 Interest	1,461	5,093	12,713	16,732	455	-	10,739	-
2015 Principal	11,330	13,200	10,650	-	1,835	-	8,450	-
2015 Interest	1,187	3,594	12,297	16,732	368	-	10,423	-
2016 - 2020 Principal	36,130	58,680	46,475	28,740	6,095	-	48,265	-
2016 - 2020 Interest	1,824	8,009	54,010	81,226	490	-	46,091	-
2021 - 2025 Principal	-	-	50,605	44,155	-	-	61,140	-
2021 - 2025 Interest	-	-	43,324	72,056	-	-	33,213	-
2026 - 2030 Principal	-	-	66,905	56,440	-	-	77,815	-
2026 - 2030 Interest	-	-	33,200	59,228	-	-	16,542	-
2031 - 2035 Principal	-	-	81,815	69,440	-	-	17,975	-
2031 - 2035 Interest	-	-	21,609	41,138	-	-	898	-
2036 - 2040 Principal	-	-	84,895	83,915	-	-	-	-
2036 - 2040 Interest	-	-	4,833	18,425	-	-	-	-
2041 Principal	-	-	-	18,780	-	-	-	-
2041 Interest	-	-	-	558	-	-	-	-
Principal	\$ 89,470	\$ 136,200	\$ 379,750	\$ 301,470	\$ 14,495	\$ 47,655	\$ 237,235	\$ 139,680
Interest	\$ 10,423	\$ 36,078	\$ 222,613	\$ 348,947	\$ 3,142	\$ 694	\$ 144,645	\$ 2,561

	TRANSMISSION			NATURAL GAS			MISC.	
	Southern Trans-mission System	Mead- Phoenix	Mead-	Barnett	Pinedale	Prepaid Natural	Multiple Project Fund	Total
			Adelanto			Gas		
2011 Principal	\$ 32,990	\$ 4,895	\$ 13,490	\$ 6,941	\$ 2,929	\$ 5,715	\$ 11,400	\$ 297,990
2011 Interest	43,099	3,079	9,473	4,405	1,871	16,806	3,389	123,149
2012 Principal	35,650	5,190	14,305	7,972	3,368	5,295	12,100	125,155
2012 Interest	41,134	2,756	8,584	4,132	1,756	16,530	2,619	128,133
2013 Principal	54,140	5,530	15,230	6,016	2,549	4,805	12,900	144,150
2013 Interest	38,722	2,414	7,640	3,857	1,640	16,278	1,802	121,339
2014 Principal	47,825	5,905	16,265	5,302	2,253	4,065	13,800	153,755
2014 Interest	36,629	2,048	6,635	3,619	1,539	16,056	932	114,651
2015 Principal	49,470	5,000	17,135	5,211	2,219	3,875	-	128,375
2015 Interest	35,181	1,658	5,560	3,384	1,439	15,858	-	107,681
2016 - 2020 Principal	282,550	27,920	93,240	23,200	9,900	24,785	-	685,980
2016 - 2020 Interest	141,658	4,626	15,463	13,070	5,560	75,989	-	448,016
2021 - 2025 Principal	301,685	6,200	20,775	15,894	6,766	50,470	-	557,690
2021 - 2025 Interest	64,139	243	815	7,802	3,312	66,563	-	291,467
2026 - 2030 Principal	96,395	-	-	12,474	5,301	89,970	-	405,300
2026 - 2030 Interest	8,900	-	-	3,766	1,594	48,531	-	171,761
2031 - 2035 Principal	-	-	-	6,593	2,797	126,445	-	305,065
2031 - 2035 Interest	-	-	-	580	245	20,027	-	84,497
2036 - 2040 Principal	-	-	-	-	-	17,945	-	186,755
2036 - 2040 Interest	-	-	-	-	-	453	-	23,711
2041 Principal	-	-	-	-	-	-	-	18,780
2041 Interest	-	-	-	-	-	-	-	558
Principal	\$ 900,705	\$ 60,640	\$ 190,440	\$ 89,603	\$ 38,082	\$ 333,370	\$ 50,200	\$ 3,008,995
Interest	\$ 409,462	\$ 16,824	\$ 54,170	\$ 44,615	\$ 18,956	\$ 293,091	\$ 8,742	\$ 1,614,963

**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; a note secured from GE Capital Public Finance, Inc., to lease purchased spare parts inventory and 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 participant's overbillings in the Palo Verde Project are to be paid through June 2017. These notes are unsecured, bear an interest rate of 4.97%, and are due in monthly payments of \$0.6 million. On June 30, 2010, the remaining balance is \$42.3 million. The note payable in the Magnolia Power Project has a coupon rate of 4.1%, with principal payments due monthly through July 2010. On June 30, 2010, the remaining balance is \$3.9 million.

The Authority received approximately \$1.8 million and \$5.9 million in upfront payments in connection with the execution of the 2004 Mead Phoenix and Mead Adelanto Swaps, respectively, to be deferred through 2020. The deferred balance is \$0.7 million and \$2.3 million, respectively, as of June 30, 2010. The 5-year suspension of the 2006 STS Constant Maturity Swap (CMS) in May 2008 netted a compensation of \$3.7 million. The deferred balance is \$2.2 million as of June 30, 2010. The 3-year suspension of the 2007 Mead Adelanto 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 \$6.8 million as of June 30, 2010. (See Note 5)

Notes Payable and Deferred Credits Rollforward (amounts in thousands):

Description	June 30, 2009	Additions	Payments/ Amortization	Amortization of Surplus Fund	June 30, 2010
PV prior year overbillings	\$ 47,161	\$ -	\$ (5,252)	\$ 393	\$ 42,302
MPP GE spare parts & major maintenance	2,614	2,655	(1,341)	-	3,928
STS 2006 Swap suspension	2,996	-	(749)	-	2,247
Mead Phoenix 2004 Swap upfront fees	770	-	(86)	-	684
Mead Adelanto 2004 Swap upfront fees	2,561	-	(287)	-	2,274
Mead Adelanto 2007 Swap Suspension	3,207	5,027	(1,411)	-	6,823
	<u>\$ 59,309</u>	<u>\$ 7,682</u>	<u>\$ (9,126)</u>	<u>\$ 393</u>	<u>\$ 58,258</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 SCPA, 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, 2009	Activity	June 30, 2010
MAG advances from participants	\$ 15,525	\$ 1,238	\$ 16,763
Tieton advances from participants	-	209	209
Milford I advances from participants	-	257	257
NG Pinedale advances from participants	49,389	(9,789)	39,600
NG Barnett advances from participants	11,911	(488)	11,423
Ormat advances from participants	-	860	860
MWD advances from participants	-	500	500
Windy Point advances from participants	-	1,006	1,006
PDF advances from participants	-	2,000	2,000
	<u>\$ 76,825</u>	<u>\$ (4,207)</u>	<u>\$ 72,618</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):

	June 30, 2008	Fiscal Year 2009 Activity	June 30, 2009	Fiscal Year 2010 Activity	June 30, 2010
GAAP items not included in billings to participants					
Depreciation of plant	\$ (1,124,267)	\$ (67,190)	\$ (1,191,457)	\$ (68,689)	\$ (1,260,146)
Nuclear fuel amortization	(5,860)	-	(5,860)	-	(5,860)
Decommissioning expense	(188,104)	(8,572)	(196,676)	(5,296)	(201,972)
Amortization of bond discount, debt issue costs, and loss on refundings	(687,521)	(24,674)	(712,195)	(19,318)	(731,513)
Interest expense	(64,836)	7,845	(56,991)	171	(56,820)
Loss on defeasance of bonds	(85,827)	-	(85,827)	-	(85,827)
Derivatives and related charges	(10,303)	(16,457)	(26,760)	(8,720)	(35,480)
Bond requirements included in billings to participants					
Operations and maintenance, net of investment income	313,130	398	313,528	(5,824)	307,704
Costs of acquisition of capacity	13,362	(1,466)	11,896	(1,322)	10,574
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	1,148,351	82,173	1,230,524	102,640	1,333,164
Other	159,334	8,713	168,047	31,430	199,477
	(240,511)	(19,230)	(259,741)	25,072	(234,669)
Multiple Project Fund net assets	2,729	(1,348)	1,381	(1,255)	126
Projects' Stabilization Fund net assets	86,870	2,285	89,155	12,882	102,037
	<u>\$ (150,912)</u>	<u>\$ (18,293)</u>	<u>\$ (169,205)</u>	<u>\$ 36,699</u>	<u>\$ (132,506)</u>

**NOTE 10 – 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 SCPPA 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 billion of programs to benefit their customers. More than \$390 million has been spent on 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 10 – 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 includes a mixed approach; market structures, regulation, fees and voluntary measures. The scoping plan includes a cap-and-trade system that covers 85% of all California greenhouse gas emissions and will be implemented in coordination with the Western Climate Initiative regime, which is a regional zone consisting of seven states and three Canadian provinces that is in the process of establishing a greenhouse gas trading framework. CARB has begun developing regulations for greenhouse gas emissions limits and reduction measures. The regulations will go into effect and be enforceable beginning January 1, 2012. However, a proposed initiative has qualified for the November 2, 2010 California ballot, which, if passed, will suspend the GWSA until the unemployment rate in California is 5.5% or less for four consecutive calendar quarters.

The Project Participants will likely be adversely affected in the event an auction type cap-and-trade system is ultimately implemented, which system would require the Project Participants to purchase carbon credits to offset the higher than average carbon emissions of their respective resource portfolios, the cost of which could be substantial.

**Renewable Portfolio Standard (RPS)** – Senate Bill 1078 (SB 1078), which became law on January 1, 2003, 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 municipal electric utilities 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, which became law on January 1, 2007, requires IOUs to have 20% of their electricity come from renewable sources by 2010 and prescribes that municipal utilities meet the intent of the legislation. SCPPA participants have embraced the objective of increasing renewable resources within their portfolios. However, the costs of renewable generation, infrastructure, including transmission upgrades and additions, and other requirements will have additional significant financial implications on SCPPA participants.

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

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES – (continued)**

**Solar Power** – Senate Bill 1 (also known as the “California Solar Initiative”), which became law on January 1, 2007, requires municipal utilities, including SCPPA participants, to establish a program supporting the stated goal of the legislation to install 3,000 MW of photovoltaic energy in California. Municipal utilities 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 SCPPA participants cannot be fully ascertained at this time. Most of the SCPPA participants have made investments in gas-fired peaking or base-load generation located in Southern California. 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 of SCPPA’s participants financial condition. The very competitive prices for a portion of gas supply and additional services provided by SCPPA are intended to maintain and improve the competitive position of the participants. Also, each participant undertakes resource planning and risk management activities and manages its resource portfolio to mitigate such price volatility and spot market rate exposure.

**Federal Energy Legislation** – The Energy Policy Act of 2005 (“EPAAct 2005”) addresses a wide array of energy matters that could affect the entire electric utility industry, including the electric system of certain SCPPA 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.

Neither SCPPA nor any of certain participants is able to predict at this time the impact that EPAAct 2005 will have on the operations and finances of their respective electric systems or the electric utility industry generally.

**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 and the Project Participants and the electric utility industry generally.

**ISO FERC FILINGS**

**MRTU** – The ISO’s Market Redesign and Technology Upgrade (MRTU) tariff amendment includes provisions intended to perform effective congestion management in the ISO day-ahead market by enforcing all transmission constraints so as to establish feasible forward transmission schedules, create a day-ahead market for energy, automate real-time dispatch so as to balance the system and manage congestion in an optimal manner; and ensure consistency in the allocation of transmission resources to grid users and the pricing of transmission service and energy. The ISO has continued to file numerous amendments to the MRTU tariff which was implemented on April 1, 2009. No assurances can be given by the Authority that unforeseen events will not occur under MRTU; thus, it is impossible to predict at this time the ultimate impact of MRTU on the Authority, the Project Participants and the California electric utility industry generally.

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

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES – (continued)**

**American Recovery and Reinvestment Act of 2009** – The American Recovery and Reinvestment Act of 2009 (the “Act”) is an economic stimulus bill which includes a number of investments and tax incentives for certain energy-related projects. SCPPA has issued Build America Bonds, which were created under the Act and carry special tax credits and federal subsidies for either the bond issuer or the bondholder. (See Note 6)

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. Any factors including those mentioned 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 of 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, delays in submitting the construction application to the Nuclear Regulatory Commission, the operation date of the repository was pushed back several times.

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 DOE to recover the costs of storing spent fuel at Palo Verde because DOE failed to honor the contract to remove and dispose spent fuel as scheduled. In 2010, the federal court ruled in favor of Palo Verde and granted a compensation of \$30 million.

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

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES – (continued)**

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 the end of its operating license in 2027. To date, over 74 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). Storing spent fuel at Palo Verde is now considered indefinite with undetermined costs until spent fuel is removed from the plant site.

**Nuclear Insurance** – The Price-Anderson Act (the “Act”) requires that all utilities with nuclear generating facilities share in payment for 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 \$117.5 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 5 years. Based on the Authority’s 5.91% interest in Palo Verde, the Authority would be responsible for a maximum assessment of \$20.8 million per incident for all 3 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 \$2.3 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. 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.

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

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES – (continued)**

On February 12, 2009, SCPA was served in the case of Wakefield v. Devon Energy Production Company, L.P., Collins & Young holdings L.P.; Southern California Public Power Authority; and Turlock Irrigation District 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 SCPA's operator with respect to all oil and gas operations upon this property. The plaintiff in this lawsuit has alleged that Devon entered into certain pooling arrangements with adjacent property owners, through which it combined the lease pertaining to the plaintiff's property with other less productive leases, resulting in an increase in royalties to these adjacent property owners and a corresponding diminution of plaintiff's royalties. The complaint does not specify the amount of damages sought. It cannot be predicted how this case may be resolved at the current time, however, SCPA has been advised that these cases are not uncommon and usually settle. No provision for this litigation matter has been included in the accompanying financial statements.

SCPA 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 SCPA and the other SJGS participants was and is 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 which is located near the SJGS. The San Juan Coal mine (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. At the current time it cannot be predicted with any level of certainty how these matters will evolve in the future litigation of this action.

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 11 – SUBSEQUENT EVENTS**

**Linden Wind Energy Project Revenue Bond** – On September 28, 2010, SCPA issued \$138.3 million of Linden Wind Energy Project Revenue Bonds, consisting of \$96.8 million principal amount of 2010 Series A Bonds, and \$41.5 million 2010 Series B, Taxable Build America Bonds, together the "2010 Bonds". These fixed rate bonds were issued to refund the Linden 2009 Series A Notes, finance additional cost of acquiring the Linden Wind Energy Project, fund a debt service reserve, and pay cost of issuance relating to the 2010 Bonds. The refunded notes will be redeemed on October 1, 2010, the maturity date of the Linden 2009 Series A Notes.

The Project achieved commercial operation on June 30, 2010, and on September 14, 2010, the Authority completed the acquisition of the Project from North Wind Partners, LLC in accordance with the Asset Purchase Agreement dated June 23, 2009.

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

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**NOTE 11 – SUBSEQUENT EVENTS – (continued)**

**Windy Point/Windy Flats Project – Issuance of Revenue Bonds to Prepay Generation Costs** – Pursuant to a power sales agreement, dated June 24, 2009, the Authority agreed to purchase from Windy Flats Partners, LLC a supply of energy from the Windy Point Project output for an initial delivery term of 20 years. The Authority also entered into power sales agreements with the Los Angeles Department of Water and Power and City of Glendale to sell 100% of its entitlement to capacity and energy in the Project on a “take-or-pay” basis.

On September 9, 2010, SCPPA issued \$514.2 million Windy Point/Windy Flats Project, Revenue Bonds, 2010-1. These fixed rate bonds were issued to finance the prepayment of a specified supply of electricity from the Windy Point/Windy Flats Facility pursuant to a Power Purchase Agreement dated June 24, 2009; to pay certain other costs of the Project; to fund a deposit to the 2010-1 Debt Service Reserve Fund; and to pay costs of issuance related to the 2010-1 Bonds.

The Windy Point/Windy Flats 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 “Windy Point Project”). The Windy Point 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.

**Tieton Hydropower Project Revenue Refunding Bonds** – On August 10, 2010, SCPPA issued \$52.7 million of Tieton Hydropower Project, Revenue Refunding Bonds, consisting of \$36.3 million principal amount of 2010 Series A Bonds, and \$16.4 million principal amount of 2010 Series B, Taxable Bonds, together the “2010 Bonds”. These fixed rate bonds were issued to retire the outstanding Tieton Hydropower Project Revenue Notes, 2009 Series A&B, to fund a deposit to the Debt Service Reserves for each Series of the 2010 Bonds, and to pay costs of issuance related to the 2010 Bonds.

**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, 2010  
(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, 2009	\$ -	\$ 155,317	\$ 238,345	\$ 5,945	\$ 13,128	\$ 81,326	\$ 24,553	\$ -	\$ 518,614
<b>Additions</b>									
Investment earnings	-	4,244	8,984	9	1	2,688	617	-	16,543
Discount on investment purchases	-	-	-	4	19	5	-	-	28
Distribution of investment earnings	-	-	-	(13)	(19)	(311)	(617)	960	-
Revenue from power sales	-	-	-	-	-	-	-	66,060	66,060
Distribution of revenue and interest payments	-	-	-	(4,640)	13,833	43,917	13,910	(67,020)	-
	3,704	-	(21,131)	-	17,427	-	-	-	-
<b>Total</b>	<b>3,704</b>	<b>4,244</b>	<b>(12,147)</b>	<b>(4,640)</b>	<b>31,261</b>	<b>46,299</b>	<b>13,910</b>	<b>-</b>	<b>82,631</b>
<b>Deductions</b>									
Construction expenditures	-	-	-	-	-	-	15,608	-	15,608
Operating expenditures	-	3	-	-	-	44,975	-	-	44,978
Bond issue costs	-	-	-	-	-	50	-	-	50
Fuel costs	-	-	-	-	-	18,039	-	-	18,039
Payment of principal	-	-	-	-	10,360	-	-	-	10,360
Interest paid - non escrow	-	-	-	-	1,108	21	-	-	1,129
escrow	3,704	-	-	-	17,384	-	-	-	21,088
<b>Total</b>	<b>3,704</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>28,852</b>	<b>63,085</b>	<b>15,608</b>	<b>-</b>	<b>111,252</b>
Balance at June 30, 2010	\$ -	\$ 159,558	\$ 226,198	\$ 1,305	\$ 15,537	\$ 64,540	\$ 22,855	\$ -	\$ 489,993

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 \$57 and \$66 held in the revolving fund at June 30, 2010 and 2009, respectively.



**OUTHERN 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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	Debt Service Reserve Account	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Escrow Account	Total
Balance at June 30, 2009	\$ 4,133	\$ 21,323	\$ -	\$ 2,642	\$ 9,877	\$ 74,683	\$ 112,658
Additions							
Investment earnings	5	1,104	3	9	323	3,049	4,493
Discount on investments	10	-	-	-	5	-	15
Distribution of investment earnings	(15)	(1,104)	1,452	(9)	(324)	-	-
Revenue from power sales	-	-	98,983	-	-	-	98,983
Distribution of revenues	18,232	-	(100,438)	63,656	18,550	-	-
Other	3,772	-	-	-	-	(3,772)	-
Total	22,004	-	-	63,656	18,554	(723)	103,491
Deductions							
Operating expenses	-	-	-	57,820	-	-	57,820
Construction expenses	-	-	-	-	14,846	-	14,846
Payment of principal and interest - escrow	3,772	-	-	-	-	-	3,772
Payment of principal	11,115	-	-	-	-	-	11,115
Interest paid - non-escrow	7,699	-	-	-	-	-	7,699
Total	22,586	-	-	57,820	14,846	-	95,252
Balance at June 30, 2010	\$ 3,551	\$ 21,323	\$ -	\$ 8,478	\$ 13,585	\$ 73,960	\$ 120,897

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 \$29 and \$28 held in the revolving fund at June 30, 2010 and 2009, respectively.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
MAGNOLIA POWER PROJECT  
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS  
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2010  
(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, 2009	\$ 12,331	\$ 30,332	\$ 3,792	\$ 4,919	\$ 11,428	\$ 3,280	\$ -	\$ 9,597	\$ 213,901	\$ 289,580
Additions										
Investment earnings	12	818	58	82	194	5	1	174	9,707	11,051
Discount on investment purchases	7	-	2	4	2	-	-	-	-	15
Distribution of investment earnings	(19)	(818)	-	(86)	(196)	296	1,123	(300)	-	-
Transfer of funds for debt service payment	10,119	-	-	-	-	-	-	-	(10,119)	-
Receipt from participants	-	-	-	-	-	-	60,909	-	-	60,909
Distribution of revenues	25,769	-	598	-	3,237	32,779	(62,142)	(241)	-	-
Other	(88)	-	2	-	-	-	109	(2)	(21)	-
Total	35,800	-	660	-	3,237	33,080	-	(369)	(433)	71,975
Deductions										
Construction expenditures	-	-	(176)	-	1,169	-	-	-	-	993
Operating expenses	-	-	-	-	-	33,022	-	-	-	33,022
Liquidity & Remarketing Fees	2,407	-	-	-	-	-	-	-	-	2,407
Interest paid	23,008	-	-	-	-	-	-	-	-	23,008
Payment of principal	8,695	-	-	-	-	-	-	-	-	8,695
Debt issuance costs	-	-	446	-	-	-	-	-	-	446
Total	34,110	-	270	-	1,169	33,022	-	-	-	68,571
Balance at June 30, 2010	\$ 14,021	\$ 30,332	\$ 4,182	\$ 4,919	\$ 13,496	\$ 3,338	\$ -	\$ 9,228	\$ 213,468	\$ 292,984

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 \$26 and \$35 held in the revolving fund at June 30, 2010 and 2009, 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, 2010  
(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	Debt Service Reserve Fund	Project Fund	Cost of Issuance Fund	Escrow Fund	Total
Balance at June 30, 2009	\$ -	\$ -	\$ 37,834	\$ -	\$ -	\$ 37,834
Additions						
Investment earnings	-	-	479	-	-	479
Note Proceeds 2009A	-	-	65,000	812	106,535	172,347
Bond Proceeds 2010A	15,771	19,506	133,194	2,518	142,374	313,363
Transfer to Escrow	-	-	(30,436)	-	30,436	-
Other	-	-	25	(25)	-	-
Total	15,771	19,506	168,262	3,305	279,345	486,189
Deductions						
Construction expenses	-	-	79,217	-	-	79,217
Debt issue costs	-	-	-	2,568	-	2,568
2008A Notes Redemption & Interest Payment-Escrow	-	-	-	-	106,535	106,535
Total	-	-	79,217	2,568	106,535	188,320
Balance at June 30, 2010	\$ 15,771	\$ 19,506	\$ 126,879	\$ 737	\$ 172,810	\$ 335,703

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 \$16 held in the revolving fund at June 30, 2010.

**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, 2010  
(AMOUNTS IN THOUSANDS)**

	Debt Service Fund	General Reserve Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2009	\$ 1,302	\$ 1,703	\$ 1,300	\$ -	\$ 4,305
Additions					
Investment earnings	-	17	9	-	26
Discount on investment purchases	1	1	-	-	2
Distribution of investment earnings	(1)	(18)	(9)	28	-
Revenue from power sales	-	-	-	2,347	2,347
Distribution of revenue	2,245	-	130	(2,375)	-
Other	1	-	4	-	5
Total	<u>2,246</u>	<u>-</u>	<u>134</u>	<u>-</u>	<u>2,380</u>
Deductions					
Operating expenses	-	-	235	-	235
Payment of principal	1,480	-	-	-	1,480
Interest paid	738	-	-	-	738
Total	<u>2,218</u>	<u>-</u>	<u>235</u>	<u>-</u>	<u>2,453</u>
Balance at June 30, 2010	<u>\$ 1,330</u>	<u>\$ 1,703</u>	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ 4,232</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 \$13 and \$16 held in the revolving fund at June 30, 2010 and 2009, 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, 2010  
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Reserve & Contingency Fund	Project Fund	Cost of Issuance Fund	Total
Balance at June 30, 2009	\$ -	\$ 926	\$ -	\$ -	\$ -	\$ 926
Additions						
Investment earnings	-	-	-	4	-	4
Note proceeds 2009A	-	-	500	47,113	561	48,174
Receipt from participants	589	2,002	-	-	-	2,591
Distribution of revenues	(589)	589	-	-	-	-
Total	-	2,591	500	47,117	561	50,769
Deductions						
Acquisition costs	-	311	-	47,096	-	47,407
Operating expenses	-	2,945	-	-	-	2,945
Debt issue costs	-	-	-	-	526	526
Total	-	3,256	-	47,096	526	50,878
Balance at June 30, 2010	\$ -	\$ 261	\$ 500	\$ 21	\$ 35	\$ 817

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 \$6 held in the revolving fund at June 30, 2010.

**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, 2010  
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund	Operating Reserve Fund	Project Fund	Cost of Issuance Fund	Total
Balance at June 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions									
Investment earnings	-	5	1	2	1	1	-	-	10
Discount on investments	-	-	-	-	-	1	-	-	1
Distribution of investment earnings	7	(1)	(1)	(2)	(1)	(2)	-	-	-
Bond proceeds 2010-1	-	-	-	18,874	-	3,000	233,585	2,227	257,686
Receipt from participants	9,478	4,297	-	-	-	-	-	-	13,775
Distribution of revenues	(9,485)	5,037	4,448	-	-	-	-	-	-
Other	-	-	-	-	2,520	-	-	-	2,520
Total	-	9,338	4,448	18,874	2,520	3,000	233,585	2,227	273,992
Deductions									
Prepaid Energy	-	-	-	-	-	-	233,569	-	233,569
Operating expenses	-	4,696	-	-	-	-	-	-	4,696
Debt issue costs	-	-	-	-	-	-	-	2,201	2,201
Total	-	4,696	-	-	-	-	233,569	2,201	240,466
Balance at June 30, 2010	\$ -	\$ 4,642	\$ 4,448	\$ 18,874	\$ 2,520	\$ 3,000	\$ 16	\$ 26	\$ 33,526

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 \$7 held in the revolving fund at June 30, 2010.

**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, 2010  
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Project Fund	Cost of Issuance	Total
Balance at June 30, 2009	\$ -	\$ -	\$ -	\$ -
Additions				
Investment earnings	1	63	-	64
Discount on investments	-	27	-	27
Distribution of investment earnings	(1)	1	-	-
Bond Proceeds 2009A	-	141,373	254	141,627
Other	-	(631)	631	-
Total	-	140,833	885	141,718
Deductions				
Construction expenses	-	134,285	-	134,285
Debt issue costs	-	-	867	867
Total	-	134,285	867	135,152
Balance at June 30, 2010	\$ -	\$ 6,548	\$ 18	\$ 6,566

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 \$6 held in the revolving fund at June 30, 2010.

**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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	General Reserve Fund	Issue Fund	Upgrade Construction Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 2009	\$ 4,639	\$ 88,417	\$ 89,910	\$ 7,093	\$ -	\$ 190,059
Additions						
Investment earnings	87	2,839	1,280	41	3	4,250
Discount on investment purchases	-	91	6	9	-	106
Distribution of investment earnings	(87)	(2,930)	-	(50)	3,067	-
Revenue from transmission sales	-	-	-	-	84,672	84,672
Distribution of revenue	-	72,605	-	15,208	(87,813)	-
Other transfers	-	(71)	-	-	71	-
Total	-	72,534	1,286	15,208	-	89,028
Deductions						
Construction expenses	-	-	45,382	-	-	45,382
Operating expenses	-	-	-	13,894	-	13,894
Payment of principal	-	30,585	-	-	-	30,585
Interest paid	-	46,205	-	-	-	46,205
Arbitrage rebate	-	-	-	17	-	17
Liquidity & remarketing fees	-	877	-	-	-	877
Debt issuance costs	-	10	-	-	-	10
Total	-	77,677	45,382	13,911	-	136,970
Balance at June 30, 2010	\$ 4,639	\$ 83,274	\$ 45,814	\$ 8,390	\$ -	\$ 142,117

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 \$26 and \$41 held in the revolving fund at June 30, 2010 and 2009, respectively.



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**  
**MEAD-PHOENIX PROJECT**  
**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS**  
**REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 2010**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Debt Service Account	Debt Service Reserve Account	Operating Fund	Reserve & Contingency Fund	Surplus Fund	Cost of Issuance Fund	Total
Balance at June 30, 2009	\$ -	\$ 3,012	\$ 7,072	\$ 212	\$ 1,227	\$ 2	\$ -	\$ 11,525
Additions								
Investment earnings	-	5	409	-	91	-	-	505
Discount on investment earnings	1	-	-	-	-	-	-	1
Distribution of investment earnings	505	(5)	(409)	-	(91)	-	-	-
Transmission revenue	8,334	-	-	-	-	-	-	8,334
Distribution of revenues	(8,840)	8,157	-	1,112	(797)	(2)	370	-
Other receipts	-	-	-	-	568	-	-	568
Total	-	8,157	-	1,112	(229)	(2)	370	9,408
Deductions								
Construction expenditures	-	-	-	-	278	-	-	278
Operating expenses	-	-	-	1,178	-	-	-	1,178
Principal payment	-	2,870	-	-	-	-	-	2,870
Interest paid	-	2,992	-	-	-	-	-	2,992
Debt issuance costs	-	-	-	-	-	-	360	360
Total	-	5,862	-	1,178	278	-	360	7,678
Balance at June 30, 2010	\$ -	\$ 5,307	\$ 7,072	\$ 146	\$ 720	\$ -	\$ 10	\$ 13,255

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 \$13 held in the revolving fund at June 30, 2010 and 2009.

**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, 2010**  
**(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, 2009	\$ 10,612	\$ 22,066	\$ 272	\$ 6,384	\$ -	\$ 4,829	\$ -	\$ 44,163
Additions								
Investment earnings	12	1,327	-	469	-	4	-	1,812
Discount on investment earnings	4	-	-	-	-	3	-	7
Distribution of investment earnings	(16)	(1,327)	-	(469)	1,819	(7)	-	-
Transmission revenue	-	-	-	-	19,837	-	-	19,837
Other	23,581	-	1,681	4	(21,656)	(4,828)	1,218	-
Bond Proceeds 2008A&B	-	-	5,060	-	-	-	-	5,060
Total	23,581	-	6,741	4	-	(4,828)	1,218	26,716
Deductions								
Principal payment	9,480	-	-	-	-	-	-	9,480
Interest paid	9,224	-	-	-	-	-	-	9,224
Remarketing & Commitment Fee	-	-	-	-	-	-	1,192	1,192
O&M, A&G expenses	-	-	6,353	-	-	-	-	6,353
Total	18,704	-	6,353	-	-	-	1,192	26,249
Balance at June 30, 2010	\$ 15,489	\$ 22,066	\$ 660	\$ 6,388	\$ -	\$ 1	\$ 26	\$ 44,630

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 \$13 held in the revolving fund at June 30, 2010 and 2009.

**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, 2010  
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2009	\$ -	\$ 12,926	\$ 2,154	\$ 47	\$ 15,478	\$ 23,218	\$ 53,823
Additions							
Investment earnings	-	151	3	-	394	536	1,084
Discount on investment purchases	-	2	(3)	-	-	22	21
Distribution of investment earnings	4	-	-	-	-	-	4
Receipt from participants	5,465	8,421	-	-	-	-	13,886
Sales of natural gas	561	5,333	-	-	-	-	5,894
Distribution of revenues	-	(5,939)	4,860	-	603	6,509	6,033
Other receipts	-	-	-	-	-	2	2
Other transfer	(6,030)	86	801	-	(801)	-	(5,944)
Total	-	8,054	5,661	-	196	7,069	20,980
Deductions							
Construction expenditures	-	-	-	-	-	11,402	11,402
Operating expenses	-	12,433	-	-	-	-	12,433
Payment of principal	-	-	1,956	-	-	-	1,956
Interest paid	-	1	1,955	-	-	6	1,962
Total	-	12,434	3,911	-	-	11,408	27,753
Balance at June 30, 2010	\$ -	\$ 8,546	\$ 3,904	\$ 47	\$ 15,674	\$ 18,879	\$ 47,050

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 \$41 held in the revolving fund at June 30, 2010 and 2009.

**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, 2010  
(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	General Reserve Fund	Project Fund	Capital Fund	Total
Balance at June 30, 2009	\$ -	\$ 535	\$ 6,980	\$ 230	\$ 46,322	\$ (2,175)	\$ 51,892
<b>Additions</b>							
Investment earnings	1	2	8	1	1,125	13	1,150
Discount on investment purchases	-	-	2	-	-	1	3
Distribution of investment earnings	11	-	(10)	-	-	-	1
Receipt from participants	12,812	627	-	-	-	-	13,439
Sales of Natural Gas	4,657	1,036	-	-	-	-	5,693
Distribution of revenues	(17,481)	5,985	11,470	(121)	-	146	(1)
<b>Total</b>	<b>-</b>	<b>7,650</b>	<b>11,470</b>	<b>(120)</b>	<b>1,125</b>	<b>160</b>	<b>20,285</b>
<b>Deductions</b>							
Construction expenditures	-	-	-	-	-	2,508	2,508
Operating expenses	-	6,109	-	-	-	-	6,109
Payment of principal	-	-	4,638	-	-	-	4,638
Interest paid	-	-	4,607	-	-	-	4,607
<b>Total</b>	<b>-</b>	<b>6,109</b>	<b>9,245</b>	<b>-</b>	<b>-</b>	<b>2,508</b>	<b>17,862</b>
Balance at June 30, 2010	\$ -	\$ 2,076	\$ 9,205	\$ 110	\$ 47,447	\$ (4,523)	\$ 54,315

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 \$25 held in the revolving fund at June 30, 2010 and 2009, 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, 2010**  
**(AMOUNTS IN THOUSANDS)**

	Revenue Fund	Operating Fund	Debt Service Fund	Project Fund	Total
Balance at June 30, 2009	\$ -	\$ 10,014	\$ 4,448	\$ 24	\$ 14,486
Additions					
Investment earnings	1	489	307	-	797
Distribution of investment earnings	484	(484)	-	-	-
Receipt from gas sales	12,556	-	-	-	12,556
Distribution of revenues	(29,377)	4,698	24,704	(24)	1
Commodity swap settlement	16,336	-	-	-	16,336
Other receipts	-	8	1,553	-	1,561
Total	-	4,711	26,564	(24)	31,251
Deductions					
A & G expenses	-	450	-	-	450
Payment of Principal	-	-	5,625	-	5,625
Payment of interest	-	-	18,642	-	18,642
Debt Issuance Cost	-	191	-	-	191
Total	-	641	24,267	-	24,908
Balance at June 30, 2010	\$ -	\$ 14,084	\$ 6,745	\$ -	\$ 20,829

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 \$16 and \$22 held in the revolving fund at June 30, 2010 and 2009, 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, 2010  
 (AMOUNTS IN THOUSANDS)**

	Proceeds Account	Debt Service Account	Earnings Account	Total
Balance at June 30, 2009	\$ 58,577	\$ 10,445	\$ 83	\$ 69,105
Additions				
Investment earnings	4,230	838	-	5,068
Distribution of investment earnings	(4,230)	2,115	2,115	-
Transfer for debt service payment	(1,035)	3,233	(2,198)	-
Total	(1,035)	6,186	(83)	5,068
Deductions				
Interest paid	-	3,389	-	3,389
Total	-	3,389	-	3,389
Balance at June 30, 2010	\$ 57,542	\$ 13,242	\$ -	\$ 70,784

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.