

2017

ANNUAL REPORT



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Southern California Public Power Authority provides collaborative advocacy, value-added services and joint procurement to enhance operational efficiencies and increase savings for its members.

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ANNUAL REPORT 2017

**Southern California Public
Power Authority**

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SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

MISSION

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (SCPPA) provides collaborative advocacy, value-added services and joint procurement to enhance operational efficiencies and increase savings for its members.



WHO WE ARE

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY (SCPPA), is a joint powers authority, created in 1980, for the purpose of providing joint financing, construction, and operation of transmission and generation projects. Comprised of 11 municipal utilities and one irrigation district, SCPPA's members serve more than 5 million Californians (2 Million customers) across a service area of 7,000 square miles.

ORNIA THORITY



WHAT WE DO

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

SCPPA's 12 Publicly Owned Utilities Are:

- Not-for-profit
- Locally-governed
- Accountable to communities
- Achieving and exceeding state renewable goals
- More affordable than investor-owned, for-profit utilities
- Achieving conservation and energy efficiency savings
- Committed to serving customers' long-term needs

Community-Owned, Customer Driven

Through a constant evolution of science and technology and an unwavering commitment to innovation and progress, SCPPA members have powered communities and businesses across the region for more than a century. Today, the region's publicly owned utilities are pooling their resources and investing in energy supply projects throughout the western United States to build a cleaner, more reliable and affordable energy future for generations of Southern Californians.

Anaheim Public Utilities | Azusa Light & Water | Banning Electric Utility
Burbank Water & Power | Cerritos Electric Utility | Colton Electric Utility
Glendale Water & Power | Imperial Irrigation District | Los Angeles Department of Water & Power
Pasadena Water & Power | Riverside Public Utilities | Vernon Public Utilities

PRESIDENT'S LETTER



GIRISH BALACHANDRAN
SCPPA Board President

Girish Balachandran



2017 has been a very productive and exciting year. We have recruited and hired a new Executive Director with enthusiasm for serving our member utilities and are committed to take SCPPA to the next level of member service.

The foundation of SCPPA's success has been the support of our Board of Directors, the General Managers and the products and services that SCPPA provides.

Winston Churchill said, "Plans are of little importance, but you must continuously engage in scanning the horizon." Our Board and senior SCPPA staff participated in two strategic planning sessions aligned with the Board's expectations.

We are in the midst of historical industry changes and challenges. Decarbonization, decentralization and digitalization are the three key trends shaping the future of the industry.

First, decarbonization of energy sources and the transition to an electric grid that is primarily powered by renewable energy. Program Extension, Assembly Bill 398, was passed to reduce greenhouse gas allowances through 2030. We also pushed beyond state renewable mandates to support energy projects totaling 482 megawatts of renewable energy agreement for a 150 megawatt geothermal project in SCPPA's history on a cost basis and the negotiated price discounts.

Second, decentralization - due to the exponential growth within the next decade - is a significant shift in how utilities operate. The addition of distributed energy resources to the utilities operate. SCPPA generates solutions to help member utilities adapt to the new landscape. We have an enormous promise to reduce fossil fuel use and information to better assist members on the path to electrification.

Third, the digitization trend changes customer expectations on how utilities operate their system. This yields a reduced cost to customers and increased customer engagement as a heightened concern. Navigating the digital landscape requires best practices to manage their challenges as they evolve.

I am proud of the many accomplishments achieved in 2017 and the challenges of the future while supporting our members.

ing year for SCPA. After the retirement of Bill Carnahan at the end of 2016, SCPA
r, Mike Webster. Mike is a talented, accomplished and proven leader who brings a renewed
, along with a new strategic planning focus to SCPA. He has the right vision and skill-set
service.

en its focus on tailoring solutions to meet the needs of its diverse membership. SCPA's
nd Utility Directors of each member utility, has been very engaged during this year shaping
ides.

importance, but planning is essential." To continue providing value to our members, SCPA
horizon for opportunities and translate this into actionable results. The entire SCPA Board
strategic planning sessions, at the beginning and end of 2017, to ensure that SCPA goals

anges, and SCPA continues to maintain its leadership at the forefront of three significant
on, and digitization are three global trends that continue to transform our industry.

and reducing greenhouse gas emissions will move California and the rest of the country to
renewable and carbon-free sources. With SCPA's support the California Cap and Trade
signed into law in July 2017. This major effort provided SCPA members with sufficient
to manage project emissions and keep costs low for our customers. Member utilities
ates utilizing the SCPA procurement model with the addition of a record nine renewable
renewable generation capacity. In addition, SCPA executed a \$2.2 billion power purchase
portfolio located in Nevada. This represents the largest power purchase transaction
SCPA team captured \$127 million in net savings over the life of the contract through

ential growth in solar PV and the appearance of energy storage as a cost-viable resource
t taking place in utility service territories that will change our relationship with customers.
es and load management systems by customers represent a significant change in how
ns in community solar, energy storage technologies and load management programs to
andscape. SCPA also is a leader in the movement to electrify transportation which has
in the long-term substantially. SCPA issued nine requests for proposals, qualifications
n a wide range of activities, including energy efficiency, energy storage and transportation

ner expectations on how they use information and interact with the utility. It also changes
elds an opportunity for improved productivity and efficiency at the utility, resulting in
customer satisfaction. But due to our increased digital footprint, cybersecurity becomes
al revolution is possible by having SCPA enable member utilities to access resources and
nd needs.

chieved by the SCPA team in 2017 and believe the agency is well positioned to meet the
members on the path towards continued excellence.

I have thoroughly enjoyed working with the talented and energetic staff at SCPPA over the past year. SCPPA take great pride and satisfaction in helping the municipal utilities be competitive and their success seems to increase each day.

In my short time at SCPPA, staff has rallied to make many changes and implemented new initiatives for change.

SCPPA and the members evaluated the working groups to make sure they are meeting the goals of the working group charters with clear expectations and goals. Several working groups have shown their effectiveness. We have implemented measures to reduce cost and be more effective in our operations. We also helped facilitate expanding SCPPA member's knowledge and thinking on key industry issues through discussions at Board meetings and working groups.

We hosted two strategic planning sessions to steer SCPPA's future and to ensure that we are meeting the expectations. These initiatives have energized staff to demonstrate their skill and creativity.

SCPPA has over 59 active contracts for goods and services that members draw upon to meet their needs. These contracts have reduced member costs due to significant volume discounts and have increased the ability for members to be competitive.

It was a turbulent year in the legislature. Our legislative and regulatory staff helped protect our members' customers cost effectively. We also developed a brochure to educate legislative and regulatory staff on what we are doing to advance electric vehicles, battery storage, and renewable energy in order to meet our members' needs.

Next year SCPPA will continue to break down working group silos to increase collaboration. These strategies will not be effective in finding solutions in the convergence of rapidly changing industry trends and aggressive public policy goals. Technology is allowing customers to generate, store, and buy energy. Google, Apple, and Amazon have increased customer expectations and utilities are not being able to meet them. From what customers have come to expect and demand of these service oriented companies. Policy related to greenhouse gas emission reductions, increased renewable energy, increased electric vehicle implementation, and increase electric vehicle implementation, just to name a few. The solutions are being developed across the organization. Some utilities have already introduced multidiscipline tiger teams. It is exciting to see how SCPPA can help facilitate and support the changes at the member utilities.

One way in which SCPPA can facilitate collaboration will be to launch a thought leadership program and collectively find solutions to these emerging issues.

It has been a pleasure and honor to get to know each of the members better and look forward to the future. We have the greatest impact to help members serve their customers at the lowest cost with the highest reliability.

he last ten months. The women and men of
in an industry in which the pace of change

w initiatives to help members embrace that

e current needs of the utilities and enhanced
s were eliminated or combined to increase
the way we provide our services. We have
y changes through robust presentations and

SCPPA goals are aligned with the Board's
ty to better meet member needs.

implement a vast array of programs. These
eased the speed of implementation to help

reserve the members' ability to serve their
atory staff on all the initiatives our members
reduce greenhouse gas emissions.

orative efforts. Yesterday's problem solving
ng technology, customer expectations, and
etter utilize their energy. Companies such as
ing benchmarked against other utilities, but
nies. California continues to lead on public
reased energy storage, decreased local air
of the future will require synergistic thinking
ns to develop these new solutions. It will be
ilities.

hip annual meeting in May to think through

for solutions together on where SCPPA can
the highest degree of customer service and

EXECUTIVE DIRECTOR'S LETTER



MICHAEL WEBSTER
Executive Director

Michael Webster



SCPPA STAFF



MICHAEL WEBSTER

EXECUTIVE DIRECTOR



GREG BROEKING

INTERIM CHIEF FINANCIAL & ADMINISTRATIVE OFFICER



TED BEATTY

DIRECTOR OF RESOURCE AND PROGRAM DEVELOPMENT



RICHARD MORILLO

GENERAL COUNSEL



STEVE HOMER

DIRECTOR OF PROJECT MANAGEMENT



BRYAN COPE

PROGRAM DEVELOPMENT MANAGER



KATHERINE ELLIS

SENIOR PROJECT MANAGER



DANIEL HASHIMI

SENIOR ASSISTANT GENERAL COUNSEL



RANDY KRAGER

PROJECT DEVELOPMENT MANAGER



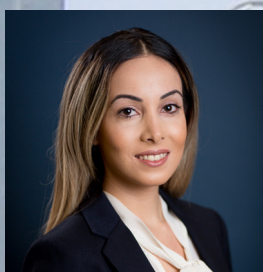
SALPI ORTIZ

HUMAN RESOURCES & OFFICE MANAGER



ROBERT DURAN

ACCOUNTANT



ARPI LEPEDZHIAN

MEETING & TRAINING COORDINATOR



JOANNA LOPEZ

RECORDS ADMINISTRATOR



JOHN QUAN

UTILITY ANALYST



TANYA DERIVI

DIRECTOR OF GOVERNMENT AFFAIRS



SARAH TAHERI

GOVERNMENT AFFAIRS MANAGER

Glendora

Sacramento

F & OFFICERS

Los Angeles



TEAHNA FONSECA - SENIOR ADMINISTRATIVE CLERK | MARGARITA ESTRELLA - UTILITY ACCOUNTANT | JOAN LLAGAN - SCPPA INVESTMENT MANAGER
YOLANDA PANTIG - SCPPA ACCOUNTING MANAGER | MATTHEW CURTIS - LADWP INVESTMENT MANAGER | ASHANTI DE LA MESA - UTILITY ACCOUNTANT
ATIF HAJI DATOO - UTILITY ACCOUNTANT | GRACE MAO - UTILITY ACCOUNTANT | JONATHAN DELLA - UTILITY ACCOUNTANT | ADRIAN CHUNG - UTILITY ACCOUNTANT

Officers



GIRISH BALACHANDRAN

PRESIDENT



DUKKU LEE

VICE PRESIDENT



MICHAEL WEBSTER

TREASURER/AUDITOR &
ASSISTANT SECRETARY



DAVID H. WRIGHT

SECRETARY



MARIO C. IGNACIO

ASSISTANT SECRETARY

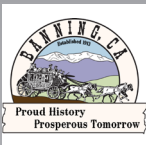


DEDICATED STAFF

- **Administrative & Executive** department manages and leads day-to-day operations.
- **Finance** department reduces Members' costs through bond issuances.

\$1 MIL

Member savings
In-House



\$11+ MILLION

Program contract savings

VALUE ADDED SERVICES

SCPPA Staff are committed to researching, facilitating, and providing members with cost conscious, value-added services using their intimate knowledge of members and stakeholders.



OUR MISSION

Southern California Public Power Authority (SCPPA) provides collaborative advocacy, value-added services and joint procurement to enhance operational efficiencies and increase savings for its members.



59 PROGRAM CONTRACTS

utilized in FY 2016-17



INFORMATION CHANNELS

SCPPA has continued to be transparent with its Members by opening the flow of information from the working group levels all the way down to the document databases.

12,560 TOTAL MWHs

from 37 projects



.4
LION
through SCPPA
Training

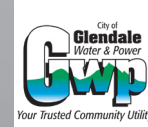
COLLABORATIVE ADVOCACY

SCPPA's collaborative efforts amplify individual voices by projecting strength in numbers.



\$750
MILLION

Avoided costs of issue for jointly financed projects since 1980



SCPPA

DEDICATED STAFF

- **Legal** department manages in-house and outside legal services for all facets of SCPPA business.
- **Legislative/Regulatory** department advocates use their lobbying efforts to give a unified voice to Members.

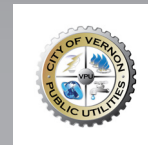
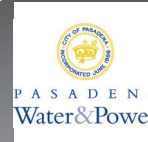
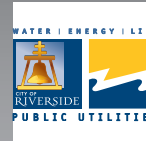


JOINT PROCUREMENT

SCPPA's joint procurement efforts have allowed Members to diversify their portfolios and reduce the overall financial and operational risks associated with initiating projects and programs.

\$127
MILLION

project negotiation savings



6,464
GENERATED
in FY 2016-17

DEDICATED STAFF

- **Program** department initiates programs to improve the Members' operational efficiency.
- **Project** department facilitates the development, operations and maintenance of energy resources.





SCPPA PROJECTS

GAS RESERVES

- 17 Pinedale Natural Gas Reserves]
- 20 Barnett Shale Natural Gas Reserves
- Prepaid Natural Gas Project
(not pictured on map)

GEO THERMAL

- 5 Nevada Geothermal Projects
 - Don A. Campbell I & II
 - Tungsten Mountain
- 12 Imperial Valley Geothermal
 - Gould 2
 - Heber 1
 - Heber South
 - Ormesa

HYDROPOWER

- 1 Teton Small Hydro Project
- 9 MWD Small Hydro Projects
- 14 Hoover Large Hydro Project

LANDFILL GAS

- 7 Chiquita Canyon Landfill Gas
- 10 Puente Hills Landfill Gas

SOLAR

- 6 Antelope Valley Projects
 - Antelope Big Sky Ranch Solar Project
 - Antelope DSR 1 & 2 Solar Projects
 - Astoria 2
 - Columbia Two Solar Project
 - Kingbird B Solar Project
 - Springbok 1 & 2 Solar Projects
 - Summer Solar Project
- 15 Copper Mountain Solar 3 Solar Project

TRADITIONAL

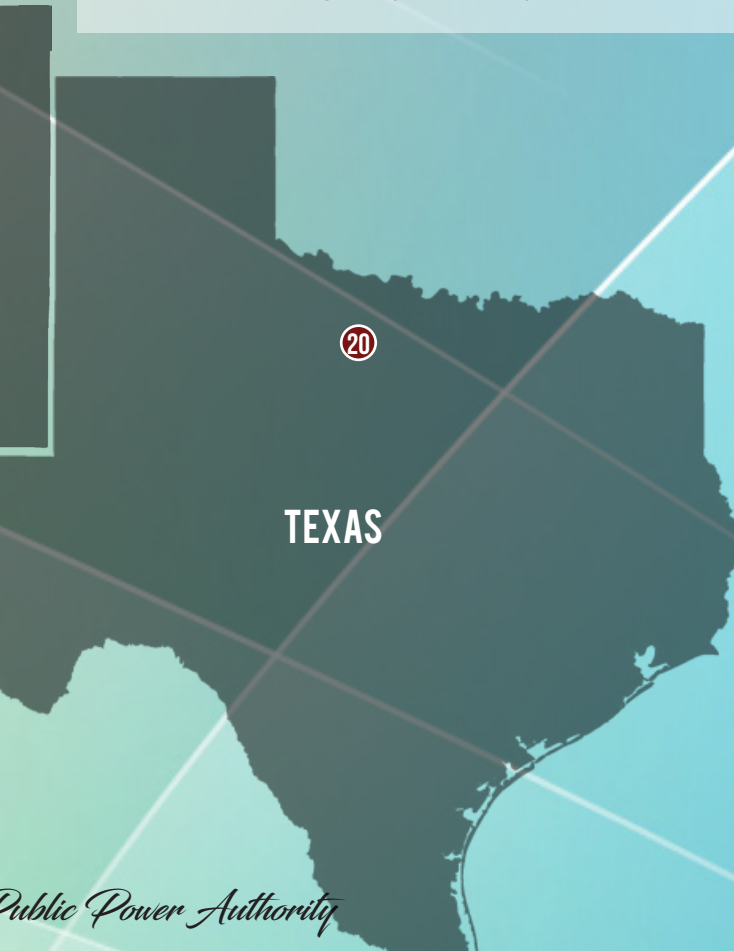
- 8 Magnolia Power Plant
- 11 Canyon Power Project
- 13 Apex Power Project
- 18 Palo Verde Nuclear Generating Station
- 19 San Juan Unit 3 Generating Station

TRANSMISSION

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

WIND

- 2 Windy Flats Wind Project
- 3 Linden Wind Project
- 4 Pebble Springs Wind Project
- 16 Milford I & II Wind Projects



FOSSIL /

ABOUT FOSSIL/NUC

Nuclear energy provides greenhouse gas free baseload power 24 hours a day, seven days a week. Natural gas provides reliable energy to the members' customers, as California continues to reduce greenhouse gas emissions. SCPPA



Participants: Azusa (15%), Banning (10%), Colton (15%), Glendale (10%)

The San Juan Unit 3 is a 497 MW coal-fired generating unit located in Colton, California. The San Juan Unit 3 Project achieved commercial operation on January 1, 2017, twelve months in advance of SCPPA's anticipated start date.

This fiscal year SCPPA's share of the San Juan Unit 3 delivered 1,339,000 MWh.

Participants: Los Angeles (100%)

The Apex Power Project is a 531 MW natural gas-fired combined cycle generating facility located in Clark County, Nevada. On March 26, 2014, SCPPA acquired the Apex Power Project from LS Power pursuant to an Asset Purchase Agreement, dated as of October 17, 2013. The Facility commenced full commercial operation in May of 2003. SCPPA is working with LADWP to explore the addition of a dedicated transmission line to the facility.

This fiscal year, Apex delivered 3,082,996 MWhs, realizing a 66% annual net capacity factor.



Participants: Anaheim (100%)

The Canyon Power Project is a 200 MW simple cycle natural gas-fired peaking plant with auxiliary facilities located in an industrial area in Anaheim, California. The Project reached commercial operation on September 15, 2011.

This fiscal year Canyon delivered 133,043 MWhs, realizing a 8% net capacity factor.



	MWH GENERATED
APEX	3,082,996
CANYON	
MAGNOLIA	
PALO VERDE	
SAN JUAN UNIT 3 (RETIRING)	

NUCLEAR

NUCLEAR GENERATION

Coal-fired generation provides member utilities the flexibility to backup renewable energy and is crucial to providing energy security. SCPPA has successfully negotiated the voluntary exit from coal-fired generation earlier than required.

Imperial Irrigation District (51%)

San Juan County in northwestern New Mexico. SCPPA's share of the project was 10%. SCPPA's debt service on San Juan was fully retired in 2015, and SCPPA has successfully negotiated the voluntary exit from the project.

1,339,489 MWhs, realizing a 74% net capacity factor.

8,138,011
MWhs OF FOSSIL/NUCLEAR ENERGY

Participants: Anaheim (38%), Burbank (31%), Cerritos (4%), Colton (4%), Glendale (17%), Pasadena (6%)

The Magnolia Power Project is a 310 MW natural gas-fired combined cycle generating plant located on the site of an existing plant in Burbank, California. The plant reached commercial operation on September 22, 2005.

This fiscal year, Magnolia delivered 1,689,013 MWhs, realizing a 62% annual net capacity factor.



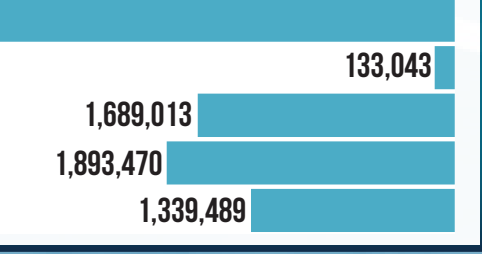
Participants: Azusa (1%), Banning (1%), Burbank (4%), Colton (1%), Glendale (4%), Imperial Irrigation District (7%), Los Angeles (67%), Pasadena (4%), Riverside (5%), Vernon (5%)

The Palo Verde Nuclear Generating Station is a 4238 MW nuclear-fueled generating station located near Phoenix, Arizona. SCPPA's share of the unit is 230 MW. Units 1, 2 and 3 of the Palo Verde Project reached commercial operation in January 1986, September 1986, and January 1988, respectively. In 2016 Palo Verde achieved its 25th consecutive year as the nation's largest power producer. As of June 30, 2017, Palo Verde debt service was fully retired, meaning the SCPPA members will enjoy lower costs of energy going forward.

This fiscal year Palo Verde delivered 1,893,470 MWhs, realizing a 94% net capacity factor.



NUCLEAR GENERATION



G E O T H

ABOUT GEOTHERM

Geothermal energy is a form of renewable energy produced from the extreme heat of the Earth's core. Geother with temperatures ranging from 300°F to 700 °F, to the surface and turning it into steam. This steam is then dir they produce clean base-load energy that is greenhouse gas emission free.

Participants: Burbank (15%), Los Angeles (85%)

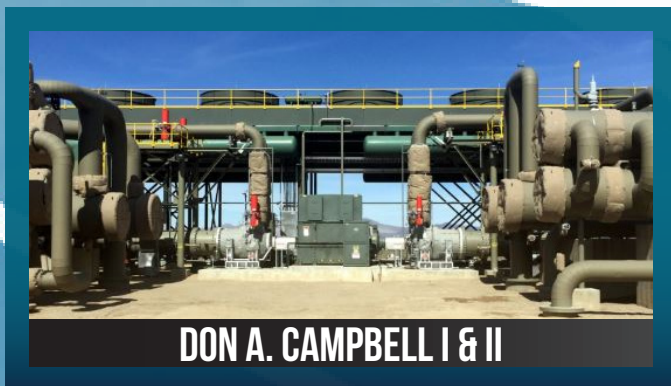
The Don A. Campbell I Geothermal Project is a 25 MW geothermal power generating facility located in Mineral County, Nevada. The facility reached commercial operation on December 31, 2013 but early delivery of energy began in November 2013.

This fiscal year Don A. Campbell I delivered 172,261 MWhs, realizing a 79% net capacity factor.

Participants: Los Angeles (100%)

The Don A. Campbell II Geothermal Project is a 25 MW geothermal power generating facility located in Mineral County, Nevada adjacent to the Don Campbell I Plant. The facility reached commercial operation on September 17, 2015.

This fiscal year Don A. Campbell II delivered 173,410 MWhs, realizing a 79% annual net capacity factor.



Participants: Anaheim (60%), Banning (10%), Glendale (15%), and Pasadena (15%)

The Heber South/Gould 2 Geothermal Project is a 17 MW geothermal power generating plant powered by an Integrated Two Level Unit consisting of two Ormat turbines powered by geothermal brine, coupled with a water-cooled brush generator, located in Heber, California. The plant reached commercial operation on June 18, 2006. However, a second commercial operation date for additional capacity was marked on April 15, 2008.

This fiscal year, Heber South/Gould 2 delivered 138,583 MWhs, realizing a 93% annual net capacity factor.



	MWH GEN
DON A. CAMPBELL I	
DON A. CAMPBELL II	
HEBER SOUTH/ GOULD 2	
HEBER 1	310,505

HEBER 1 GEOTHERMAL

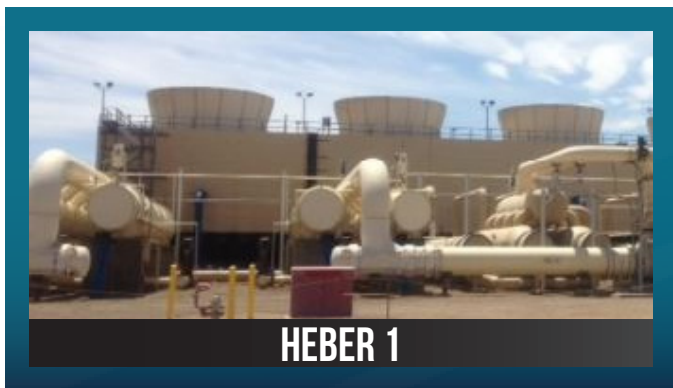
HEBER 1 GEOTHERMAL GENERATION

Geothermal energy is harvested by drilling wells up to two miles deep into the Earth and using pipes to move hot water, collected towards a turbine that generates electricity. Because these plants do not burn fuel to generate electricity,

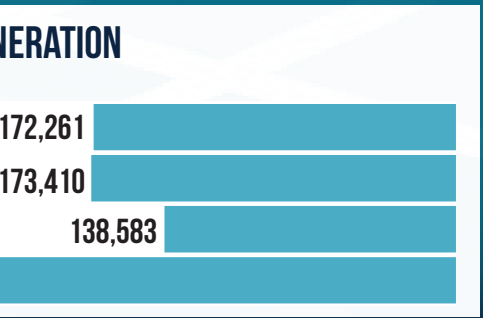
Participants: Imperial Irrigation District (22%), Los Angeles (78%)

The Heber 1 Geothermal Project is a 63 MW geothermal power generating facility located in Imperial County, California. The facility has been operating since 1985 delivering energy under a prior contract. SCPPA negotiated a new contract and the facility began delivering energy to SCPPA members on February 2, 2016. SCPPA and Ormat are working together to increase the generating capacity of the facility.

This fiscal year Heber 1 delivered 310,505 MWhs, realizing a 57% annual net capacity factor.



622,498
MWhs OF GEOTHERMAL ENERGY



HYDRO

ABOUT HYDROPOWER

Hydropower is a form of renewable energy produced from moving water. Hydropower energy is produced when water moves down through a penstock and pushes against a turbine to spin a generator. The amount of energy that can be produced depends on the volume of water and the height of the fall. Hydropower is the largest and oldest source of renewable energy used for electricity generation in the United States.

Participants: Anaheim (43%), Azusa (4%), Banning (2%), Burbank (16%), Colton (3%), Riverside (32%)

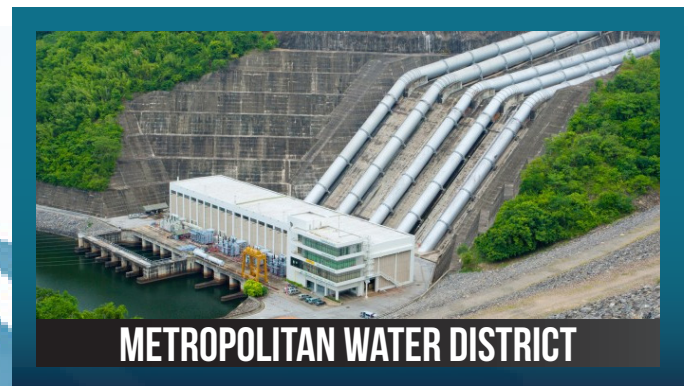
The Hoover Upgrading Hydro Project is located approximately 25 miles from Las Vegas, Nevada in the Black Canyon of the Colorado River. The Dam forms a portion of the boundaries between the states of Arizona and Nevada. The Hoover Project's first generator reached full operation in October 1936 and the last generator in December 1, 1961. This fiscal year marked the last full year of this SCPPA project. Although the facility will of course continue to operate, the allocations return to the individual municipalities and the SCPPA debt is fully retired, as of October 1, 2017. SCPPA anticipates it will continue to serve in an advisory role to the members, as all 12 are now Hoover contractors.

This fiscal year, Hoover delivered 69,447 MWhs.

Participants: Anaheim (56%), Azusa (22%), and Colton (22%).

The Metropolitan Water District Small Hydro Project (MWD) consists of four separate generating facilities across Southern California, totaling 17 MW. Operations began on November 1, 2008. Generation from this project has dropped and remained low. Even as water shortage conditions were relieved by the end of the drought, the corresponding precipitation reduced demand on MWD's water system, thus reducing generation.

This fiscal year, the Metropolitan Water District delivered 30,552 MWhs, realizing a 20% annual net capacity factor.



	MWH GEN
HOOVER	69,447
METROPOLITAN WATER DISTRICT	
TIETON	58,532

POWER

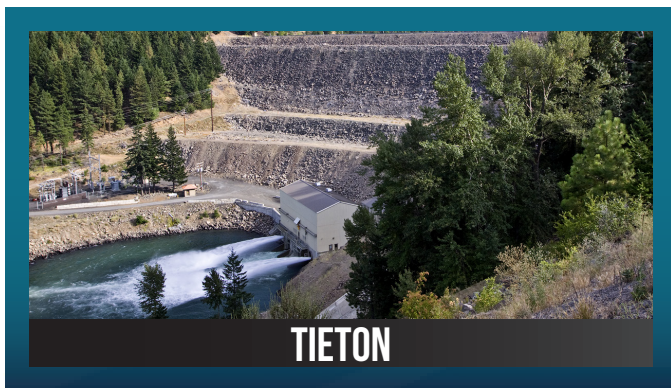
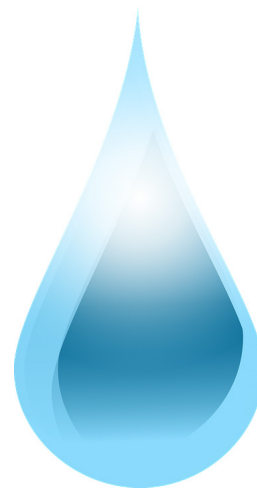
HYDROPOWER GENERATION

As a stream of water released from a dam moves from a point of high elevation to a point of lower elevation. The amount of energy that can be produced by Hydropower varies based on the volume of water available and the change in elevation. The following table shows the top 10 states.

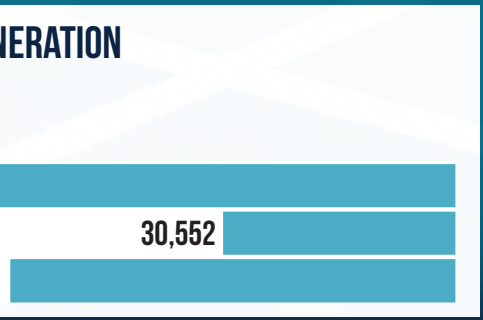
Participants: Burbank (50%), Glendale (50%)

The Tieton Small Hydro Project is a 14 MW hydroelectric generating facility located near Rimrock Lake in Yakima County, approximately 40 miles west of the city of Yakima, Washington. The facility reached commercial operation on September 5, 2006.

This fiscal year Tieton delivered 58,532 MWhs, realizing a 39% net capacity factor.



158,848
MWhs OF HYDROPOWER ENERGY



LANDFILL

ABOUT LANDFILL

Landfill gas energy is a form of renewable energy produced from garbage, agricultural waste, or human waste. Landfill gas, mostly of methane, is harvested via a collection system. The biogas collected from the landfills is then cleaned and

Participants: Burbank (17%), Pasadena (83%)

The Chiquita Canyon Landfill Gas Project is a 8 MW landfill gas to energy facility located in Valencia, California. Commercial operations began in November 2010 and will continue for a 20 year term.

This fiscal year Chiquita Canyon delivered 49,836 MWhs, realizing a 73% net capacity factor.

Participants: Azusa (2.33%), Banning (20.93%), Colton (23.26%), Pasadena (30.23%), Vernon (23.26%).

The Puente Hills Project is a 42 MW gas to energy facility located in Puente Hills, California. The project has been in full commercial operation since January 1987 and has remained online 95 percent of the time. Puente Hills began deliveries to SCPA on January 1, 2017.

This fiscal year Puente Hills delivered 159,423 MWhs, realizing a 88% net capacity factor.



	MWH GEN
CHIQUITA CANYON	
PUENTE HILLS	159,423

LL GAS

GAS GENERATION

Landfill gas or biogas is created through the natural degradation of municipal solid waste. The biogas, comprised and used to generate electricity in a gas turbine.



209,259
MWHs OF LANDFILL GAS ENERGY

GENERATION

49,836

NATUR

ABOUT NATURAL

Natural gas reservoir projects serve as a long-term hedge on volatile natural gas prices. This stabilizes member costs and allows us to reliably integrate renewable energy.

Participants: Anaheim (45.5%), Burbank (27.3%), Colton (9.1%), Pasadena (18.1%)

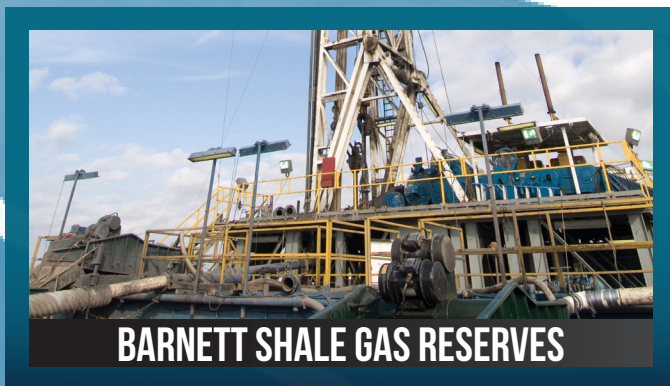
The Barnett Shale Gas Reserves Project is a natural gas reserve located in the shale geological formation in Barnett, Texas. In October 2006, SCPPA members purchased interests in the natural gas reserve from Collins and Young Holding, LLP, which included a Joint Operating Agreement with the operator Devon Energy Production Company, LP. SCPPA pays the operator for SCPPA's share of both operating and drilling/capital expenses on a monthly basis.

This fiscal year Barnett Shale Gas Reserves delivered 563,584 MMBTUs.

Participants: Anaheim (35.7%), Burbank (7.1%), Colton (14.3%), Glendale (28.6%), Pasadena (14.3%)

The Pinedale Gas Reserves Project consists of three natural gas leases located in the Pinedale Anticline region of the State of Wyoming. In 2005, SCPPA acquired these natural gas reserves, which at the time included 38 operating oil and gas wells. The natural gas field production increased for several years as additional capital was invested on drilling new wells. Production is now in decline due to reduced drilling operations. *Los Angeles holds interests individually and serves as Project Manager for the overall project. However, SCPPA provides services for Los Angeles under an agency agreement.

This fiscal year Pinedale Gas Reserves delivered 3,561,097 MMBTUs to the SCPPA project participants and LADWP.



	MMBTU PR
BARNETT	
PINEDALE	3,561,097
PREPAID	3,129,179

NATURAL GAS

GAS PRODUCTION

utility costs for the benefit of their customers. These gas reserves help fuel the generation projects necessary to

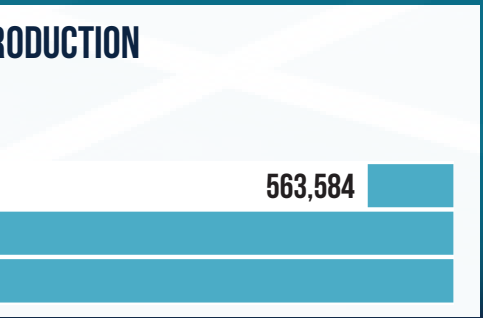
Participants: Anaheim (16.5%), Burbank (33%), Colton (11%), Glendale (23%), Pasadena (16.5%)

The Prepaid Natural Gas Project is a one-time prepayment made on October 11, 2007 to acquire the right to receive approximately 135 billion cubic feet of natural gas from J. Aron & Company to be delivered over a 30-year term. In order to reduce risk, the Prepaid Natural Gas Sales Agreements were restructured to reduce risk, provide an acceleration of a portion of the long-term savings, reduce the remaining volumes of gas to be delivered from 135 billion to 90 billion cubic feet, and shorten the term of the agreements from 30 years to 27 years. As a result of the restructuring, the Natural Gas contracts will now expire in 2035 and \$165.5 million of the principal of the 2007 Natural Gas Project Bonds were terminated.

This fiscal year Prepaid Natural Gas delivered 3,129,179 MMBTUs.



7,253,860
MMBTUs OF NATURAL GAS ENERGY



ABOUT SOLAR

Solar energy is a form of renewable energy produced from the sun's rays. Solar energy is produced when a solar material's atoms create an imbalance in electrons between the cell's front and back surface. This imbalance creates an electric current. The amount of energy that can be produced by solar varies based on the amount and intensity of sunlight, time of day, and the effect on the environment.

Participants: Azusa (17.5%), Pasadena (32.5%), Riverside (50%)

The Antelope Big Sky Ranch Project is a 20 MW solar project located in Lancaster, California. It achieved commercial operations on August 19, 2016 and provided a little over 10 months of generation this fiscal year. Thus far the plant has performed as expected.

This fiscal year Antelope Big Sky Ranch delivered 42,778 MWhs, realizing a 28% net capacity factor.

Participants: Riverside (50%), Vernon (50%)

The Antelope DSR I Project is a 50 MW solar project located in Lancaster, CA. It achieved commercial operation on December 20, 2016 and performed according to expectations throughout the final six months of the fiscal year.

This fiscal year Antelope DSR I delivered 70,392 MWhs, realizing a 31% net capacity factor.

Participants: Azusa (60%), Colton (40%)

The Antelope DSR II Project is a 5 MW solar project located in Lancaster, California. It achieved commercial operation on December 6, 2016 and performed according to expectations throughout the final six months of the fiscal year.

This fiscal year Antelope DSR II delivered 8,046 MWhs, realizing a 22% net capacity factor.



MWH GENERATION

- ANTELOPE BIG SKY RANCH
- ANTELOPE DSR I
- ANTELOPE DSR II
- ASTORIA 2
- COLUMBIA TWO

SOLAR

GENERATION

Solar panel built of photovoltaic solar cells absorbs enough particles of solar energy to dislodge electrons from the surface, creating a voltage potential with negative and positive terminals that can be connected into an electrical circuit. The amount of energy generated varies by time of day, weather and location. Because it does not produce air or water pollutants, solar energy has a minimal environmental impact.

Participants: Azusa (4.44%), Banning (17.78%), Colton (11.11%), Vernon (66.67%)

The Astoria 2 Project is a 35 MW solar project located in Kern County, California. It achieved commercial operation on December 9, 2016. Beginning January 1, 2022, the contracted capacity will increase to 45 MW of generating capacity until the expected expiration date of December 31, 2036. This facility began energy deliveries in December of 2016. Shortly after the start of commercial operations the project participants elected to amend the original purchase agreement to assume scheduling responsibilities for the project. SCPPA has been instrumental in acquiring these services for the member and non-member participants alike.

This fiscal year Astoria 2 delivered 49,952 MWhs, realizing a 29% net capacity factor.

Participants: Azusa (9%), Pasadena (17%), Riverside (74%)

The Columbia Two Solar Project is a 15 MW solar project located in Kern County, California. The project achieved commercial operations on December 19, 2014. Columbia 2 is SCPPA's first solar project and has proved to be a steady performer for over three years of operations.

This fiscal year Columbia Two delivered 45,314 MWhs, realizing a 34% annual net capacity factor.

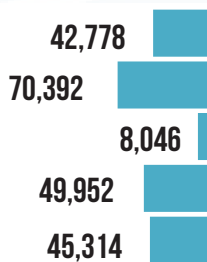


ASTORIA 2



COLUMBIA TWO

ION



Participants: Azusa (15%), Colton (15%), Riverside (70%)

The Kingbird B Solar Project is a 20 MW solar project located near Rosamond, California. The facility achieved commercial operations on April 30th, 2016.

This fiscal year Kingbird B delivered 56,195 MWhs, realizing a 32% annual net capacity factor.

Participants: Burbank (16%), Los Angeles (84%)

The Copper Mountain 3 Solar Project is a 250 MW solar project located in Clark County near Boulder City, Nevada. The facility achieved full commercial operation date on April 9, 2015. Copper Mountain Solar 3 is SCPPA's largest solar project, and therefore has the greatest impact on the participants portfolios in real-time. On an annual basis, CMS3 has performed very close to expectations.

This fiscal year Copper Mountain 3 delivered 604,632 MWhs, realizing a 28% annual net capacity factor.

1,572
MWHs OF SO



KINGBIRD B



COPPER MOUNTAIN SOLAR 3

	MWH GEN
CMS 3	604,632
KINGBIRD B	
SPRINGBOK I	2
SPRINGBOK II	359,844
SUMMER SOLAR	

LAR

Participants: Los Angeles (100%)

The Springbok I Project is a 105 MW solar project located approximately 4 miles north of California City and one mile southwest of the unincorporated town of Cantil, California. The project achieved commercial operations on July 11, 2016.

This fiscal year Springbok I delivered 284,335 MWhs, realizing a 31% annual net capacity factor.

Participants: Los Angeles (100%)

The Springbok II Project is a 155 MW solar project located approximately 4.5 miles north-northwest of California City and to the south-southwest of the unincorporated town of Cantil, California. Springbok II is adjacent to Springbok I. The project achieved commercial operations on September 6, 2016.

This fiscal year Springbok II delivered 359,844 MWhs, realizing a 30% annual net capacity factor.

Participants: Azusa (17.5%), Pasadena (32.5%), Riverside (50%)

The Summer Solar Project is a 20 MW solar facility located in Lancaster, California. The facility achieved commercial operation in July 2016.

This fiscal year Summer Solar delivered 51,014 MWhs, realizing a 29% annual net capacity factor.

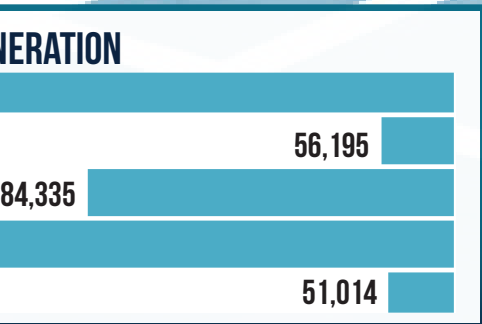
2,502
LAR ENERGY



SPRINGBOK I & II



SUMMER SOLAR



TRANSM

ABOUT POWER

Power transmission is the movement of power from the point of generation to the point of consumption. Power is transmitted at high voltage levels to minimize resistive loss during long distance transmission, or step down voltage levels for distribution to member utilities reaching out to clean geothermal, hydro, wind and solar resources located in the western

Participants: Anaheim (14%), Banning (1%), Burbank (12%), Colton (3%), Glendale (11%), Los Angeles (36%), Pasadena (9%), Riverside (14%)

The Mead-Adelanto Transmission Project is a 202 mile, 500 kV alternating current transmission line that extends between a southwest terminus at the Adelanto substation in Southern California and a northeast terminus at Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada. By connecting to the Marketplace Substation, the transmission line interconnects with the Mead-Phoenix Transmission Project and the McCullough Substation in Southern Nevada. The transmission line has a transfer capability of 1,291 MW. The commercial operation date for the Mead-Adelanto Project was April 15, 1996.

Participants: Anaheim (24%), Azusa (1%), Banning (1%), Burbank (15%), Colton (1%), Glendale (15%), Los Angeles (25%), Pasadena (14%), Riverside (4%)

The Mead-Phoenix Transmission Project is a 256 mile, 500 kV, alternating current transmission line that extends between a southern terminus at the Westwing substation in the vicinity of Phoenix, Arizona and a northern terminus at Marketplace Substation, a substation located approximately 17 miles southwest of Boulder City, Nevada. By connecting to the Marketplace Substation, the Mead-Phoenix Transmission Project interconnects with the existing McCullough Substation in Southern Nevada. The transmission line has a transfer capability of 1,923 MW. The commercial operation date for the Mead-Phoenix Project was April 15, 1996.



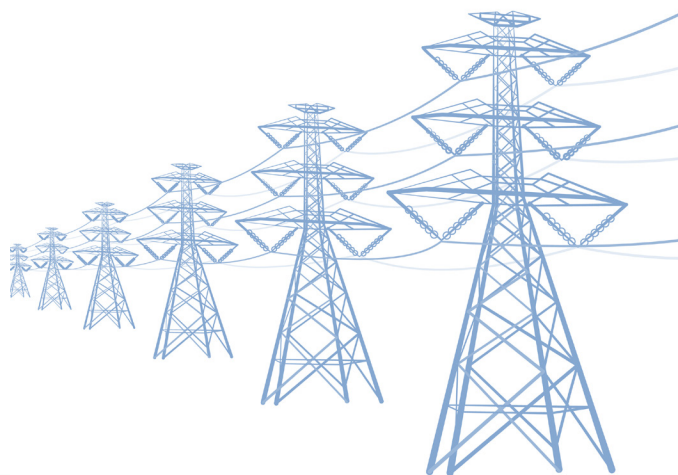
MISSION

TRANSMISSION

Power transmission is typically achieved through the use of overhead lines. Transformers are used to step up voltage for safe consumption at the final consumer destination. Transmission is critical to providing clean energy to the United States.

Participants: Anaheim (18%), Burbank (5%), Glendale (2%), Los Angeles (60%), Pasadena (6%), Riverside (10%)

The Southern Transmission System Project (STS) is a 488 mile, 500kV DC bi-pole transmission line operated with near-perfect availability (97.2%). The STS project commenced commercial operations in July 1986. Construction to upgrade two AC/DC converter stations and increase their combined rating from 1,920 MW to 2,400 MW was completed in May 2011.



946
MILES OF TRANSMISSION LINES

ABOUT WIND

Wind energy is a form of renewable energy produced from the sun's uneven heating of the Earth's surface. Wind blades are connected to a drive shaft that turns an electric generator, resulting in the production of electricity. speed, and frequency of wind. Because it does not produce air or water pollutants, or require water for cooling

Participants: Glendale (10%), Los Angeles (90%)

The Linden Wind Project is a 50 MW wind farm in Klickitat County, Washington. The Facility achieved commercial operation on June 30, 2010.

This fiscal year Linden delivered 130,748 MWhs, realizing a 30% net capacity factor.



Participants: Burbank (5%), Los Angeles (92%), Pasadena (3%)

The Milford I Prepaid Wind Project is a 204 MW wind farm in Milford, Utah. The Facility commenced commercial operation on November 16, 2009.

This fiscal year Milford I delivered 505,919 MWhs, realizing a 28% net capacity factor.

Participants: Glendale (5%), Los Angeles (95%)

The Milford II Prepaid Wind Project is a 102 MW expansion of the Milford I Wind Farm in Milford, Utah. The Milford II Prepaid Wind Project achieved commercial operation on May 2, 2011. SunEdison, the parent company of both the Milford project companies, filed for bankruptcy in 2016 and subsequently reorganized. Throughout the year SCPPA monitored the proceedings, as well as any potential sale of the assets, to protect the Members' and the bondholders' interests.

This fiscal year Milford II delivered 239,906 MWhs, realizing a 27% net capacity factor.



1,668
MWhs OF W

	MWH GEN
LINDEN	
MILFORD I	
MILFORD II	
PEBBLE SPRINGS	
WINDY FLATS	602,95

ND

GENERATION

Wind energy is produced when wind flows against wind turbine blades causing them to begin rotating. The turbine converts the kinetic energy of the wind into mechanical energy. The amount of energy that can be produced by wind varies based on the position of the turbine, rate of wind, and density of the air. Wind energy has a small environmental footprint when compared to many other energy sources.

Participants: Burbank (10%), Glendale (20%), Los Angeles (70%)

The Pebble Springs Wind Project is a 99 MW wind farm located in Gilliam County, Oregon. The project achieved commercial operation on January 30, 2009.

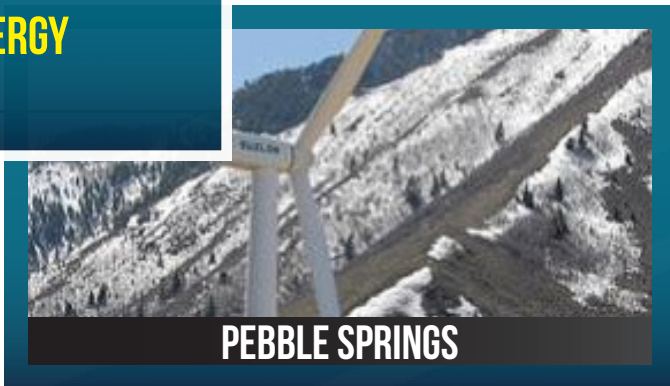
This fiscal year Pebble Springs delivered 188,552 MWhs, realizing a 22% net capacity factor.

Participants: Glendale (7.63%), Los Angeles (92.37%)

The Windy Flats Prepaid Wind Project is 262 MW wind farm located in Klickitat County, Washington. The first phase of the Windy Flats Prepaid Wind Project achieved commercial operation on January 25, 2010. The second phase of the project commenced commercial operation on March 1, 2010.

This fiscal year Windy Flats delivered 602,953 MWhs, realizing a 26% net capacity factor.

3,078
WIND ENERGY

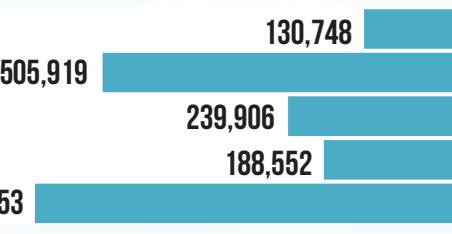


PEBBLE SPRINGS



WINDY FLATS

GENERATION



SCPPA PROJE

POWER SALES CONTRACT EXPIRATION DATES

FOSSIL/NUCLEAR

Apex Natural Gas CC Power Project	2038
Canyon Natural Gas CT Power Project	2040
Magnolia Natural Gas CC Power Plant	2036
Palo Verde Nuclear Station	2030
San Juan Unit 3 Coal Plant	2030

GEOTHERMAL

Don A. Campbell I Geothermal Project	2034
Don A. Campbell II Geothermal Project	2035
Heber South/Gould 2 Geothermal Project	2031
Heber 1 Geothermal Project	2026

HYDROPOWER

Hoover Upgrading Hydro Project	2017
Metropolitan Water District Hydro Project	2023
Tieton Hydro Project	2040

LANDFILL GAS

Chiquita Canyon Landfill Gas Project	2030
Puente Hills Landfill Gas Project	2027

NATURAL GAS

Barnett Shale Gas Reserves Project	2040
Pinedale Gas Reserves Project	2040
Prepaid Natural Gas Project	2038

SOLAR

Antelope Big Sky Ranch Solar Project	2042
Antelope DSR I Solar Project	2036
Antelope DSR II Solar Project	2036
Astoria 2 Solar Project	2036
Columbia Two Solar Project	2034
Copper Mountain Solar 3 Project	2040
Kingbird B Solar Project	2035
Springbok I Solar Project	2041
Springbok II Solar Project	2043
Summer Solar Project	2042

TRANSMISSION

Mead-Adelanto Transmission Project	2030
Mead-Phoenix Transmission Project	2030
Southern Transmission System Project	2027

WIND

Linden Wind Farm Project	2035
Milford I Prepaid Wind Project	2030
Milford II Prepaid Wind Project	2031
Pebble Springs Wind Project	2025
Windy Flats Prepaid Wind Project	2030

ACT SUMMARY

MEMBER PROJECT PARTICIPATION

Member project participation totals in the Authority's operating projects as of June 30, 2017.



ABOUT SCPPA PROGRAMS

SCPPA coordinates the development and implementation of numerous joint-action and individualized programs that support and impact the generation and transmission of power by Members.

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

**CUSTOMER SERVICE/
EXPERIENCE & KEY ACCOUNTS**

DEMAND RESPONSE

ENERGY EFFICIENCY

ENERGY STORAGE

RATE DESIGN

**TRANSPORTATION & BUILDING
ELECTRIFICATION**

Working together to share lessons learned and best practices, SCPPA and our Members develop “next practices” that create leading edge concepts for Program enhancements and improvements.

RAMS

SCPPA PROGRAM OPERATIONAL VALUE

In FY2016-2017, SCPPA administered 59 different contracts with suppliers to procure goods and services on behalf of our Members totaling more than \$100 million which provided cost savings between \$11 and \$16 million.

The largest single program was energy efficiency which accounted for more than \$75 million, using 28 different suppliers. Of this, nearly \$50 million was spent on direct installation programs where suppliers provided and installed the efficiency measures to residences and businesses directly on behalf of the participating Member. SCPPA also administered 38 additional contracts to support Members' programs totaling:

- \$15 million for small-scale, renewable resource generation projects,
- \$8 million on Smart Grid improvement programs,
- \$2 million on electric vehicle charging infrastructure development and installations; and
- \$2 million on customer research and related support services.

\$11+
MILLION
COST SAVINGS

59

PROGRAM CONTRACTS

\$100+
MILLION
GOODS & SERVICES

WORKFORCE DEVELOPMENT

ABOUT THE SCPPA TRAINING CENTER

Aligning with the mission of providing value-added services to enhance Member operational efficiencies and increase savings for Members, SCPPA contracted for the 1172 Nicole Court building in 2016 with the goal of creating a Training Center. After some much needed renovation, the SCPPA Training Center successfully opened its doors to Members on February 1, 2017.



PURPOSE

SCPPA is to provide quality, cost-effective workforce development for members to enhance their organizational performance and effectiveness.

GOALS

- Provide high quality, cost-effective training
- Facilitate Member workforce development opportunities
- Promote individual and organizational effectiveness
- Prepare member workforce for the utility transformation



TRAINING CENTER LOBBY



TRAINING CENTER CLASSROOM

DEVELOPMENT

SCPPA TRAINING CENTER OPERATIONAL VALUE

The SCPPA Training Center has achieved overwhelming success with 43% capacity utilization in its first 5 months of operation. Proving to be both cost effective and efficient, the SCPPA Training Center hosted 29 Training Events with a total of 949 attendees. SCPPA's in-house training has saved members over \$1.4 million by eliminating transportation and lodging fees, resulting in substantially reduced per person costs. SCPPA anticipates continued increase in the utilization of the training center, which is expected to result in further cost savings to its members.

\$1.4
MILLION
MEMBER SAVINGS

INITIATING A WORKFORCE DEVELOPMENT PLAN

The overarching goals of the SCPPA Workforce Development Program are to:

- Elevate utility management to take the helm at their utilities as executive level leaders
- Develop and equip the emerging leaders with the training to become the next generation of leaders for their utilities
- On-Board a new wave of utility employees with the fundamental training necessary to close the gap in utility operational knowledge
- Deliver specialized technical and professional training to equip utility employees to stay at the forefront of the utility industry transformation

949
TRAINING ATTENDEES

29
TRAINING EVENTS

SCPPA WORK

ABOUT SCPPA WORKING GROUPS

There were 22 active working groups in FY 2016-17. The number of active working groups was reduced to 17 in July 2017. The Community Solar, Energy Storage, and Transmission Users working groups were consolidated into the Resource Planning working group. Greenhouse Gas was consolidated into the Regulatory working group and the Renewable Operating/Coordinating working group was consolidated into the Renewables working group, and the Customer Service working group was changed to Customer Engagement.



PURPOSE

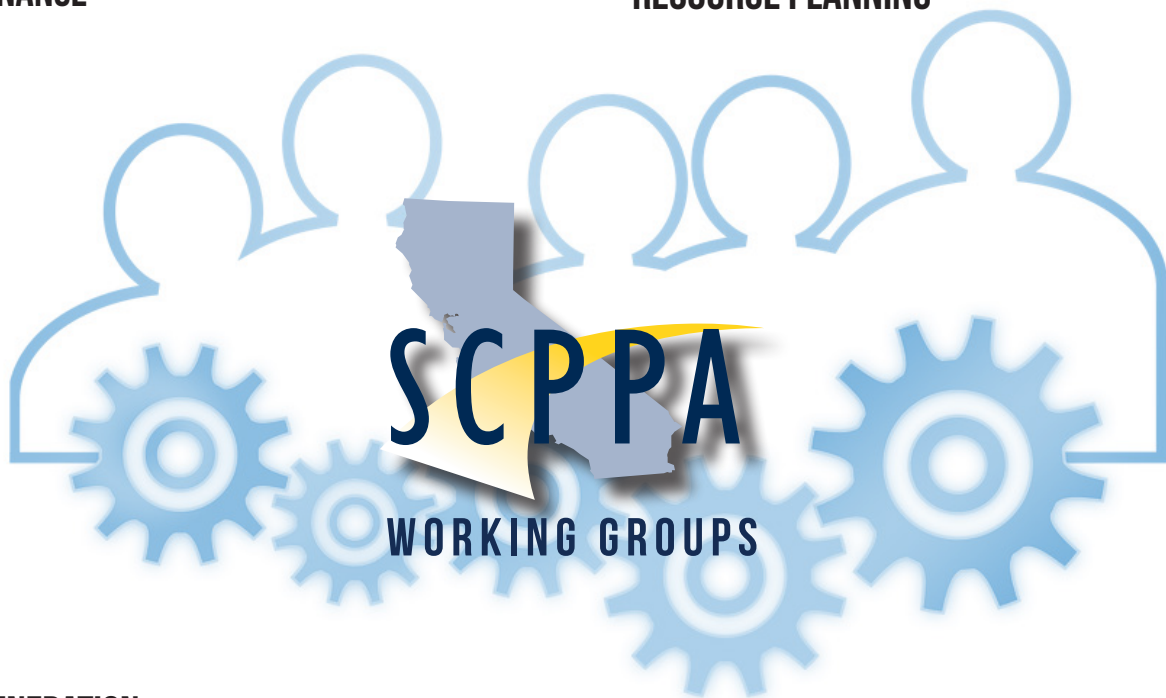
SCPPA's working groups were created for the purpose of targeted communication amongst the members to generate ideas, develop best practices, resolve issues and reduce costs across the SCPPA membership.

GOALS

- Establish an environment where collaboration and knowledge transfer occur between the members
- Identify value enhancing opportunities and make recommendations to SCPPA staff
- Utilize economies of scale for joint procurement and joint contracting to meet member needs
- Develop solicitations to obtain required resources for members
- Inform and shape stakeholder considerations to optimize member circumstances

WORKING GROUPS

- AUDIT
- COMMUNITY SOLAR
- CUSTOMER SERVICE
- ELECTRIFICATION
- ENERGY STORAGE
- FINANCE
- PUBLIC BENEFITS
- RATE DESIGN
- REGULATORY
- RENEWABLE OPERATING/COORDINATING
- RENEWABLES
- RESOURCE PLANNING

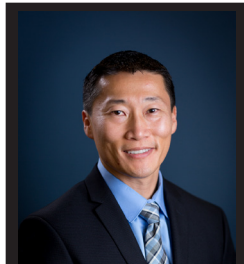


- GENERATION
- GREENHOUSE GAS
- KEY ACCOUNTS
- LEGISLATIVE
- NATURAL GAS RESERVES
- MUTUAL ASSISTANCE
- RISK MANAGEMENT
- SAFETY
- TRANSMISSION & DISTRIBUTION ENGINEERING & OPERATIONS
- TRANSMISSION USERS

SCPPA MEMB



PUBLIC UTILITIES
ANAHEIM.NET/UTILITIES



DUKKU LEE
General Manager

CUSTOMERS - RETAIL	118,249
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	398,000
PURCHASED	2,992,000
TOTAL	3,390,000
TOTAL REVENUES (000S)	\$433,916
OPERATING COSTS (000S)	\$395,544

*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

ANAHEIM

Anaheim Public Utilities (APU) began operations in 1894 as the first municipal electric utility in southern California. Today, APU provides affordable and reliable water and power to more than 351,000 residents across a city that spans 50 square miles, boasting strong neighborhoods, and a thriving business community that includes world-class convention, sports, and entertainment venues.

Anaheim's electric system supports a diverse customer base, and has a historic peak demand of 593 MW. Distinguishing features include commissioning the nation's first underground substation in 2006, undergrounding over 128 circuit miles as part of an aggressive underground conversion program, and operating the nation's largest municipally-owned, 2.4 MW photovoltaic system on the roof of the Anaheim Convention Center in 2014.



GEORGE MORROW
Director of Utilities

CUSTOMERS - RETAIL	16,555
POWER GENERATED AND PURCHASED (IN MWH)	
PURCHASED	184,674*
RENEWABLES	80,219
TOTAL	264,893
TOTAL REVENUES (000S)	\$41,558**
OPERATING COSTS (000S)	\$39,156**

*PURCHASED POWER IS NET POWER USED TO SERVE AZUSA LOAD
**UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

AZUSA

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

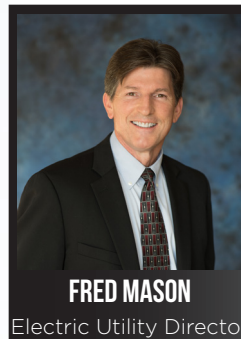
ALW's electric utility operates within the California ISO Balancing Authority acting as a Utility Distribution Company (UDC) and a Participating Transmission Owner (PTO). The electric utility currently receives power from 11 renewable resource projects and 4 conventional power resources, with total power production capability of up to approximately 300,000 MWH/year. Azusa's utilities are fully compliant with all state and federal laws. The electric utility is on track to meet/exceed the 33% renewable power content in 2020 with estimated 2017 deliveries to exceed 30%. Azusa is compliant with AB32 (Global Warming Solutions Act) through its participation in the State's cap-and-trade program.

ER UTILITIES

BANNING

The City of Banning Electric Utility provides electric service to approximately 12,100 accounts covering an area of approximately 22 square miles. Originally established in 1913 as a private utility, the City of Banning purchased the Utility in 1922 and has been providing electric service to its residents since that time. Banning's energy resource base includes portions of coal, nuclear, geothermal, solar, landfill gas-to-energy, and hydro generating plants, that provide the majority of electricity required to meet its summer peak demand of 48 MW.

The City supports clean-energy and is committed to additional renewable energy resources to its already diverse portfolio. The Utility met the renewable energy requirement of Compliance Period #1 through energy produced from two geothermal generating facilities located in the Imperial Valley. In addition, the Utility has two Power Sales Agreements for energy from Solar and Landfill Gas facilities, which will put the Utility at 77 percent renewable by 2018, far exceeding the current State mandate of 50 percent by 2030. The Utility is dedicated to continue providing quality service to its customers in a safe and reliable manner, at reasonable rates.



FRED MASON
Electric Utility Director



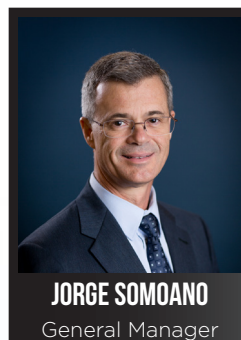
CUSTOMERS - RETAIL	12,101
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	0
PURCHASED	148,174
TOTAL	148,174
TOTAL REVENUES (000S)	\$28,098
OPERATING COSTS (000S)	\$27,844
<small>*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION</small>	

BURBANK

Established in 1913, Burbank Water and Power (BWP) is a community owned utility which primarily provides electric and water services to the residents and businesses of Burbank. As a community owned utility, BWP returns value to its customers, rather than investors, by providing its services using increasingly sustainable, reliable and safe methods, and through competitive utility rates. All told, within the City's 17 square miles, BWP provides over 100,000 residents, and tens of thousands of more people during work week business hours, with excellent utility services.

BWP is committed to providing reliable, affordable and sustainable utility services to Burbank; these are three key tenets BWP uses to deliver value to the Burbank community. BWP's power availability rate for Fiscal Year 2016-17 was a region leading 99.998%; or in other words the average Burbank resident could expect to experience only one electric service outage of just 23 minutes every three years. BWP's average electric rates are lower than the California investor owned utilities and amongst the lowest in the region. BWP's commitment to sustainability is strong; in 2007, BWP was the first utility to commit to 33% renewable energy by 2020.

BWP offers other valuable services to Burbank, including fiber optic services to businesses, free citywide wireless broadband service, and public access to dozens of electric vehicle charging stations. BWP is also the operator of SCPPA's Magnolia Power Project (MPP). MPP is a large, very clean, highly efficient combined-cycle power plant that utilizes state-of-the art combined-cycle electric generation technology. MPP improves regional electric reliability dramatically by reducing dependence on long-distance interstate transmission lines.

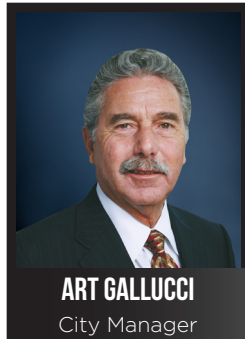


JORGE SOMOANO
General Manager



CUSTOMERS - RETAIL	53,272
RETAIL SALES IN MWH	1,079,709
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	12,390
PURCHASED	1,135,660
TOTAL	1,148,050
TOTAL REVENUES (000S)	\$187,123
OPERATING COSTS (000S)	\$155,147
<small>*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION</small>	

SCPPA MEMB



CERRITOS

The City of Cerritos became a member of SCPPA in 2003. Since 2005, the City of Cerritos has been serving the electrical demands of the City's business community. Over the years, the City's customer base has steadily increased and the utility currently serves 331 accounts. The utility serves educational institutions and major retail businesses in the City with the primary goal of providing an economical and reliable supply of electricity. Cerritos continues to receive power primarily from the Magnolia Power Plant. However, with increasing customer load and demand, the City has applied for and received a small allocation of hydroelectric power from the Western Area Power Administration. This hydroelectric power generated by the Boulder Canyon Power project will become available to Cerritos starting in the Fall of 2017.

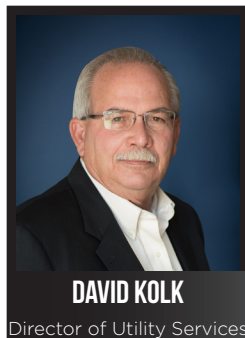
CUSTOMERS - RETAIL	331*
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	65,868*
PURCHASED	12,013*
TOTAL	77,881*
TOTAL REVENUES (000S)	\$5,193*
OPERATING COSTS (000S)	\$6,626*

*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

COLTON



City of Colton
ELECTRIC UTILITY



The largest and oldest municipal utility in San Bernardino County, the Colton Electric Department has been meeting the electric needs of Colton's businesses and residents since 1895. Today, the Department serves approximately 19,000 customers with a diverse mix of generation resources.

The Department's main focus is ensuring that customer's use electricity effectively to minimize their costs and promote sustainability. Colton's residents want improved environmental quality and support the steps taken by the Department to improve the quality of life in the city. Department efforts include acquiring renewable resources and working with residential and business customers to install energy efficient equipment and appliances.

CUSTOMERS - RETAIL	19,546*
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	7,833*
PURCHASED	422,635*
TOTAL	430,468*
TOTAL REVENUES (000S)	\$65,099*
OPERATING COSTS (000S)	\$54,430*

*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

ER UTILITIES

GLENDALE

Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. In 1937, it began receiving power from the Hoover Dam and inaugurated the first of its own steam generating plant units with 260 MW of gas-fired steam and combustion generating capacity. Glendale Water & Power (GWP) has a diversified portfolio that also includes coal, nuclear, and hydro generating resources, as well as a comprehensive renewables resource program comprised of landfill gas, wind, and geothermal projects. Today, GWP provides reliable electric services to over 87,900 residential, commercial, and industrial customers within a 31 square mile area. GWP continues to invest in improving the system infrastructure to ensure its long-term reliability. Our vision is to provide our customers with reliable and sustainable water and power services that are cost-effective and innovative.



STEPHEN M. ZURN
General Manager



CUSTOMERS - RETAIL	87,982*
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	142,440*
PURCHASED	1,550,098*
TOTAL	1,692,538*
TOTAL REVENUES (000S)	\$224,295*
OPERATING COSTS (000S)	\$205,941*

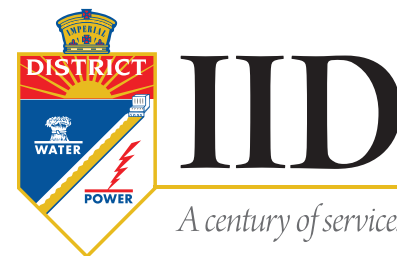
*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

IMPERIAL IRRIGATION DISTRICT

The Imperial Irrigation District (IID) was established in 1911 and entered the power business in 1936. Proudly serving Imperial and Coachella valleys and a portion of San Diego County, IID has a service area of 6,898 square miles that encompasses an expanding 1,780-mile transmission network and 5,004-mile distribution lines. One of eight balancing authorities in the state, IID controls over 1,100 MW of energy derived from a diverse resource portfolio that includes native generation, SCPPA partnerships, and long- and short-term power purchases. IID, in the enviable position of having access to locally-generated geothermal, solar, wind and biomass resources, is on track to meet the 33 percent Renewables Portfolio Standard by 2020. A valuable public resource, IID is regarded as an affordable and reliable service provider serving 149,431 customers.



KEVIN E. KELLEY
General Manager



CUSTOMERS SERVED	149,431
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	1,555,020
PURCHASED	2,139,911
TOTAL	3,694,931
TOTAL REVENUES (000S)	\$457,621
OPERATING COSTS (000S)	\$453,526

AUDITED YEAR END DECEMBER 31, 2016 INFORMATION

SCPPA MEMB



DAVID H. WRIGHT
General Manager

CUSTOMERS SERVED	1,507,664
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	16,123,327
PURCHASED	10,336,592
TOTAL	26,459,919
TOTAL REVENUES (000S)	\$3,594,078*
OPERATING COSTS (000S)	\$3,020,197*

*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

LOS ANGELES

Providing service for more than a century, the Los Angeles Department of Water and Power (LADWP) began delivering water to the city in 1902, and with the water came power. In 1916, LADWP first delivered electricity to the city purchased from the Pasadena Municipal Plant. A year later, LADWP began generating its own hydroelectric power at the San Francisquito Power Plant No. 1. After purchasing the remaining distribution system of Southern California Edison within the city limits in 1922, LADWP became the sole water and electricity provider for the City of Los Angeles. It is now the largest municipally owned electric utility in the nation, serving a population of 3.8 million residents over a 465 square mile area. LADWP remains on firm financial footing and serves as a valuable asset to the City of Los Angeles. LADWP reached its 20% renewable goal in 2010 and 28% (unaudited) in 2016 with a significant portion of such goal accomplished with projects transacted through SCPPA. LADWP is undergoing a transformation of its power supply, as documented in its Power Integrated Resource Plan. In the next 15 years, there will be a transition away from coal, replacing such energy through meeting a mandated 33% renewable goal by 2020, a mandated 50% renewable goal by 2030, a long-term aspirational 65% renewable goal by 2036, increasing energy efficiency to at least 15% by 2020, balancing the system demands with increased use of natural gas from new and rebuilt existing facilities, re-powering gas facilities to eliminate the use of ocean water for cooling, investing in the Power System Reliability Program to ensure robust power system, and supporting electric transportation growth to decrease overall greenhouse gas emissions in the L.A. Basin.



PASADENA
Water & Power



GURCHARAN S. BAWA
General Manager

PASADENA

Pasadena Water and Power ("PWP") has been providing utility services since 1906. Its current service territory spans approximately 26 miles and includes almost 66,000 electric and 38,000 water accounts.

In 2009, the City of Pasadena adopted an Integrated Resource Plan ("IRP") which includes a commitment to provide 40% of retail energy requirements with renewable resources by 2020. PWP is on track to meet or exceed those goals in 2017, and actively pursues opportunities to expand its renewable portfolio standard ("RPS") with minimal impacts to customer rates. PWP is also collaborating with public stakeholders to develop its 2018 IRP, which will meet or exceed the requirements of SB 350.

CUSTOMERS - RETAIL	65,979*
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	62,106*
PURCHASED	1,043,220*
TOTAL	1,105,326*
TOTAL REVENUES (000S)	\$213,160*
OPERATING COSTS (000S)	\$168,011*

*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION

During calendar year 2016, PWP achieved a voluntary RPS of 30% and reduced greenhouse gas emissions by 47% below 1990 levels. PWP's FY2017 energy efficiency programs added annual savings of 23,447 MWh per year, or 2.2% of retail sales. Pasadena has also reduced 272,909 metric tons of greenhouse gases since 2008. In December 2016, PWP completed an extensive power plant upgrade that replaced aging steam-generating equipment with a highly efficient combined-cycle natural gas-fueled turbine. The upgrade provides Pasadena with approximately 71 MW of clean, reliable, natural gas-fueled power, and the infrastructure needed to embrace advances in renewable resources.

ER UTILITIES

RIVERSIDE

Established in 1895, Riverside Public Utilities (RPU) is a consumer-owned water and electric utility that provides high quality, reliable services to over 109,000 metered electric customers, and 65,000 metered water customers throughout an 82 square mile area in and around the City of Riverside, California, serving a population of more than 326,000. RPU is committed to providing the highest quality water and electric services at the lowest possible rates to benefit its customer owners.

To maintain its energy delivery commitment, the utility maintains a diverse resource portfolio mix that includes: 236 MW of simple-cycle, natural gas peaking generation, and 29.5 MW combined-cycle natural gas generation; participation in joint SCPPA (42.3 MW) and IPA (137.1 MW) generation projects; long-term renewable power purchase agreements (209.7 MW), as well as short, mid, and long-term contracts from various other power providers. Riverside is committed to promoting sustainable communities and becoming a municipal leader in the use of renewable energy resources. RPU met the 25 percent mandate by December 31, 2016 and is on target to meet additional future mandates with resource procurement actions as outlined in the RPS Procurement Plan. For calendar year 2016, renewable resources provided 27 percent of retail sales requirements.



GIRISH BALACHANDRAN
General Manager



CUSTOMERS - RETAIL	109,274
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	110,700
PURCHASED	1,403,300
RENEWABLES	753,000
TOTAL	2,267,000
TOTAL REVENUES (000S)	\$366,066
OPERATING COSTS (000S)	\$291,996
<small>AUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION</small>	

VERNON

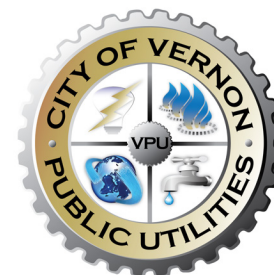
The City of Vernon was founded in 1905 under an “exclusively industrial” model. In 5.2 square miles, Vernon is home to over 1700 businesses, and prides itself in fostering a favorable and competitive business climate for over 50,000 employees. Vernon Public Utilities (VPU) Department was established in 1933 when then Mayor John Leonis built a 38 MW diesel power plant and distribution system using bonds in the Southern California Edison Company territory. Although long since operational, the diesel generators are on display to this day in the Station A historic building.

VPU receives power from the natural-gas powered Malburg Generating Station and long term power contracts with Palo Verde and Hoover - both zero emission generators - along with a number of renewable energy sources. As of January 1, 2017, Vernon added to its renewable energy portfolio three new long-term PPAs acquired through SCPPA. The addition of the Antelope DSR Solar Project, the Astoria II Solar Project, and the Puente Hills Landfill Gas to Energy Project will help Vernon meet its RPS mandate. In addition, Vernon has approximately 18,000 acres of land in Jawbone Canyon, Kern County. The land is suitable for future solar and wind renewable project development.

Vernon electric service annually ranks among the top 10 percentile in a nation-wide reliability benchmark study, and was recently awarded Diamond Level recognition for Reliable Public Power Provider by the American Public Power Association.



KELLY NGUYEN
General Manager



CUSTOMERS - RETAIL	1,915*
POWER GENERATED AND PURCHASED (IN MWH)	
SELF-GENERATED	748*
PURCHASED	1,142,532*
TOTAL	1,143,280*
TOTAL REVENUES (000S)	\$174,476*
OPERATING COSTS (000S)	\$136,423*
<small>*UNAUDITED FISCAL YEAR END JUNE 30, 2017 INFORMATION</small>	

REGULATOR



significant amount of staff time in 2017 focused on state regulatory activities as California continues to position itself as a global leader in efforts to address the effects of climate change. SCPPA also tracks and engages in regulatory activities at the federal level – though much of those efforts had been focused on the Obama Administration’s “Clean Power Plan” rule, and subsequent efforts by the California Air Resources Board to implement it under existing State programs, which is now being withdrawn by the Trump Administration.

GREENHOUSE GAS EMISSIONS REDUCTION EFFORTS

SCPPA remained heavily involved in the California Air Resources Board’s efforts to meet GHG emissions reduction goals – principally towards achieving a 40% emissions reduction goal below 1990 levels by the year 2030. This included efforts to update a 2030 Target Scoping Plan, the proposed “2016 Cap-and-Trade Program amendments” (importantly including the 2020-30 utility allowance allocations) and revisions to the Mandatory Reporting Rule, implementation of the federal Clean Power Plan (despite a Supreme Court “stay”), and the growing effort to addressing environmental justice issues in local communities. Our Members have made significant strides towards reducing GHG emissions, and SCPPA is working to ensure that the Program is implemented in a manner that maintains environmental integrity at affordable costs for California ratepayers without undermining the RPS Program. The California Air Resources Board is also undertaking preparation and finalization by year-end of an updated “2030 Target Scoping Plan.” It seeks to determine how California can best reach the 2030 interim emissions reduction target (40% below 1990 levels by 2030). SCPPA filed comment letters, participated in numerous workshops and meetings, and worked with the informal “Joint Utilities Group” (which includes the investor-owned utilities) to ensure long-term sustainability at an affordable level for utility customers, maintaining the utility sector’s allowance allocation based on the historic methodology, ensuring credit for utility efforts regarding transportation and building electrification, and the need for greater levels of cooperation. SCPPA and other utilities also continue to urge CARB to develop emissions planning ranges or “soft targets,” rather than “hard targets,” pursuant to SB 350 given the tremendous progress that the electricity sector has made to date in reducing overall emissions.

RENEWABLES PORTFOLIO STANDARD (RPS), INTEGRATED RESOURCE PLANNING (IRP), AND ENERGY EFFICIENCY

SCPPA Members are working diligently to meet California’s aggressive climate change goals – this includes achieving 50% renewables by 2030, reducing greenhouse gas emissions to 40% below 1990 levels by 2030, and working towards a doubling of energy efficiency in existing building stock. SCPPA dedicated a significant amount of time in 2017 working with the California Energy Commission to incorporate Integrated Resource Plan-related changes made by SB 350, resulting in far more flexible guidelines for our larger Members. SCPPA worked closely with other publicly-owned utilities over the course of 18 months in this regard, as well as the stated goal within SB350 to double the State’s Energy Efficiency. Ultimately, the CEC agreed with public power and the investor-owned utilities that the electric utilities cannot be looked upon as the only source of increased energy savings. The State will continue to look for alternative savings to fill the gap between projected program savings and the “doubled efficiency target. Implementing AB 802 (Williams, 2015), that establishes building energy

RY REPORT

usage data access, benchmarking and public disclosure requirements from commercial buildings in the States, was also the subject of significant joint advocacy work. SCPPA also worked with both the California Energy Commission and the California Air Resources Board towards setting IRP emissions targets, and to craft a RPS enforcement penalty rulemaking before that proceeding was temporarily tabled at CARB.

SB 350 (de Leon 2015) requires the 16 largest publicly owned utilities (POUs) to file Integrated Resource Plans (IRPs) with the California Energy Commission (CEC). The first of the IRPs must be approved by a POU's Governing Board by January 1, 2019, and then filed with the CEC for review. IRPs must minimally address mid-term GHG emissions reduction efforts, steps taken to reach a 50% Renewables Portfolio Standard by 2030, as well as energy efficiency and demand response, energy storage, transportation electrification, portfolio diversification, and resource adequacy goals as outlined in statute. In contrast, the California Public Utilities Commission took a far more prescriptive approach for the investor-owned utilities and community choice aggregators under its jurisdiction, proposing to establish a statewide "preferred portfolio" that individual utilities/aggregators would then need to comply with.

SCPPA, on behalf of our eight largest Members who represent half of the affected statewide POUs, working closely with affected Northern California POUs, developed an advocacy strategy to ensure that any future state IRP guidelines for the POUs would be as flexible as possible. SCPPA first drafted and coordinated a statewide letter of locally-elected and appointed officials urging that the Energy Commission respect local decision-making and noting at the outset of the process that IRPs were planning documents (not procurement roadmaps). The local officials said in part, "As we share our IRPs with you for informational review and to aid in state-wide modeling, they should not be used as a tool to assert oversight or enforcement over our local planning activities. To do so would undermine local accountability and public input processes that are fundamental for communities served by public power utilities." CEC Chair Robert B. Weisenmiller quickly sought to assure mayors, council members, and utility leaders that, "...POUs required to file IRPs with the Energy Commission will have the flexibility to choose the most feasible and cost-effective options for meeting the GHG reduction planning targets and other statutory requirements, including just and reasonable rates and minimizing impacts on ratepayer bills."

After numerous coordination efforts across SCPPA Member utility staffs, multiple rounds of comment letters, workshops, and informal meetings with CEC regulatory and leadership staff over the course of 18 months, draft IRP Guidelines were posted in May 2017. SCPPA and our POU partners provided initial thoughts on the draft guidelines in a nearly 40 page response that highlighted what we believed CEC staff got right, and where we thought improvements were still needed. SCPPA was a co-lead drafter of the "Joint POU comments" filed in June 2017 including providing redline language on how to address our concerns with rate analysis issues; how best to encourage outside stakeholder participation at the local level; how POU balancing authorities in particular could address grid issues related to over-generation; urging the Energy Commission to develop a more methodical approach to account for and ultimately credit transportation electrification efforts for the utility sector, and other important considerations. The final IRP Guidelines were adopted in August 2017. It represented a significant improvement over the draft guidelines because it reflected a much more flexible work product for all of the 16 affected POUs statewide.

STATE LEGISLATION

The first half of the 2016-2017 Legislative Session was one of the busiest in recent memory in terms of high-profile environmental and energy policy initiatives, with proposals to extend California's Cap-and-Trade program, to establish a 100% zero-carbon energy planning goal by 2045, and to create a regionalized governance structure of the California Independent System Operator. Only the Cap-and-Trade extension--with the support of SCPPA and other publicly-owned utilities--made it to the Governor's desk. However, the 100% zero-carbon planning goal and the hastily-proposed grid regionalization proposals did not come up for a vote at the end of session due to strong opposition from a multitude of stakeholders. Both proposals will be revisited in early 2018 and will require significant engagement by SCPPA and our Members.

CAP-AND-TRADE EXTENSION

The highest profile environmental legislation in 2017--and indeed Governor Brown's biggest legislative priority--was AB 398 (E. Garcia), which extends California's Cap-and-Trade Program through 2030. AB 398 did not surface publicly, however, until after the Legislature stopped other attempts to establish a post-2020 greenhouse gas emissions reduction program. AB 378 (C. Garcia), for example, would have made fundamental changes to the existing program by establishing facility-specific caps on emissions and tying allowance allocations to criteria pollutant control technologies. Further, SB 775 (Wieckowski) would have established more of a cap-and-tax program, and problematically would have eliminated the allocation of free allowances after 2021 as well. SCPPA raised strong concerns with both AB 378 and SB 775, and both bills failed to make it through their respective houses.

After extensive behind-the-scenes discussions with the Governor's Office, which included a broad array of stakeholders (including SCPPA), Assemblymember Eduardo Garcia proposed AB 398, which extended the Cap-and-Trade Program to include many of the features it contains today, including, importantly to SCPPA members, free allocation of allowances. AB 398 contains additional legislative oversight and workforce development provisions, and in an effort to appeal to Republican members, it suspended the State Responsibility Area fire fee and extends the Manufacturing Sales and Use Tax Exemption. In an effort to appeal to environmental justice groups focused primarily on local air pollution, Assemblymember Cristina Garcia proposed AB 617, a companion bill to AB 398, which directs the California Air Resources Board to develop a statewide strategy to reduce toxic air contaminants and criteria air pollutants for communities affected by a "high cumulative exposure burden."

AB 398, which SCPPA supported, appealed to enough Republicans to garner a two-thirds vote in both houses, and AB 617 passed both houses with a simple majority vote. The Governor signed AB 398 and AB 617 into law on July 25, 2017, and July 26, 2017, respectively.

100% ZERO-CARBON PLANNING GOAL

Building on SB 350, which established a Renewable Portfolio Standard (RPS) target of 50% by 2030, Senate President Pro Tempore Kevin de León introduced SB 100 - a bill to expedite the current RPS target by four years to achieve 50% RPS by the end of 2026, to set a new target of 60% RPS target by the end of 2030, and to establish a longer term planning goal of 100% reliance on RPS-eligible or zero-carbon resources by the end of 2045.

SB 100 moved swiftly through the Senate and Assembly policy committees with very few significant

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amendments. But during the last week of session, the Investor-Owned Utilities formally opposed the bill, in part because of a last-minute amendment that reversed a previous attempt to apply equivalent IRP requirements to retail sellers and publicly-owned utilities; the unions, specifically IBEW, also registered strong opposition due to Senator de León's refusal to incorporate IBEW-proposed amendments into an unrelated bill that would have required IOUs to procure federal tax-advantaged resources to meet applicable RPS compliance. In the end, opposition to SB 100 was too overwhelming, but Senator de León has already expressed his intent to move the bill forward in 2018 – before he is termed out of office.

GRID REGIONALIZATION

In the closing days of the 2017 legislative session, the Governor introduced language in existing legislation, AB 813 (Holden), which would relinquish California's authority over governance of the California Independent System Operator (CAISO) and would require the CAISO governing board to propose a new, unspecified governance structure to a newly created "Commission on Regional Grid Transformation." The Commission would then evaluate the CAISO board's proposed governance structure, and if the Commission made certain findings, then the new governing structure would take effect and existing law regarding CAISO transformation would be repealed.

The Governor's proposal faced strong opposition from SCPPA and other POUs, The Utility Reform Network, the Sierra Club and others. But because AB 813 also included previously introduced and controversial language requiring IOUs to procure tax-advantaged resources to meet applicable RPS compliance, other stakeholders involved in that fight, such as the IOUs, Community Choice Aggregation groups, and labor, also opposed the bill. Because of this widespread opposition, Assembly Member Holden issued a press release indicating he would continue working on the bill in 2018. Indeed, grid regionalization remains a priority of the Governor's, and SCPPA will be engaging in these important discussions next year.

FEDERAL LEGIS



The 115th Congress has been anything but ordinary. With a new business-friendly Administration, supported by a Republican majority in Congress, 2017 has seen initial efforts to unwind key environmental laws. Although potentially significant statutory changes to the Clean Air Act, the Clean Water Act, and other environmental statutes is still a long ways off, the Trump Administration and Congress are making swift and far-reaching changes to regulations based upon those laws. Early in the year, Congress employed the previously little-used Congressional Review Act to cancel more than a dozen major regulations issued at the end of the Obama Administration. And through executive orders and administrative actions, the President has made de-regulation a far-ranging priority. Notably, the Administration is working to repeal the Obama Administration's Clean Power Plan – his signature climate change policy.

SCPPA continues to monitor these developments, while also actively advocating on federal legislative matters affecting its members, including: comprehensive tax reform and municipal finance; energy policy; nuclear waste disposal; vegetation management; and hydropower licensing improvements.

TAX REFORM AND MUNICIPAL BONDS

Comprehensive tax reform is a high priority for the Trump Administration and the Republican Congress. As part of this effort, proposals to eliminate, cap, or tax currently-exempt municipal bonds has been in the mix for years as a way to “offset” the cost of corporate and individual tax rate reductions. Working with our coalition partners of state and local elected officials; our national trade association (the American Public Power Association); the Municipal Bonds for America coalition of state and local organizations, investment bankers, and bond dealers; the Public Finance Network; and the bipartisan Municipal Finance Caucus, we sought to educate congressional staff and leaders on the “real-life” impacts such a proposal would have on public infrastructure – including public power projects. As a result, when Republican leaders and the White House released their widely-anticipated “Tax Reform Framework” in September, the document preserved the tax exemption for municipal bonds, marking a significant win.

However, both the House-and Senate-passed tax plans include identical provisions that would repeal “advance refundings” effective December 31, 2017 – which is highly problematic for SCPPA and our Members. Amendments were filed in both chambers to strike the provision but were not made in order; which leaves issuers in the seemingly inevitable position that advance refunding bonds will be repealed. Now coalition efforts turn to advocating for “transition” relief, urging lawmakers to support a one-year delay (to December 31, 2018) or limit the provision to advance refunding bonds issued after December 31, 2017. Also troublesome, the Senate-passed bill includes a provision in the international tax section (the Base Erosion Anti-Abuse Tax provision) that would detrimentally impact major financial institutions from providing tax equity financing for renewable projects. Efforts are underway to exempt renewable projects from the provision, but it too will be difficult. At the time of this writing, Congress has begun formal conference negotiations to reconcile differences between the two bills. President Trump and congressional Republican Leaders have said they want a final agreement signed into law by year-end.

NUCLEAR WASTE

Given SCPPA Members' ownership interest in the Palo Verde Nuclear Generating Station, SCPPA continues to urge development of responsible spent fuel disposal options. This year, Representative John Shimkus (R-IL) worked on a bipartisan bill with Representative Doris Matsui (D-CA), the “Nuclear

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Waste Policy Amendments Act of 2017” (H.R. 3053). The bill was favorably reported to the House floor, the first strong bipartisan endorsement of nuclear waste legislation in several years. H.R. 3053 provides for a permanent, long-term central repository based on current law; regional consent-based siting efforts for interim storage solutions; and incentives to Nevada to compensate it for hosting the permanent storage site. SCPPA will continue to support efforts next year to move the legislation forward. In the Senate, Senator Dianne Feinstein continues to be a leader in efforts to find an acceptable bipartisan resolution to store spent fuel.

ENERGY BILL

In June, Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) re-introduced her slightly revised, bipartisan comprehensive energy bill (S. 1460) which was placed directly onto the Senate calendar, which means it can be considered at any time. The bill includes negotiated hydropower licensing/relicensing provisions and gives the Federal Energy Regulatory Commission a formal advisory role in future agency rules that could impact electric reliability. The bill also directs the Secretary of Agriculture to issue and periodically update guidance for vegetation management in utility rights-of-ways. SCPPA has been actively engaged on these issues in both the 114th and 115th Congresses.

The House has taken a different approach to energy policy in the 115th Congress, opting to pass numerous stand-alone energy bills instead. In particular, SCPPA endorsed H.R. 1873, the “Electricity Reliability and Forest Protection Act,” which would expedite Bureau of Land Management and U.S. Forest Service permit approvals for utility rights-of-way for vegetation management, and provide liability protection for utilities if action is not taken in a timely fashion by federal land managers. In May, SCPPA urged House Natural Resources Committee leaders to support the House version of the vegetation management bill stating in part that, “H.R. 1873 would improve the federal processes and procedures allowing vegetation management polices to be carried out on a consistent and timely basis, so utilities can appropriately manage vegetation growth in utility rights-of ways.”

In addition, the House passed hydropower relicensing reform legislation (H.R. 3043) to maximize benefits from existing and future hydropower resources. SCPPA supports efforts to streamline the licensing/relicensing process in order to allow applicants to move more efficiently and affordably through the process. In addition, a SCPPA member utility met with the U.S. Forest Service and Members of Congress to explain the difficulties they faced in efforts to relicense the 3MW Azusa Hydropower Plant – a prime case study. When S. 1460 passes the Senate, efforts will commence to reconcile differences between the two versions. SCPPA will continue efforts in 2018, to ensure a reasonable outcome towards promoting carbon-free baseload hydropower generation.

The House Energy and Commerce Committee has held a series of hearings to review and analyze the potential need to modernize the Federal Power Act. Witnesses have testified on issues such as the changing reliability needs of the system, impacts on grid security created by new and diverse technological changes, problems in regional transmission organizations’ ability to provide appropriate price signals to base load resources needed to ensure grid resiliency, and most importantly, how these new dynamics have affected consumers. SCPPA will stay engaged to ensure that public power’s voice is heard in the Administration and on Capitol Hill to help jointly advance policies that are good for our utilities, good for our customers and communities, and good for the country. Public power’s ability to provide affordable energy, better service, and ensure the overall well-being and growth of their communities depend on it.

FINANCING



Over the past fiscal year, SCPPA completed transactions that captured market opportunities and accomplished Participant objectives. A summary of SCPPA's financing activities for the fiscal year starting July 1, 2016 and ending June 30, 2017 is provided below.

In January 2017, SCPPA directly placed \$232,200,000 of the Canyon Power Project, Refunding Revenue Bonds, 2017 Series A ("Canyon 2017 Series A Bonds") with Banc of America Preferred Funding Corporation ("Bank of America") to refund—utilizing the Extraordinary Optional Redemption provision—the Canyon Power Project, Revenue Bonds, 2010 Series B (Taxable Build America Bonds) ("Canyon 2010 Series B Build America Bonds") then outstanding in a par amount of \$191,010,000. The transaction achieved the Participant's objectives of increased variable-rate debt in the portfolio, independence from sequestration related to the Canyon 2010 Series B Build America Bonds subsidy, and increased call optionality.

In March 2017, SCPPA issued \$67,010,000 of the Transmission Project Revenue Bonds, 2017 Subordinate Refunding Series A (Southern Transmission Project) ("STS 2017 Series A Bonds") to advance refund the eligible portion—\$80,280,000—of the outstanding Transmission Project Revenue Bonds, 2009 Subordinate Refunding Series A (Southern Transmission Project) ("STS 2009 Series A Bonds") then outstanding in a par amount of \$117,280,000. The STS 2017 Series A Bonds were issued with the same final maturity of July 1, 2023 as the STS 2009 Series A Bonds which were refunded. The transaction was completed at a true-

interest-cost of 1.78% and has an average life of 5.9 years. At the time of issuance, the transaction was assigned long-term rating of AA- by Standard & Poor's. The transaction achieved significant savings of almost \$8 million, representing almost 10% of refunded par, on a present value basis.

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

SCPPA also continuously evaluates other financing opportunities and the existing portfolio of financings to balance the lowest possible cost and smallest amount of financial risk exposure for its members.

The Financing Activities Report was provided by Public Financial Management at the request of SCPPA.

ACTIVITIES

COMBINED SUMMARY OF FINANCIAL CONDITION AND CHANGES IN NET POSITION (\$ IN THOUSANDS)

	June 30,		
	2017	2016	2015
Assets			
Net utility plant	\$ 1,281,698	\$ 1,427,164	\$ 1,475,962
Investments	740,656	698,007	676,135
Cash and cash equivalents	224,652	304,756	337,374
Prepaid and other	916,328	981,133	1,030,529
Total assets	3,163,334	3,411,060	3,520,000
Deferred outflows of resources	144,653	122,257	119,709
Total assets and deferred outflows of resources	\$ 3,307,987	\$ 3,533,317	\$ 3,639,709
Liabilities			
Noncurrent liabilities	\$ 2,958,749	\$ 3,114,994	\$ 3,249,181
Current liabilities	432,349	467,032	449,772
Total liabilities	3,391,098	3,582,026	3,698,953
Deferred inflows of resources	87	242	207
Net position			
Net investment in capital assets	(550,598)	(575,911)	(594,920)
Restricted	555,640	622,340	610,915
Unrestricted	(88,240)	(95,380)	(75,446)
Total net position	(83,198)	(48,951)	(59,451)
Total liabilities, deferred inflows of resources, and net position	\$ 3,307,987	\$ 3,533,317	\$ 3,639,709
Revenues, expenses and changes in net position for the year ended June 30			
Operating revenues	\$ 995,236	\$ 853,339	\$ 813,095
Operating expenses	(848,647)	(713,417)	(668,880)
Operating income	146,589	139,922	144,215
Investment and other income	13,973	23,633	21,909
Derivative gain (loss)	7,569	(10,238)	28,364
Debt expense	(126,895)	(132,716)	(157,254)
Change in net position before special items	41,236	20,601	37,234
Special items	(61,839)	-	-
Change in net position	(20,603)	-	-
Net position, beginning of year, before adjustment	(48,951)	(59,451)	(98,687)
Less: Accumulated adjustment for change in accounting principal	-	-	(1,004)
Net position, beginning of year, as adjusted	(48,951)	(59,451)	(99,691)
Net contributions/(withdrawals) by participants	(13,644)	(10,101)	3,006
Net position, end of year	\$ (83,198)	\$ (48,951)	\$ (59,451)

2017

ANNUAL REPORT



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

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