

2012-2013 ANNUAL REPORT

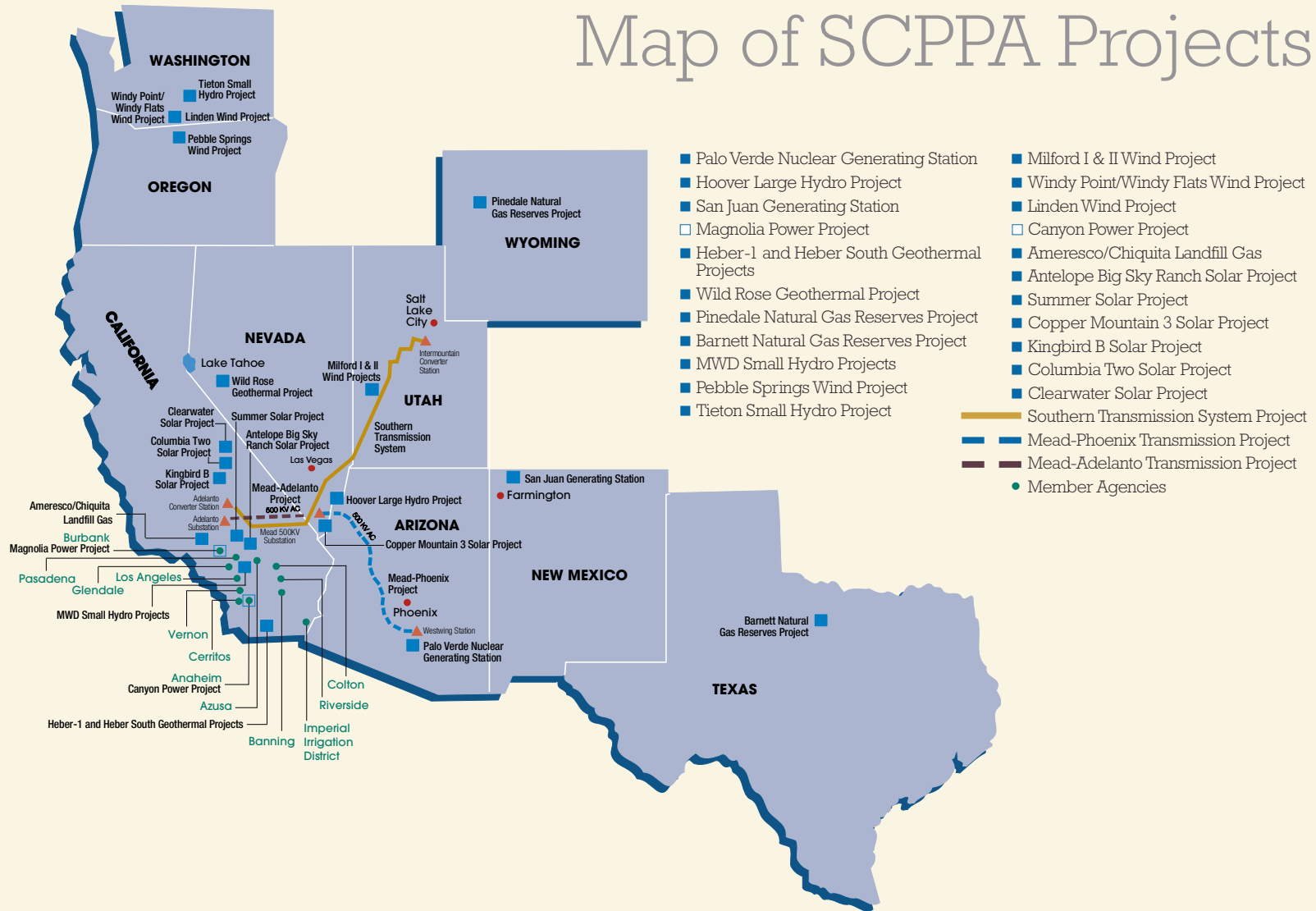


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Map of SCPPA Projects



what is SCPPA?



Southern California Public Power Authority (SCPPA or Authority), with headquarters in Glendora, California, is a joint powers agency comprising of eleven municipal utilities and one irrigation district. SCPPA's members consist of the municipal utilities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale,

Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District. Together they deliver electricity to over 2 million customers in the southern California basin, spanning an area of 7,000 square miles, and with a total population that exceeds 5 million. Formed in 1980, SCPPA was created for the purpose of providing joint financing, construction and operation of transmission and generation projects. Today, SCPPA fulfills a broad range of services for its members by providing effective forums of collaboration through committees such as Customer Service, Finance, Public Benefits, Resource Planning, Transmission and Distribution, Engineering and Operations, Natural Gas, and Renewable Energy Resources.

In order to support its primary purpose, SCPPA is also involved in legislative advocacy, contracting for support services, information sharing, training, and regulatory monitoring on behalf of its members.

SCPPA's twelve members are proud to be public power utilities, customer-based, locally-controlled, and vertically-integrated, who retain the obligation to serve and plan for all the customers in their territories. In these times of change and uncertainty, it is important to realize all the things they are.

- SCPPA members are non-profit. They are owned by their local customers.

- They are governed locally, not regulated by the Federal Energy Regulatory Commission or the California Public Utilities Commission.
- They are vertically integrated, responsible for power supply, transmission, distribution, and customer service.
- They are meeting their legally mandated obligation to serve by planning to meet the long-term needs of their customers.
- They are optimizing their energy supply resources. A mixed portfolio of coal, nuclear, natural gas, hydro, geothermal and emerging renewable resources gives protection from price volatility.
- They are providing aggressive, local demand-side management programs to encourage conservation and energy efficiency.
- The twelve SCPPA members, along with their counterparts in the northern part of the state, provide approximately one third of the electricity used in California.
- And finally, they are here to stay. Public power has a history of more than 100 years in Southern California, and continues to be viable and strong.

The Authority currently has twenty-two generation projects and three transmission projects in operation, generating and bringing power from Arizona, New Mexico, Utah, Washington, Oregon, California, and Nevada. In addition, the Authority owns natural gas reserves in Wyoming and Texas.

SCPPA projects have been financed through the issuance of taxable and tax-exempt bonds, backed by the combined credit of the SCPPA members participating in each project. As of June 30, 2013, SCPPA had issued \$14.06 billion in bonds, notes, and refunding bonds, of which \$3.24 billion of par was outstanding (and not secured by a defeasance escrow).

mission

SCPPA provides financing and oversight for large joint projects in the electric utility industry and through coordinated efforts, facilitates, implements, and communicates information relative to issues and projects of mutual interest to its members as determined by the Board of Directors.

vision

SCPPA will provide "cost-effective joint action services that supplement member programs and activities, and that secure long-term physical supplies at predictable pricing levels for usage in power generation to assure continued member success.

staff



BILL CARNAHAN
Executive Director



BRYAN COPE
*Program
Development
Director*



TANYA DERIVI
*Regulatory Affairs
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JULIE FELIPE
*Energy Systems
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Administration
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**ARPINE
LEPEDZHYAN**
Temporary



RICHARD MORILLO
General Counsel



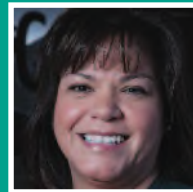
KELLY NGUYEN
*Energy Systems
Director*



SALPI ORTIZ
Office Manager



ANDREW PARK
Intern



DIANE PRICE
Temporary

officers



RON DAVIS
President



DAVID WRIGHT
Vice President



FRED MASON
2nd Vice President



RON NICHOLS
Secretary

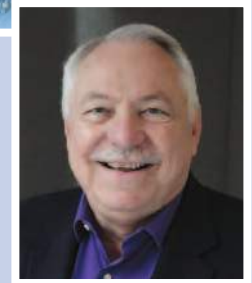


MARIO IGNACIO
Assistant Secretary



BILL CARNAHAN
*Treasurer/Auditor
and Assistant
Secretary*

letter *from the president and executive director*



As California continues to push towards the current Renewable Portfolio Standard (RPS) goal of serving 33 percent of the State's energy needs with renewable energy resources by the year 2020, SCPPA has developed a multi-faceted strategy to help our Members meet this lofty goal -- and possibly extend beyond the 33 percent level. This comprehensive strategy has been developed in response to the legislation and regulations that continue to impact and change the electric utility industry.

While the 33 percent RPS goal is often seen as a landmark policy, State law also includes a critical element colloquially termed the "loading order", as specified in Senate Bill 1037. This "order" establishes the preferential sequence of the resources that are to be procured or developed to serve the electric needs of utility customers. The ordering requires electric utilities to acquire or develop all cost-effective and achievable energy efficiency improvements -- before procuring any generation resources. The loading order also specifies that Utilities must procure the renewable resources required under the RPS before developing "traditional", fossil fuel-powered generation projects. Built on the long-standing values of collaborative, joint-action processes, SCPPA has been able to assist our Members' compliance requirements for both energy efficiency improvements and renewable resource development.

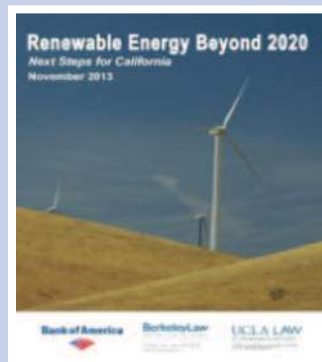
Made up of a staff of 12 professionals, SCPPA coordinates 16 different Committees or Working Groups comprised of our Members' staff responsible for all aspects of Utility operations, from Customer Service, Energy Efficiency and Finance to

Resource Planning, Transmission/Distribution and Renewable Resource Development. The respective Working Groups and Committees share information, ideas and expertise to help develop programs and projects for the betterment of the respective utilities and the communities that they serve. SCPPA serves as a central point or conduit between its Members and provides the necessary connections needed to: address issues; form positions; and develop solutions to the complexities of operating a publicly-owned utility in today's environment.

Located in our new office building in Glendora, CA, SCPPA has expanded our activities and support efforts during the past year in many areas. The new facility has allowed SCPPA to offer specialized training services for more than 900 employees of our Members. These programs have ranged from combustion turbine operations to energy management certification. These in-house training services provide local training opportunities for Members' staff at a fraction of the cost that would otherwise be paid. To date, it is estimated that with SCPPA's assistance, Members have saved more than \$600,000 in training costs. Further, to help meet the needs of our Members, SCPPA has created new working groups to address burgeoning opportunities for electric utilities including electrification of the transportation sector and energy storage. Both of these market opportunities are additional examples of "issues" that have largely been driven by legislative and regulatory mandates.

Letter *from the president and executive director (continued)*

However, notwithstanding the many new issues, threats or opportunities that are in front of our Members, SCPPA has continued to support Members' efforts to provide cost-effective energy efficiency programs for their respective customers. These programs are administered by each Member as part of the state-mandated Public Benefits Programs at each utility. The Public Benefits Committee (PBC) has been in existence at SCPPA for more than 15 years and is the second "oldest" SCPPA Committee, behind the Finance Committee.



The PBC is a shining example of collaboration and mutual assistance between our Members. The Committee's idea-sharing and the creation of economies-of-scale, in Program design and deployment, have allowed all of our Members to establish comprehensive energy efficiency programs for their customers. Some of the largest and most successful energy efficiency programs that SCPPA administers on behalf of Members include:

- Appliance Recycling and Replacement;
- Small Business Direct Installations;
- Residential and Commercial Lighting; and
- High Efficiency Air Conditioner Rebates.

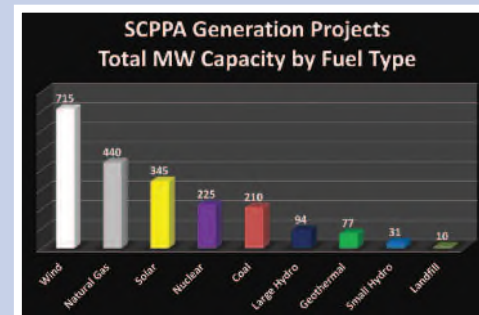
Since their inception, SCPPA Members have collectively spent approximately \$1.6 billion on the Public Benefits Programs in the communities they serve. Of that, approximately \$582 million was spent directly on energy efficiency improvements for their customers. In fiscal year 2011-12 alone, Members spent \$62 million on energy efficiency programs to save approximately 246 GWh/year and reduce peak demand by 41 MWs – or enough power to serve 25,000 homes in southern California.

Beyond these fantastic energy efficiency savings to meet the first requirement of the loading order, as previously referenced, SCPPA has also helped our Members satisfy the second requirement in the order with the development of a total renewable resources capacity of 1,178 MWs.

SCPPA's active Renewables Working Group has continued to meet twice a month for several years, to review, discuss and build consensus on hundreds of individual proposals. SCPPA maintains a rolling RFP process to accommodate the changes that occur in legislation, guidebooks, and goals of the Members' renewable resource portfolio mix.

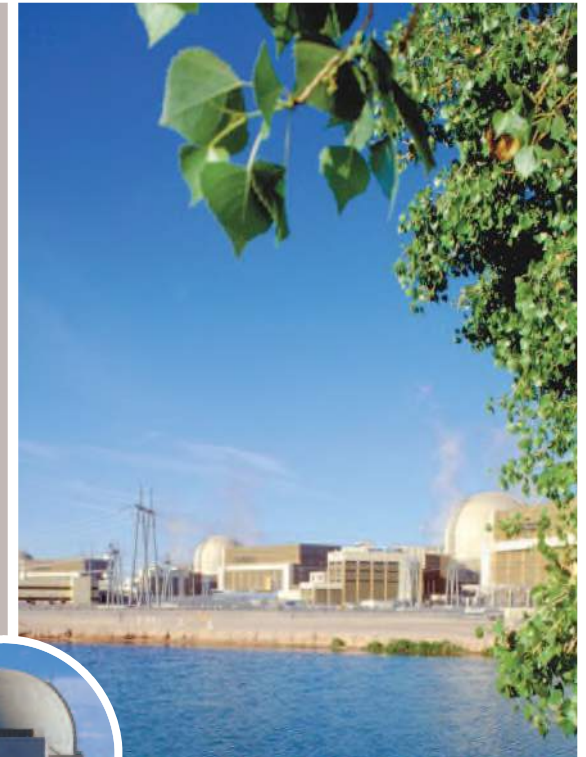
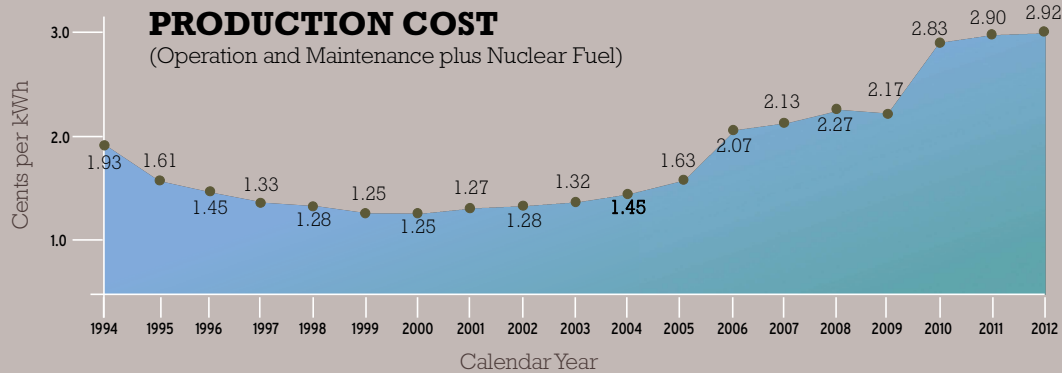
SCPPA executed five long-term renewable energy projects this past year, along with helping the Members with some of their individual projects. There are more than a half dozen additional projects in development, negotiation or renegotiation with more than a dozen renewable projects in the pipeline for consideration.

In addition to renewable energy resources, SCPPA is currently helping Members with procurement of natural gas resources. Natural gas is the very thing that will allow California to more than double the amount of renewable energy on its grid by 2020. Solar intermittency can be supported by a clean and flexible gas generation fleet, which California is currently transitioning to. SCPPA will also be leading the way with resources, such as energy storage and new technologies that will help with renewable integration, in the upcoming years.





The efforts of new management at Palo Verde have restored good relations with the Nuclear Regulatory Commission, which led to improved performance and excellent ratings from the NRC and INPO. In calendar 2012, Palo Verde achieved its 21st consecutive year as the nation's largest power producer.



palo verde

Percentage of SCPPA member participation in Palo Verde Operations

Los Angeles	67.0%
Burbank/Glendale/Pasadena (4.4% each)	13.2%
Imperial Irrigation District	6.5%
Riverside	5.4%
Vernon	4.9%
Azusa/Banning/Colton (1% each)	3.0%

2012/2013 OPERATIONS

	Generation (Millions of MWhs)	Capacity Utilization (%)
Unit 1	10.5	91.8%
Unit 2	10.3	89.9%
Unit 3	11.1	96.3%
Aggregate	31.9	92.7%



san juan unit 3

Percentage of SCPA member participation in San Juan Unit 3 Operations

Imperial Irrigation District	51.0%
Azusa	14.7%
Colton	14.7%
Banning	9.8%
Glendale	9.8%

Five SCPA participants own 41.8% of Unit 3 at the San Juan Generating Station, a coal-fired plant in New Mexico. A series of Interim Invoicing Agreements for fuel has led to high capacity factors and lower per unit fuel costs

Although San Juan currently meets all environmental standards, the plant has been ordered by the EPA to install selective catalytic reduction technology to further reduce NOx emissions, which are a component of regional haze. A state plan to install less expensive selective non-catalytic reduction on two units and close the remaining two units (including Unit 3) is working its way through the approval process.

mead-phoenix/mead-adelanto



The two 500-kV transmission lines, which connect Phoenix to Las Vegas, and Las Vegas to Southern California, completed their sixteenth year of dependable operation for the nine SCPPA members who participate in the projects.

Percentage of SCPPA member participation in Mead-Phoenix Project

Los Angeles	24.8%
Anaheim	24.2%
Burbank	15.4%
Glendale	14.8%
Pasadena	13.8%
Riverside	4.0%
Azusa/Banning/Colton (1% each)	3.0%

Percentage of SCPPA member participation in Mead-Adelanto Project

Los Angeles	35.7%
Anaheim/Riverside (13.5% each)	27.0%
Burbank	11.5%
Glendale	11.1%
Pasadena	8.6%
Colton	2.6%
Azusa	2.2%
Banning	1.3%



The Hoover Upgrading Project continues to provide six SCPPA members with low-cost, renewable energy (hydro). A SCPPA representative is active in the implementation of the Lower Colorado River Multi-Species Conservation Program.

SCPPA and the other Hoover Contractors worked together to propose legislation to extend the availability of Hoover power 50 years beyond the contracts' expiration in 2017. The Hoover Power Allocation Act of 2011 was signed into law on December 21, 2011.

hoover upgrading

Percentage of SCPPA member participation in Hoover Upgrading

Anaheim	42.6%
Riverside	31.9%
Burbank	16.0%
Azusa	4.2%
Colton	3.2%
Banning	2.1%



southern transmission system

As usual, the STS operated with near-perfect availability (98.72%), delivering 13.2 million MWHs to the six SCPPA members who are participants. The power travels 488 miles from the Intermountain Power Project, in Utah, over the + 500-kv DC line. The participants funded the STS Upgrade Project, which increased the capacity of the line by 480 MWs. The new capacity is being used to bring power from renewable resources to southern California.



Percentage of SCPPA member participation in STS Project

Los Angeles	59.5%
Anaheim	17.6%
Riverside	10.2%
Pasadena	5.9%
Burbank	4.5%
Glendale	2.3%

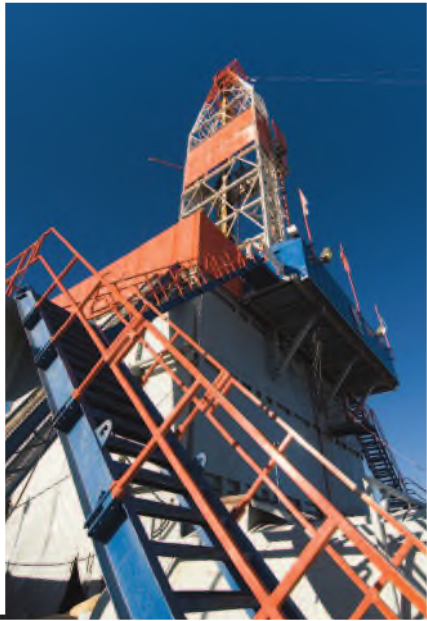
magnolia power



The Magnolia Power Project is a 240 MW natural gas-fired, combined cycle plant, located on the site of an existing plant in the City of Burbank. The plant reached commercial operation in September of 2005, and is the first project to be wholly-owned and operated by SCPPA members. The Participants are Anaheim, Burbank, Cerritos, Colton, Glendale, and Pasadena.

Percentage of SCPPA member participation in Magnolia Power Project

Anaheim	38.0%
Burbank	31.0%
Glendale	16.5%
Pasadena	6.1%
Colton	4.2%
Cerritos	4.2%



SCPPA negotiated its first purchase of gas in the ground, with the deal closing July 1, 2005. SCPPA members Los Angeles, Anaheim, Burbank, Colton, Glendale, and Pasadena joined together with the Turlock Irrigation District to purchase shares of existing natural gas wells in the Pinedale area of Wyoming. This purchase, along with similar future purchases, will provide a secure source of gas for the participants, and hedge against volatile prices in the market.

In 2006, SCPPA members purchased a share of natural gas leases in the Barnett Shale area of Texas.



natural gas reserves

Percentage of SCPPA member participation in Pinedale Natural Gas Reserves Project

Los Angeles	74.5%
Turlock	10.6%
Anaheim	5.3%
Glendale	4.2%
Pasadena	2.2%
Burbank	2.1%
Colton	1.1%

Percentage of SCPPA member participation in Barnett Natural Gas Reserves Project

Turlock	44.45%
Anaheim	25.25%
Burbank	15.15%
Pasadena	10.10%
Colton	5.05%

** Los Angeles and Turlock hold their interests individually. Anaheim, Burbank, Colton, Glendale, and Pasadena have ownership through SCPPA. Los Angeles serves as Project Manager for the overall project, and SCPPA provides services for Los Angeles and Turlock under agency agreements.*



heber south geothermal

SCPPA Members Anaheim, Banning, Glendale, and Pasadena receive up to 16 MWs of geothermal energy from plants in Heber, California, on a long-term purchase contract with Ormat.

Percentage of SCPPA member participation in Heber-South Geothermal Project

Anaheim	60%
Pasadena	15%
Glendale	15%
Banning	10%



heber-1 geothermal

SCPPA Project Participants of Imperial Irrigation District and the Los Angeles Department of Water & Power will receive geothermal energy output and other rights and resources associated with the existing Heber-1 Geothermal Energy Project (Project). The expected nominal capacity net of parasitic load is 45 MWs.

The Project is situated in Imperial County, California and will make deliveries of energy starting on December 16, 2015.

Percentage of SCPPA member participation in Heber-1 Geothermal Project

Los Angeles	78%
Imperial Irrigation District	22%

wild rose geothermal



Project Participants of City of Burbank and Los Angeles Department of Water & Power will receive geothermal energy output and other rights and resources associated with the Wild Rose Geothermal (aka Don A. Campbell) Project (Project).

The Project is a geothermal power generating facility with an expected nominal nameplate capacity of 25 MWs and an expected nominal capacity net of parasitic load of 16.2 MWs. The facility is to be situated in Mineral County, Nevada on land leased from the Bureau Land Management.

**Percentage of SCPPA
member participation
in Wild Rose
Geothermal Project**

Los Angeles	84.62%
Burbank	15.38%



mwd small hydros

SCPPA Members Anaheim, Azusa, and Colton receive up to 17 MWs of renewable energy from four small hydroelectric plants on the MWD distribution system, through a purchase contract with MWD.

Percentage of SCPPA member participation in MWD Small Hydro Project

Anaheim	56.4%
Azusa	21.8%
Colton	21.8%

tieton small hydro

Burbank and Glendale receive up to 13.6 MWs of power from the Tieton Small Hydro Project, in Washington.

Percentage of SCPPA member participation in Tieton Small Hydro Project

Burbank	50.0%
Glendale	50.0%





milford 1

Los Angeles, Burbank, and Pasadena participate in the Milford I Wind Project, a 200 MW wind farm in Milford, Utah.

Percentage of SCPPA member participation in Milford 1 Wind Project

Los Angeles	92.5%
Burbank	5.0%
Pasadena	2.5%

milford 2

Los Angeles and Glendale participate in the 100 MW expansion of the Milford Wind Farm in Milford, Utah.

Percentage of SCPPA member participation in Milford 2 Wind Project

Los Angeles	95.1%
Glendale	4.9%

pebble springs wind

Los Angeles, Glendale, and Burbank participate in the Pebble Springs Wind Project, receiving 98.7 MWs of wind power from Washington.

Percentage of SCPPA member participation in Pebble Springs Wind Project

Los Angeles	69.6%
Glendale	20.3%
Burbank	10.1%



windy point/windy flats

Los Angeles and Glendale receive up to 262 MWs from the Windy Point/Windy Flats Wind Project in Klickitat County, Washington.

Percentage of SCLPPA member participation in Windy Point/Windy Flats Wind Project

Los Angeles	92.4%
Glendale	7.6%

linden wind

Los Angeles and Glendale participate in the Linden Wind Project, a 50 MW wind farm in Klickitat County, Washington.

Percentage of SCLPPA member participation in Linden Wind Project

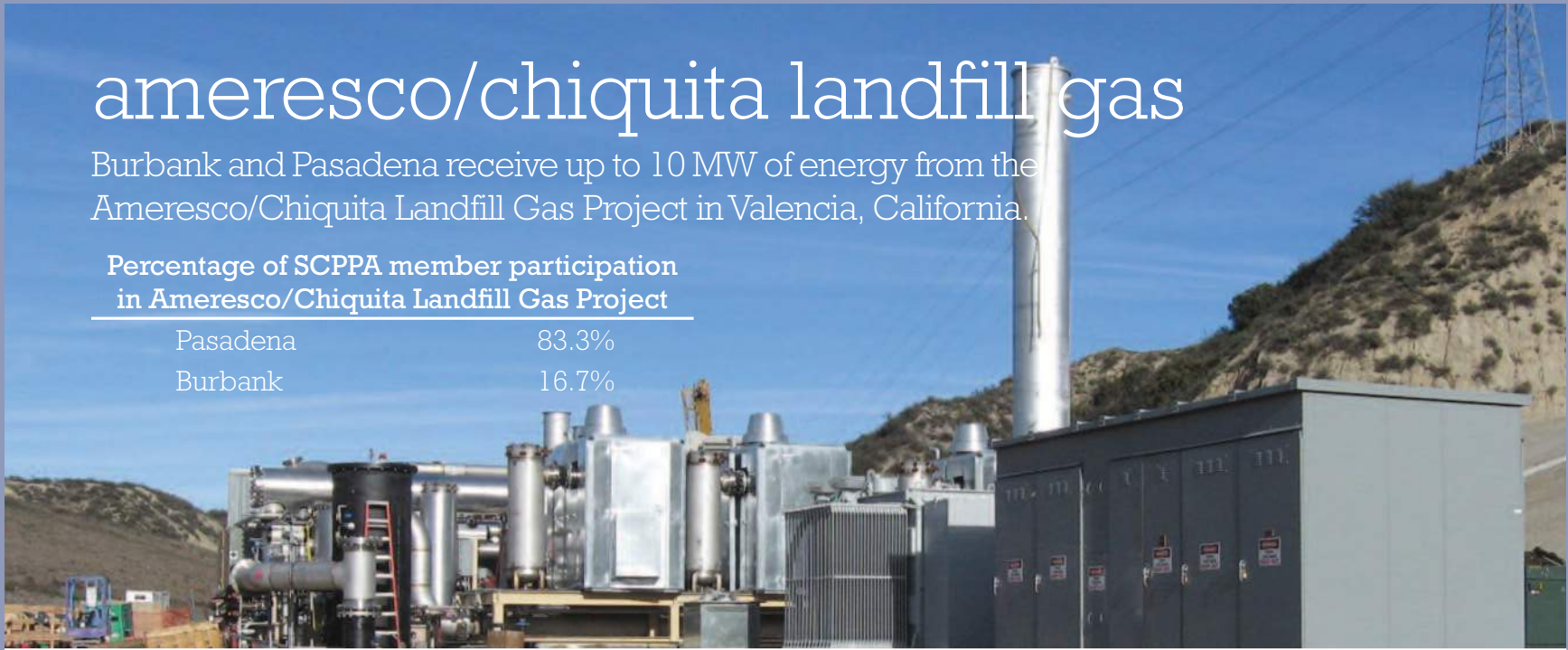
Los Angeles	90.0%
Glendale	10.0%

ameresco/chiquita landfill gas

Burbank and Pasadena receive up to 10 MW of energy from the Ameresco/Chiquita Landfill Gas Project in Valencia, California.

Percentage of SCLPPA member participation in Ameresco/Chiquita Landfill Gas Project

Pasadena	83.3%
Burbank	16.7%



canyon power

Anaheim is the sole Participant and Operator of the Canyon Power Project, a 200 MW natural gas-fired peaking plant in Anaheim, California.

Percentage of SCLPPA member participation in Canyon Power Project

Anaheim	100%
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antelope big sky ranch

Project Participants of City of Azusa, City of Pasadena and City of Riverside will receive solar energy output and other rights and resources from the Antelope Big Sky Ranch Solar Project (Project). The expected nameplate capacity will be approximately 20 MWs. The Project is anticipated to be situated on purchased land in the City of Lancaster, California.

The Project's expected Commercial Operation Date is December 1, 2014.

Percentage of SCPPA member participation in Antelope Big Sky Ranch Solar Project

Riverside	50.0%
Pasadena	32.5%
Azusa	17.5%



summer solar

Project Participants of City of Azusa, City of Pasadena and City of Riverside will receive solar energy output and other rights and resources from the Summer Solar Project (Project). The expected nameplate capacity will be approximately 20 MWs. The Project is anticipated to be situated on purchased land in the City of Lancaster, California.

The Project's expected Commercial Operation Date is December 1, 2014.

Percentage of SCPPA member participation in Summer Solar Project

Riverside	50.0%
Pasadena	32.5%
Azusa	17.5%



copper mountain 3

Project Participants of City of Burbank and Los Angeles Department of Water & Power will receive solar energy output and other rights and resources from the Copper Mountain 3 Solar Project (Project). The expected nameplate capacity will be approximately 250 MWs. The Project is to be situated in Clark County, Nevada adjacent to Boulder City, Nevada.

The Project is under construction with an expected partial Commercial Operation Date (COD) of December 31, 2014 and full COD of December 31, 2015.

Percentage of SCPPA member participation in Copper Mountain 3 Solar Project

Los Angeles	84.0%
Burbank	16.0%

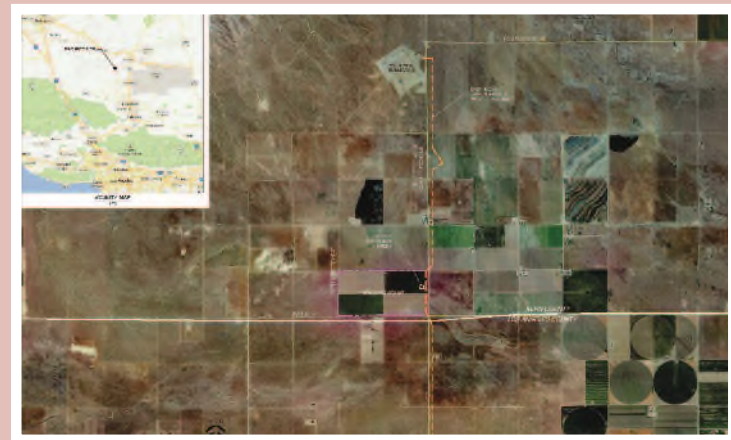
kingbird b solar

Project Participants of City of Azusa, City of Colton and City of Riverside will receive solar energy output and other rights and resources from the Kingbird B Solar Project (Project). The expected nameplate capacity will be approximately 20 MWs. The Project is anticipated to be situated on purchased or leased land in Kern County.

The Project's expected Commercial Operation Date is December 31, 2015.

Percentage of SCPPA member participation in Kingbird B Solar Project

Riverside	70.0%
Azusa	15.0%
Colton	15.0%



columbia two solar

Project Participants of City of Azusa, City of Pasadena and City of Riverside will receive solar energy output and other rights and resources from the Columbia Two Solar Project (Project). The expected nameplate capacity will be approximately 15 MWs. The Project is anticipated to be situated in Kern County, CA.

The Project's expected Commercial Operation Date is December 31, 2014.

Percentage of SCPPA member participation in Columbia Two Solar Project

Riverside	74.29%
Pasadena	17.14%
Azusa	8.57%

clearwater solar

Project Participants of City of Azusa, City of Pasadena and City of Riverside will receive solar energy output and other rights and resources from the Clearwater Solar Project (Project). The expected nameplate capacity will be approximately 20 MWs. The Project is anticipated to be situated in Kern County, CA.

The Project's expected Commercial Operation Date is December 31, 2014.

Percentage of SCPPA member participation in Clearwater Solar Project

Riverside	74.29%
Pasadena	17.14%
Azusa	8.57%



financing activities

Over the past fiscal year, in a period of relatively low but volatile interest rates, SCPPA was able to capture market opportunities by completing risk-mitigating and cost-reducing refinancings or restructurings of existing debt financings and associated financial contracts. SCPPA was also very active in developing new SCPPA projects, largely for renewable generation resources from which power is supplied under Purchased Power Agreements.

A summary of SCPPA's financing actions for the fiscal year starting July 1, 2012 and ending June 30, 2013 is provided below.

In September 2012, SCPPA issued the Mead-Adelanto Project Revenue Bonds, 2012 Series A (Tax-Exempt) and B (Taxable) and the Mead-Phoenix Project Revenue Bonds, 2012 Series A (Tax-Exempt) and B (Taxable), (collectively "the 2012 Mead-Adelanto/Phoenix Project Bonds") to refinance the Mead-Adelanto Project Revenue Bonds, 2008 Series A (Tax-Exempt) and B (Taxable) and the Mead-Phoenix Project Revenue Bonds, 2008 Series A (Tax-Exempt) and B (Taxable), (collectively "the 2008 Mead-Adelanto/Phoenix Project Bonds") then outstanding with an aggregate par amount of \$111,900,000 and to finance the termination of interest rate swap agreements associated with the 2008 Mead-Adelanto/Phoenix Project Bonds. The 2012 Mead-Adelanto/Phoenix Project Bonds were issued with an aggregate principal amount of \$125,785,000. The Mead-Adelanto Project Revenue Bonds, 2012 Series A (Tax-Exempt) and B (Taxable) were issued with principal amounts of \$78,380,000 and \$24,510,000, respectively, and the Mead-

Phoenix Project Revenue Bonds, 2012 Series A (Tax-Exempt) and B (Taxable) were issued with principal amounts of \$16,630,000 and \$5,265,000, respectively. The 2012 Mead-Adelanto/Phoenix Project Bonds were issued with the same final maturity of July 1, 2020 as the 2008 Mead-Adelanto/Phoenix Project Bonds, which were refinanced. The 2012 Mead-Adelanto/Phoenix Project Bond financing is estimated to save SCPPA approximately \$2.0 million over the term of the refunding bonds and to significantly reduce SCPPA's ongoing exposure to certain financial risks.

In October 2012, SCPPA terminated the Southern Transmission System Project Constant Maturity Basis swap with JP Morgan. SCPPA received a payment of \$4,350,000 for the termination and the proceeds were eligible to be used to pay debt service on other Southern Transmission System Project bonds or to be used for other purposes at the discretion of the Southern Transmission System Project participants.

In June 2013, SCPPA issued the Southern Transmission System Project, Subordinate Series 2013 Series A (Tax-Exempt) and B (Taxable) Revenue Bonds ("the 2013 Southern Transmission System Project Bonds") to refinance the Southern Transmission System Project, Subordinate Series 2001 Revenue Bonds ("the 2001 Southern Transmission System Project Bonds") then outstanding with an aggregate par amount of \$79,795,000 and to finance the termination of an interest rate swap agreement associated with the 2001 Southern Transmission System Project Bonds. The 2013 Southern Transmission System Project



Bonds were issued with an aggregate principal amount of \$81,120,000, of which, \$65,120,000 are the Southern Transmission System Project, Subordinate Series 2013 Series A (Tax-Exempt) Revenue Bonds and \$16,620,000 are the Southern Transmission System Project, Subordinate Series 2013 Series B (Taxable) Revenue Bonds. The 2013 Southern Transmission System Project Bonds were issued with the same final maturity of July 1, 2021 as the 2001 Southern Transmission System Project Bonds, which were refinanced. The 2013 Southern Transmission System Project Bond financing is estimated to save SCPPA approximately \$0.9 million over the term of the refunding bonds and to significantly reduce SCPPA's ongoing exposure to certain financial risks.

In addition to the cost reduction, and risk reduction financing actions completed during the past fiscal year, SCPPA continued to plan for and develop financing options for renewable projects to help SCPPA members meet renewable energy goals, and expects to complete financings for additional renewable energy projects in the coming fiscal 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.

State Legislative Report

The beginning of the 2013-14 Session in the California Legislature was marked by three major factors. First, voter approved tax increases provided additional revenues and for the first time in many years allowed for a healthy General Fund. Second, more than half of the legislators were new as term limits forced out many incumbents and lastly Democrats secured a 2/3rds majority in both the Senate and the Assembly – though many special elections had those number ebb and flow throughout the Session. These factors made for a busy year for the members of the Southern California Public Power Authority (SCPPA) as they worked tirelessly to maintain reliable service at reasonable costs while maintaining the environmental stewardship they have carried forth for decades.

Air Quality Improvements/ Greenhouse Gas Reductions

Since the passage of the Global Warming Solutions Act of 2006 (AB 32) California has continued to lead the nation and in fact the world in combatting greenhouse gases (GHG) and improving air quality. 2013 again saw many pieces of legislation aimed at furthering these objectives.

Assembly Bill 8 by Assemblymember Perea extends until 2024 the AB 118/Carl Moyer programs which enact various temporary, vehicle-related, state and local fees and surcharges to fund vehicle-related air quality improvement, GHG reduction and related programs. SCPPA and our members actively supported AB 8 and worked with a broad coalition to ensure these critical programs were continued.

Two different measures attempted to focus air quality improvements, GHG reductions and similar actions in specific communities – those deemed “disadvantaged communities” that have higher than average GHG impacts. Assembly Bill 1330 – amended the last week of Session by Speaker Perez would have doubled all fines in disadvantaged communities for air, solid water or hazardous waste permit holders for emission or discharge violations, with the increased funds being spent on projects in those communities. SCPPA, along with the California Municipal Utilities Association and a wide group of business, local government and even environmental interests, actively opposed the measure and it ultimately

stalled in the Senate though will likely resurface in 2014.

Senate Bill 605 by Senator Lara would have appropriated up to \$125 million of cap-and-trade auction revenue to the California Air Resources Board (CARB) to be spent on GHG reduction in disadvantaged communities and would have imposed new requirements to the AB 32 Scoping Plan update by requiring CARB to (1) prioritize regions of the state most impacted by air pollution, (2) focus on reducing short-lived climate pollutants, and (3) limiting carbon offsets to those created in California. SCPPA worked closely with CMUA to remove the restriction on offsets and will continue to do so if the bill moves again in 2014.

Rate Reform/Net Energy Metering

The investor owned utilities (IOUs) have worked for the past several years to modify the residential rate structures that were imposed by the Legislature following the energy crisis. This year, Assembly Bill 327 by Assemblymember Perea tackled this issue as well as net energy metering (NEM). The bill modifies residential rate design for IOUs, modifies

State Legislative Report (continued)

NEM for large IOUs to allow a new NEM rate without a program or project size cap to begin in 2017, and allows the CPUC to require procurement beyond the current 33% renewable procurement mandate. The bill allows IOUs to charge up to a \$10 fixed charge. It also requires the IOUs to provide annual distributed generation plans and for the PUC to approve those plans. SCPPA worked actively to ensure that the NEM portion of the bill applied only to the large IOUs.

Community Renewables

SB 43 (Wolk) – Establishes, until January 1, 2019, a Green Tariff Shared Renewables Program (Program) to allow investor-owned utilities (IOUs) to administer a program that allows utility customers to voluntarily purchase electricity from renewable energy facilities. Establishes a 600 Megawatt (MW) pilot program until July 1, 2016, for a Green Tariff Shared Renewables Program to allow customers of IOUs to purchase electricity from renewable energy facilities and specifies program implementation requirements with respect to valuing bill credits and how the renewable attributes are counted in the State's Renewable Portfolio

Standard program. Allocates 100 MWs to residential customers and 100 MWs for one MW facilities located in the disadvantaged communities. POUs were not included in the final version that was passed and chaptered.

AB 1295 (Hernandez) would have required IOUs, as part of their already existing Feed in Tariffs, to establish a program where customers can purchase generation directly from a community renewable facility at a rate determined between the facility and the customer. SCPPA actively negotiated amendments to modify language to be permissive, not mandatory, for POUs and will work to maintain such language should the bill resurface in 2014.

Fracking

A variety of bills on fracking were introduced in 2013. The various bills would have put a moratorium on fracking and require legislative action to lift it or would have only lifted the moratorium after an independent commission studies the practice's environmental effects, while others only applied to the area surrounding sources of groundwater that

could theoretically be contaminated by the release of fracking wastewater.

The only fracking-related measure to pass this year was Senate Bill 4 (Pavley), which requires drillers to apply for a permit before fracking a well, publicly release the composition of all chemicals used in fracking, notify all adjacent property owners at least 30 days in advance and requires an independent study looking at health effects of fracking.

SCPPA Staff Tour

In 2013, SCPPA reinstated an annual tour for legislative staff members. More than a dozen staff members toured a wide variety of SCPPA projects and member owned facilities. The tour proved to be valuable not only in informing staff at a deeper level about POU issues but also a chance for SCPPA and its member agencies to foster closer relationships with staff members who are working on POU issues.

Federal Legislative Report

Despite continuing partisan differences in Congress, which at its height led to a 16-day government shutdown in October, progress has been made on a number of issues of importance to SCPPA.

Early in the session, Congress passed into law two bipartisan small hydropower bills. The *"Hydropower Regulatory Efficiency Act"* (H.R. 267), by Rep. Cathy McMorris Rodgers (R-WA), exempts small hydropower projects (up to 10 MWs) from the Federal Energy Regulatory Commission (FERC) licensing process and directs FERC to undertake a pilot project on the feasibility of a two-year licensing process for adding generation to non-powered dams and closed-loop pump storage projects.

The second bill, Rep. Scott Tipton's (R-AZ) *"Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act"* (H.R. 678), authorizes small hydropower development at existing Bureau of Reclamation-owned canals, pipelines, aqueducts, and other manmade waterways.

SCPPA members supported the legislation as a potential means of developing small hydropower facilities in their service territories to help further their renewable and greenhouse gas reduction goals. In particular, one SCPPA member expressed support for the legislation, including new innovative energy technology given its recent in-pipe conduit project. Moreover, all SCPPA systems may benefit from the legislation as they work to develop new renewable generation projects – that are in-state. One system, in fact, has over seven potential small hydro projects that are under the 5 megawatt threshold. The legislation could be beneficial if, they, and other SCPPA

members want to move forward with small hydropower development.

Dodd-Frank Sub-Threshold for "Special Entities"

The House passed legislation to resolve a public power-specific problem created by the "swap dealer" definition under the Dodd Frank Act, with active SCPPA support.

The Commodity Futures Trading Commission (CFTC) implemented Dodd-Frank requirements in a way that requires entities trading with municipal utilities to register as "swap dealers" and comply with corresponding regulatory obligations if those transactions total at least \$25 million annually. As a result, traditional, non-financial counterparties have refrained from trading with municipal utilities, which rely on such trades to hedge operational costs.

To fix this problem, the House unanimously passed the *"Public Power Risk Management Act"* (H.R. 1038) on June 12.

H.R. 1038 would clarify that operations-related swaps with municipal utilities do not count towards the threshold that determines the volume of swaps an entity can enter into without triggering swap dealer registration. (Entities that must register as swap dealers have a significantly heavier regulatory burden than do end-users.)

In the Senate, a bipartisan team of Sens. Joe Donnelly (D-IN) and James Inhofe (R-OK) plan to introduce companion legislation shortly. SCPPA and others will work to see the legislation enacted in the 113th Congress.

Municipal Bonds

As Congress and the Administration struggle over fiscal issues, the threats to municipal bonds remain real. Proposals to eliminate or limit the deductibility of interest on municipal bonds have been advanced by the Administration in its last two budgets. Proposals to cap municipal bond interest were on the table during the December 2012 "fiscal cliff" discussions, and in the 2013 budget/debt-limit discussions between the White House and Congress, that resulted in a three-week government shut down.

A budget conference committee, agreed to as part of the short-term deal to end the shutdown, has until Dec. 13 to agree on a plan to set spending levels for, at a minimum, the remainder of FY 2014. House and Senate Budget Chairmen Patty Murray (D-WA) and Paul Ryan (R-WI) continue to meet privately to find a resolution that will replace the second tier of sequestration cuts that go into effect on Jan. 15, 2014. We do not expect proposals to limit the exemption for municipal bonds to be part of any FY 2014 funding agreement, but any time Congress seeks ways to increase federal revenues, municipal bonds may be at risk.

Most likely, changes to the municipal bonds interest exclusion, will be part of proposals to reform the tax code. Despite the desire of House and Senate tax committee leaders to advance such a bill in the 113th Congress, the outlook for such legislation is slim. Nevertheless, state and local government groups and public power groups, including SCPPA, continue to advocate actively for retaining the exemption for municipal bond interest.

Federal Legislative Report (continued)

Spent Nuclear Fuel Storage and Disposal

Given its ownership interest in the Palo Verde nuclear plant, SCPPA is supportive of efforts to enact a new program of interim and permanent nuclear waste storage. A bipartisan group of four Senators, including Sens. Dianne Feinstein (D-CA), Lamar Alexander (R-TN), Ron Wyden (D-OR) and Lisa Murkowski (R-AK) introduced the “*Nuclear Waste Administration Act*” (S. 1240) at the end of June. The bill would implement many of the recommendations of the Blue Ribbon Commission on America’s Nuclear Future and establish a new consent-based siting process.

The shuttered Yucca Mountain repository in Nevada will be a key issue of contention between the Senate and House, as the House insists that Yucca remain the site for permanent waste disposal. Despite this difference of opinion, Sen. Wyden, who chairs the Energy and Natural Resources (ENR) Committee, remains optimistic that the House and Senate can reach a compromise. He noted that there is scientific agreement that more than one permanent repository will be needed.

Staff for Senate ENR Committee has indicated that Chairman Wyden would like to conduct a markup of S. 1240 on December 19, although it has not been formally scheduled yet.

In addition, the Nov. 19 decision by the U.S. Court of Appeals for the D.C. Circuit may provide momentum needed to advance this debate. The Court ruled that DOE must stop collecting nuclear waste fees from nuclear plant owners, because the fee cannot be justified if the administration does not intend to pursue the proposed waste facility at Yucca Mountain.

Since the inception of the fee in 1983, utilities have paid 0.1 cents for each nuclear-generated kilowatt-hour of electricity – totaling more than \$24 billion paid into the Nuclear Waste Fund.

Cyber Security

The Feb. 12 issuance of the White House Executive order (EO) on cybersecurity shifted momentum from Congress to the Executive branch, as agencies work to meet its timelines and directives.

As directed by the EO, the National Institute of Standards and Technology (NIST) is developing a voluntary framework of cyber standards, processes, and procedures that can be adopted by owners and operators of critical infrastructure (CI) across all 16 critical sectors, and has been holding workshops with industry to get its input. The electric utility industry is actively involved in the NIST process. Industry’s objective in the process is to ensure that the final framework does not duplicate or conflict with the current FERC/NERC process to establish mandatory cyber standards.

Stalled in Congress are two cybersecurity bills that the electric sector cyber coalition has endorsed: “*Cyber Intelligence Sharing and Protection Act*” (H.R. 624), and “*Cyber Security Act of 2013*” (S.1353).

The House passed H.R. 624, sponsored by Reps. Mike Rogers (R-MI) and Dutch Ruppersberger (D-MD), which authorizes a process for issuing security clearances to private sector entities, and two-way information sharing, between the federal government and the private sector. The legislation is unlikely to pass the Senate, however, given privacy and liability protection concerns.

In the Senate S. 1353, advanced by Sens. Rockefeller (D-WV) and Thune (R-ND), the Chair and Ranking Member of the Commerce Committee, authorizes NIST to identify voluntary standards, methodologies, and best practices for cyber security measures, strengthen cyber security research and development, workforce development, and public awareness and preparedness.

Most importantly for the electric sector, the bill includes a provision that says the NIST standards should not “duplicate or conflict with existing cyber requirements or regulatory processes, and they will be non-regulatory, non-prescriptive and technology neutral.”

Senate leaders are waiting to see if it can combine S. 1353 with cyber bills addressing issues under jurisdiction of the Senate Intelligence and Homeland Security committees.

Congressional partisanship may increase in 2014, in advance of November mid-term elections. That could make it more difficult for Congress to reach agreement on issues like the technical fix to the Dodd Frank Act or revisions to nuclear waste policy. However, given the tension on the budget, the federal deficit and continued interest from both parties to reform the tax code, SCPPA will have to remain diligent in an environment where Congress will be looking for “offsets,” which may be part of larger fiscal agreement that brings both parties together.

Regulatory Report

Renewables Portfolio

Standard Implementation

The California Energy Commission dedicated much of the last year working to codify the State's ambitious 33% by the end of 2020 Renewables Portfolio Standard (RPS), which was established when Governor Jerry Brown signed Senate Bill X1-2 into law in 2011. The law directed the Energy Commission to adopt new regulations specifying RPS enforcement procedures for publicly owned utilities; to certify and verify eligible renewable resources and to monitor compliance; and to refer any failure to comply by a publicly owned utility to the California Air Resources Board, which may then impose penalties.

After an intensive stakeholder process, the Energy Commission adopted the "Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities" in September. The regulations became effective on October 1, 2013. These regulations specify how the Energy Commission will assess renewables procurement actions and determine whether those actions are compliant with the law. There are multiple reporting and policy adoption deadlines with SCPPA members required to submit specified information and reports for verification purposes and to follow a public notice process when adopting certain RPS policies.

SCPPA members are working diligently to implement a wide range of mandatory programs now in place to meet California's aggressive climate change goals and are on target to meet or exceed the requirements.

Greenhouse Gas Emissions Reduction Efforts

SCPPA is heavily involved in the State's ongoing efforts to meet emissions reduction goals under the Global Warming Solutions Act (AB 32). That bill directed California's Air Resources Board to enact policies and programs to reduce greenhouse gas emissions to 1990 levels by the end of 2020. A secondary goal is to reduce emission levels to 80% below 1990 levels by the end of 2050. A significant programmatic component is the Cap-and-Trade Program, which started in January 2012. Enforceable compliance obligations began with the 2013 greenhouse gas emissions reported by electricity providers and other major industry stakeholders. SCPPA members have already made significant strides towards reducing greenhouse gas emissions and continue working with state regulatory agencies to both ensure compliance and that the program is implemented in such a way that maintains environmental integrity at reasonable and stable costs for ratepayers.

President Obama's Climate Action Plan

At the federal level, SCPPA is engaged in efforts to implement President Obama's Climate Action Plan. The U.S. Environmental Protection Agency has been directed to develop regulations to reduce carbon emissions from new and existing power plants. SCPPA has urged the Agency to recognize the significant steps California has already taken to combat climate change, and to craft regulations that would provide flexibility for states to reduce carbon emissions consistent within their existing regulatory regimes.

anaheim



MARCIE L. EDWARDS

General Manager
Anaheim Public
Utilities Dept.

Since 1894, Anaheim Public Utilities' vision for serving customers has extended well beyond a responsibility to provide reliable, cost-effective electricity and water. Whether we are planning a new substation; building a renewable energy resource; replacing overhead electrical facilities with underground transmission, distribution and service cables; or offering new efficiency incentives, we seek long-term solutions to issues that will strengthen Anaheim's neighborhoods, schools and businesses far into the future.

Customers - Retail	115,418
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	380,449
Purchased	3,029,766
Total	3,410,215
Total Revenues (000s)	\$457,731
Operating Costs (000s)	\$384,735

*Unaudited Fiscal Year End June 30, 2013 information

azusa



GEORGE F. MORROW

Director of Utilities
City of Azusa
Light & Water

Azusa's electric utility was established in 1898 after the City purchased a private power company. The City's foresight in planning and system maintenance has resulted in a reliable supply of low cost electricity to the incorporated area of Azusa for over 100 years. Azusa's water utility service area was significantly expanded in 1993 and includes portions of Covina, Glendora, Irwindale, West Covina, and county unincorporated areas. Azusa is committed to increasing the amount of renewable energy sold to retail customers and to meeting all state and federal requirements to reduce greenhouse gas emissions associated with global warming. Azusa Light & Water remains customer-focused and strives for excellence in providing personal service to all types of customers, from residential to large industrial customers and developers.

Customers - Retail	15,904
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased (net)	332,537
Total	332,537
Total Revenues (000s)	\$43,222*
Operating Costs (000s)	\$42,376*

*Unaudited

banning



FRED H. MASON

Electric Utility
Director
City of Banning

The City of Banning Electric Utility provides electric service to approximately 11,800 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 quality electric service to its residents since that time. Banning's energy resource base includes portions of coal, nuclear and hydro generating plants, which provide the majority of electricity required to meet its summer peak demand of 48 MWs. The City supports clean energy and is committed to adding additional renewable energy resources to its already diverse portfolio. The Utility will meet the average 20 percent renewables requirement of Compliance Period #1, through energy produced from two geothermal generating facilities located in the Imperial Valley. In addition, the Utility will exceed the current State mandate of 33 percent by 2020. The Utility is dedicated to continue providing quality service to its customers in a safe and reliable manner, at reasonable rates.

Customers - Retail	11,800
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased	150,376
Total	150,376
Sales	
Retail	138,884
Total Revenues (000s)	\$29,232*
Operating Costs (000s)	\$29,008*

*Unaudited

burbank



RONALD E. DAVIS

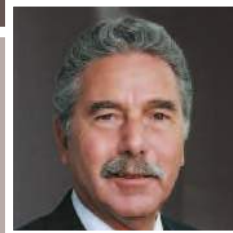
General Manager
Burbank Water and Power

For 100 years, Burbank Water and Power (BWP) has been providing the City of Burbank with safe, reliable and affordable electric services. BWP continues to provide exceptional service at competitive rates to residents, businesses, and the community every day. Keeping a keen eye on innovative technologies and sustainability efforts, BWP constantly looks to find more sustainable ways to do business, lower dependence on fossil fuels, and develop clean and renewable energy sources. The modernization of the BWP campus is one example of BWP's commitment to preserving the Earth's natural resources for generations to come, while still meeting Burbank's demand for affordable and reliable electricity. In 2013, the BWP campus was awarded 3 Platinum level LEED certifications by the United States Green Building Council for 3 buildings. Platinum level is the highest achievable level for implementing practical and measurable green building design, construction, operations and maintenance solutions. Another recent example of implementing technology to better serve Burbank's customers was the addition of auto reclosing mechanisms on station equipment to reduce distribution outages and improve system reliability. BWP is committed to a continuous improvement program that will facilitate serving Burbank customers with competitive rates and providing reliability that is among the best in the nation.

Customers - Retail	51,971
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	17,000
Purchased	1,266,900
Total	1,283,900
Total Revenues (000s)	\$166,747*
Operating Costs (000s)	\$156,001*

*Unaudited and excludes wholesale transactions

cerritos



ART GALLUCCI

City Manager
City of Cerritos

The first new member to join Southern California Public Power Authority in over 20 years, the City of Cerritos is serving the electricity demands of the City's business community. Currently, all of the power requirements come from Cerritos' participation in the Magnolia Power Project. With the goal of providing a stable and affordable supply of electricity, Cerritos intends on developing a portfolio of power that includes renewable (green) resources to be delivered as competitively and economically as possible. In the recent past the City completed and commissioned two solar projects in the Cerritos Corporate Yard totaling \$1.27 million that was funded with grants received from the U.S Department of Energy. The annual output of approximately 0.5 MWh from these two installations is used to meet the electrical power needs of the City's Corporate Yard and potable water pumping facilities.

Customers - Retail	240
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	61,348
Purchased	0
Total	61,348
Total Revenues (000s)	\$4,153*
Operating Costs (000s)	\$5,070*

*Unaudited

colton



DAVE KOLK

Utility Director
City of Colton

The largest municipally owned electric utility in San Bernardino County, Colton Electric Utility has been providing service to the City of Colton for over 100 years. The Board of Trustees of the City of Colton passed an ordinance in 1895 with the intent to acquire, construct, own, operate, and maintain an electric system to supply light, power, and heat to the city. By 1897, 1,140 domestic lights, 30 incandescent street lights, and 11 arc lights had been installed. Today, we serve a population of over 52,000 and are looking to the future by securing a diverse portfolio of energy consisting of wind, solar, geothermal, biomass, and hydro resources. Our employees are proud to continue the tradition of providing reliable service through efficient and economical operations and a strong relationship with our customers.

Customers - Retail	18,834
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	26,349
Purchased	389,095
Total	415,444
Total Revenues (000s)	\$59,558*
Operating Costs (000s)	\$52,467*

*Unaudited

glendale



**STEVE
ZURN**

General Manager
Glendale
Water and Power

Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. In 1937, it began receiving power from the Hoover Dam and inaugurated the first unit of its own steam generating plant units with 258 MWs 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 in landfill gas, wind, and geothermal projects. Today, GWP provides reliable electric services to over 85,000 residential, commercial and industrial customers within a 31 square mile area. GWP continues to invest in improving the system infrastructure to ensure its long-term reliability. Our vision is to provide our customers with reliable and sustainable water and power services that are cost effective and innovative.

Customers - Retail	85,629
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	198,276
Purchased	1,365,196
Total	1,563,472
Total Revenues (000s)	\$178,156
Operating Costs (000s)	\$196,157

imperial



**KEVIN
KELLEY**

General Manager
Imperial Irrigation
District

The Imperial Irrigation District (IID) was established in 1911 and entered the power business in 1936. Proudly serving Imperial and Coachella Valleys and a portion of San Diego County, IID has a service area of 6,471-square miles and 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. A valuable public resource, IID is regarded as an affordable and reliable service provider serving over 148,000 customers.

Customers Served	148,196
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	1,474,164
Purchased	2,191,260
Total	3,665,424
Total Revenues (000s)	\$405,201
Operating Costs (000s)	\$405,955
As of December 31, 2012	

los angeles



**RON
NICHOLS**

Chief Operating
Officer
Los Angeles Department
of Water and Power

Providing service for more than a century, the Los Angeles Department of Water and Power 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 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 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, increasing energy efficiency to at least 10% by 2020, balancing the system demands with increased use of natural gas from new and rebuilt existing facilities, and repowering gas facilities to eliminate the use of ocean water for cooling.

Customers - Retail	1,479,094
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	14,474,955
Purchased	12,031,534
Total	26,506,489
Total Revenues (000s)	\$3,162,502*
Operating Costs (000s)	\$2,684,534*
*Unaudited	

pasadena



PHYLLIS E. CURRIE

General Manager
Pasadena Water and Power.

Pasadena Water and Power has been providing electricity since 1906 and began delivering water to customers in 1912. The city built its first electric generating steam plant in 1907 and took over operation of its municipal street lighting from Edison Electric. In 1909, Pasadena began the extension of its operations to commercial and residential customers that resulted in the replacement of all Edison Electric service in the city by 1920. While much has changed over the years, PWP's strong connection to its customer/owner base remains constant. Today, PWP provides electric service to more than 64,000 metered accounts over a 23 square-mile service area at competitive rates. During 2013, Pasadena made significant progress toward reaching the goal for renewable energy resources established in its Integrated Resource Plan ("IRP"). Pasadena's IRP includes a commitment to provide 40% of retail energy requirements with renewable resources by 2020, surpassing the State of California's stated goal of 33% by 2020. During calendar year 2012, over 24% of retail energy requirements were supplied by renewable resources. PWP is actively pursuing opportunities to expand its renewable resources portfolio while remaining committed to its mission of providing reliable service at reasonable cost to its customers. Also during 2013, PWP took major steps toward achieving another of the stated goals of its IRP by completing the environmental and permitting processes to construct a repowering project to replace an aging local generation plant with a new combined cycle plant. Construction will begin during fiscal year 2014. PWP's success is a result of its commitment to remain a valued community asset, an exceptional employer, and a partner in Pasadena's prosperous future.

Customers - Retail	64,926
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	168,470
Purchased	1,215,779
Total	1,384,249
Total Revenues (000s)	\$208,423
Operating Costs (000s)	\$177,646

riverside



DAVID H. WRIGHT

Public Utilities
Director
City of Riverside

Established in 1895, Riverside Public Utilities (RPU) is a consumer-owned water and electric utility that provides high quality, reliable services to over 107,000 metered electric customers and 64,000 metered water customers throughout an 82 square mile area in and around the City of Riverside, CA, serving a population of more than 311,000. 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 commitments, 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 MW) and IPA (137 MW) generation projects; long-term renewable power purchase agreements, as well as short, mid, and long-term contracts from various other power providers. As California's first "Emerald City," Riverside is committed to promoting sustainable communities and becoming a municipal leader in the use of renewable energy resources. Twenty percent of RPU's retail energy needs (totaling 2,179,000 MWh as of June 30, 2013) are currently provided by renewable energy resources.

Customers - Retail	107,525
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	107,200
Purchased	1,788,100
Renewables	444,300
Total	2,339,600
Total Revenues (000s)	\$347,000
Operating Costs (000s)	\$263,600

vernon



CARLOS FANDINO, JR.

Director –
Light & Power
City of Vernon

City of Vernon Light & Power Department began serving industrial customers in 1933, with completion of its diesel generating plant. In addition to its own power from diesel units and gas turbines, Vernon also receives power from the Malburg Generating Station, Palo Verde, Hoover, and various suppliers. The Malburg Generating Station resides within city limits. Vernon is part of the California Independent System Operator (CAISO) Control Area and is a Participating Transmission Owner.

Customers - Retail	1,899
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	62
Purchased	1,188,665
Total	1,188,727
Total Revenues (000s)	\$145,812*
Operating Costs (000s)	\$108,902*

*Unaudited

selected financial data & statements

Participant Ownership Interests

The Authority's participants may elect to participate in the projects. As of June 30, 2013, the members have the following participation percentages in the Authority's financed operating projects:

PARTICIPANTS	GENERATION				TRANSMISSION				
	PALO VERDE PROJECT	SAN JUAN PROJECT	MAGNOLIA POWER PROJECT	CANYON POWER PROJECT	SOUTHERN TRANSMISSION SYSTEM PROJECT	MEAD-PHOENIX PROJECT	MEAD-ADELANTO PROJECT		
City of Los Angeles	67.0%	-	-	-	59.5%	24.8%	35.7%		
City of Anaheim	-	-	38.0%	100.0%	17.6%	24.2%	13.5%		
City of Riverside	5.4%	-	-	-	10.2%	4.0%	13.5%		
Imperial Irrigation District	6.5%	51.0%	-	-	-	-	-		
City of Vernon	4.9%	-	-	-	-	-	-		
City of Azusa	1.0%	14.7%	-	-	-	1.0%	2.2%		
City of Banning	1.0%	9.8%	-	-	-	1.0%	1.3%		
City of Colton	1.0%	14.7%	4.2%	-	-	1.0%	2.6%		
City of Burbank	4.4%	-	31.0%	-	4.5%	15.4%	11.5%		
City of Glendale	4.4%	9.8%	16.5%	-	2.3%	14.8%	11.1%		
City of Cerritos	-	-	4.2%	-	-	-	-		
City of Pasadena	4.4%	-	6.1%	-	5.9%	13.8%	8.6%		
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		
PARTICIPANTS	GREEN POWER						NATURAL GAS		
	HOOVER UPRATING PROJECT	TIETON HYDRO-POWER	MILFORD I WIND	MILFORD II WIND	LINDEN WIND ENERGY	WINDY POINT PROJECT	PINEDALE PROJECT	BARNETT PROJECT	PREPAID NATURAL GAS PROJECT
City of Los Angeles	-	-	92.5%	95.1%	90.0%	92.4%	-	-	-
City of Anaheim	42.6%	-	-	-	-	-	35.7%	45.4%	16.5%
City of Riverside	31.9%	-	-	-	-	-	-	-	-
Imperial Irrigation District	-	-	-	-	-	-	-	-	-
City of Vernon	-	-	-	-	-	-	-	-	-
City of Azusa	4.2%	-	-	-	-	-	-	-	-
City of Banning	2.1%	-	-	-	-	-	-	-	-
City of Colton	3.2%	-	-	-	-	-	7.1%	9.1%	11.0%
City of Burbank	16.0%	50.0%	5.0%	-	-	-	14.3%	27.3%	33.0%
City of Glendale	-	50.0%	-	4.9%	10.0%	7.6%	28.6%	-	23.0%
City of Cerritos	-	-	-	-	-	-	-	-	-
City of Pasadena	-	-	2.5%	-	-	-	14.3%	18.2%	16.5%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

selected financial data & statements

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

The Authority's interests or entitlements in natural gas, generation, and transmission projects are jointly owned with other utilities, except for the Magnolia Power Project, Canyon Power Project, Tieton Hydropower Project, and the Linden Wind Energy Project, which are wholly owned by the Authority. Under these arrangements, a participating member has an undivided interest in a utility plant and is responsible for its proportionate share of the costs of construction and operation and is entitled to its proportionate share of the energy, available transmission capacity, or natural gas produced. Each joint plant participant, including the Authority, is responsible

for financing its share of construction and operating costs. The financial statements reflect the Authority's interest in each jointly owned project as well as the projects that it owns. Additionally, the Authority's share of expenses for each project is included in the statements of revenues, expenses, and changes in net position as part of operations and maintenance expenses.

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

The contracts expire as follows:

		Participants	POWER PURCHASE AGREEMENTS			
			Ormat Geothermal Energy Project	Pebble Springs Wind Project	MWD Small Hydro Project	Ameresco/Chiquita Landfill Gas Project
Palo Verde Project	2030					
San Juan Project	2030					
Magnolia Power Project	2036					
Canyon Power Project	2030					
Hoover Uprating Project	2018	Capacity	17.00 MW	98.7 MW	17.04 MW	10.00 MW
Tieton Hydropower Project	2028					
Milford I Wind Project	2030	City of Los Angeles	-	69.6%	-	-
Milford II Wind Project	2031	City of Anaheim	60.0%	-	56.4%	-
Prepaid Natural Gas Project	2035	City of Azusa	-	-	21.8%	-
Windy Point Project	2030	City of Banning	10.0%	-	-	-
Linden Wind Energy Project	2035	City of Colton	-	-	21.8%	-
STS Project	2027	City of Burbank	-	10.1%	-	16.7%
Mead-Phoenix Project	2030	City of Glendale	15.0%	20.3%	-	-
Mead-Adelanto Project	2030	City of Pasadena	15.0%	-	-	83.3%
Natural Gas Pinedale Project	2030		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Natural Gas Barnett Project	2030	Contract expires	2031	2025	2023	2030

Combined Summary of Financial Condition and Changes in Net Position

(\$ In Thousands)

	JUNE 30,		
	2013	2012	2011
Assets			
Net utility plant	\$ 1,362,772	\$ 1,431,352	\$ 1,454,668
Investments	730,573	678,358	809,081
Cash and cash equivalents	230,929	348,515	233,543
Prepaid and other	1,195,798	1,278,652	1,146,406
Total assets	<u>\$ 3,520,072</u>	<u>\$ 3,736,877</u>	<u>\$ 3,643,695</u>
Deferred outflows of resources	13,541	30,985	33,376
Total assets and deferred outflows of resources	<u>\$ 3,533,613</u>	<u>\$ 3,767,862</u>	<u>\$ 3,667,071</u>
Liabilities			
Noncurrent liabilities	\$ 3,198,636	\$ 3,482,080	\$ 3,409,143
Current liabilities	398,509	415,090	394,590
Total liabilities	<u>3,597,145</u>	<u>3,897,170</u>	<u>3,800,733</u>
Deferred inflows of resources			3,417
Net Position			
Net investment in capital assets	(585,142)	(641,171)	(609,033)
Restricted	565,737	603,201	530,757
Unrestricted	(44,127)	(91,338)	(48,803)
Total net position	<u>(63,532)</u>	<u>(129,308)</u>	<u>(127,079)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,533,613</u>	<u>\$ 3,767,862</u>	<u>\$ 3,677,071</u>
Revenues, Expenses and Changes in Net Position for the year ended June 30			
Operating revenues	\$ 640,188	\$ 682,990	\$ 604,170
Operating expenses	(503,837)	(511,062)	(449,731)
Operating income	<u>136,351</u>	<u>171,928</u>	<u>154,439</u>
Investment and other income	14,464	23,745	19,095
Derivative gain (loss)	60,189	(42,743)	(22,199)
Debt expense	(161,857)	(167,130)	(145,770)
Change in net position	<u>49,147</u>	<u>(14,200)</u>	<u>5,565</u>
Net Position, beginning of year	(129,308)	(127,079)	(132,506)
Net Contributions/(Withdrawals) By Participants	16,629	11,971	(138)
Net Position, end of year	<u>\$ (63,532)</u>	<u>\$ (129,308)</u>	<u>\$ (127,079)</u>



SCPPA Accounting & Investment Group

From left to right:

Andrew Virzi III, Utility Accountant

Yolanda Pantig, Assistant

Accounting Manager

Joan Ilagan, Investment Manager

Atif Haji Dattoo, Utility Accountant

Adrian Chung, Utility Accountant

Nina Sanchez, Assistant

Investment Manager

Therese Savery, Manager SCPPA

Accounting & Investments

Sharon Moore, Administrative

Assistant

Not Pictured:

Margarita Estrella, Lead Utility

Accountant