



S C P P A

1998 - 1999

A n n u a l

R e p o r t



Table of Contents

What is SCPPA?	1
President's Letter	2
Executive Director's Letter	3
"And They're Approaching the Starting Gate..."	5
Operations and Financials	7
Palo Verde Operations	7
San Juan Unit 3 Operations	9
Mead-Phoenix/Mead-Adelanto Transmission Projects	9
Hoover Upgrading Project	11
Southern Transmission System	11
Palo Verde Restructuring	13
Directors	14-15
Legislative Advocacy	17
Report of Independent Accountants	19
Combined Balance Sheet	20
Combined Statement of Operations	22
Combined Statement of Cash Flows	24
Notes to Combined Financial Statements	26
Supplemental Financial Information	37

What is SCPPA?

The Southern California Public Power Authority (SCPPA) is a joint powers authority consisting of ten municipal utilities and one irrigation district, who deliver electricity to approximately two million customers over an area of 7,000 square miles, with a total population of 4.8 million.

The members are the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District.








SCPPA was formed in 1980 to finance the acquisition of generation and transmission resources for its members. Currently, SCPPA has three generation projects and three transmission projects, bringing power from Arizona, New Mexico, Utah, and Nevada.

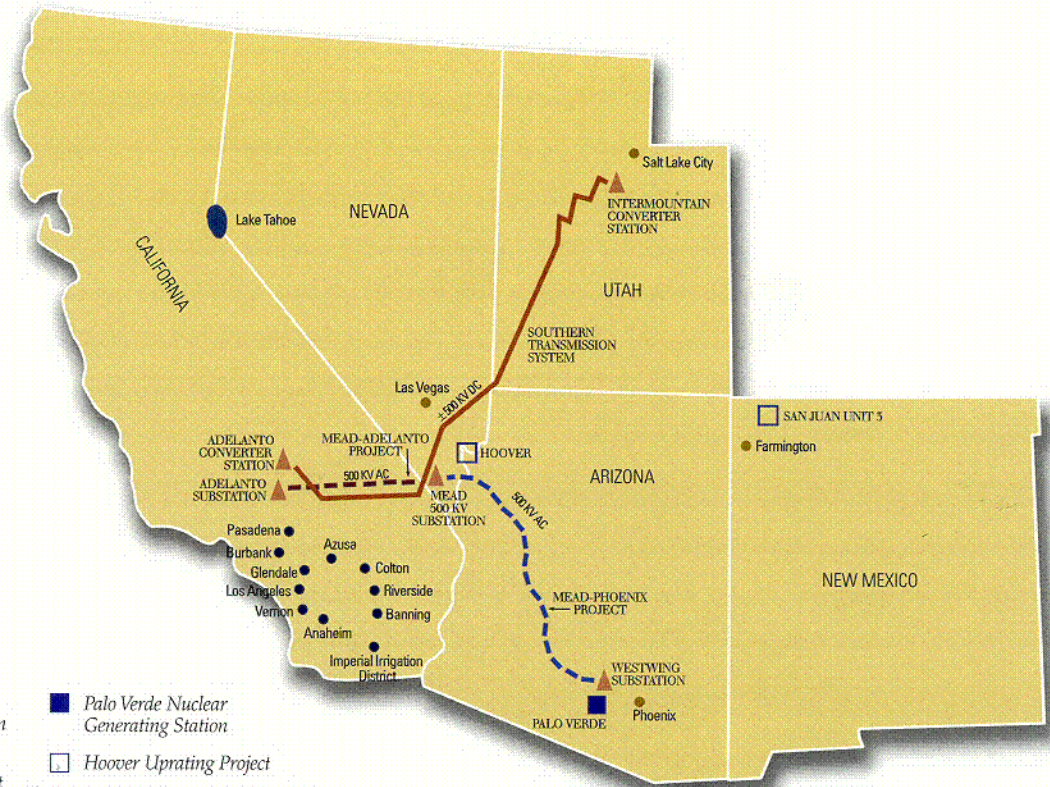
The projects were financed through the issuance of tax-exempt bonds, backed by the combined credit of the SCPPA members participating in each project. As of June 30, 1999, SCPPA had issued \$8.97 billion in bonds, notes, and refunding bonds, of which \$2.96 billion in principal was outstanding.

SCPPA's role has evolved over the years to include advocacy at the state and national levels, and cooperative efforts to reduce member costs and improve efficiency.

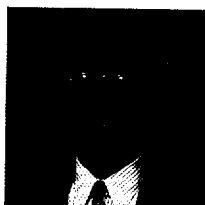
SCPPA members

- City of Anaheim
- City of Azusa
- City of Banning
- City of Burbank
- City of Colton
- City of Glendale
- Imperial Irrigation District
- Los Angeles Department of Water and Power
- City of Pasadena
- City of Riverside
- City of Vernon

-  Southern Transmission System
-  Mead-Phoenix Transmission Project
-  Mead-Adelanto Transmission Project
-  Palo Verde Nuclear Generating Station
-  Hoover Upgrading Project
-  San Juan Generating Station
-  Member Agencies



President's Letter



Joseph F. Hsu
President

Fiscal Year 1998-99 was another year of preparation for SCPPA members – preparation of each utility's financial condition and business operations for the competition which will soon be facing us all. Most of our members continue to provide educational information to their respective policy makers and customer/owners concerning electric deregulation and their utility's plans regarding open access.

Many of the SCPPA members plan to open their borders to competition in the year 2000, while others have not made a decision yet.

We are well-represented on the Boards of the California Independent System Operator (ISO) and the Power Exchange, and continue to negotiate the issues which prevent our full participation in the ISO. SCPPA's collective voice, as well as our individual voices, are well-known and well-respected in both Sacramento and Washington, D.C.

SCPPA, in addition to its main responsibility – project financing and management – continues to seek cost effective solutions for problems common to its members. SCPPA will continue to function as a facilitator and as a forum to help its members become stronger competitors in the deregulated electric utility marketplace and more valuable assets for the communities they serve.

A handwritten signature in black ink, appearing to read "Joseph F. Hsu". The signature is stylized and cursive.

JOSEPH F. HSU
President

Executive Director's Letter



Daniel W. Waters
Executive Director

This year SCPPA continued to be the mechanism for some of the most effective cooperation yet among SCPPA members and with our municipal cousins in northern California.

We held classes on subjects such as energy trading, futures markets, and risk management. The classes were attended by staff of SCPPA members as well as Northern California Power Agency members.

We helped many of our members prepare their computers, information systems, and facilities for the year 2000.

We completed the restructuring of the Palo Verde debt, which will result in lower costs to our members for Palo Verde power by July 2004.

With the completion of the Limestone Scrubber Project at San Juan Generating Station, all SCPPA generating projects are projected to be close to market prices by 2004.

Issues surrounding transmission and the Independent System Operator are still solidifying, and we continue to work to ensure that California's restructuring laws are grandfathered and that public power is protected under any new electric restructuring federal legislation.

We will continue to pursue opportunities to leverage our members' strengths through cooperation and joint efforts wherever we can reduce costs or increase the efficiency and effectiveness of our members.

A handwritten signature in black ink, appearing to read "Daniel W. Waters". The signature is fluid and cursive, written in a professional style.

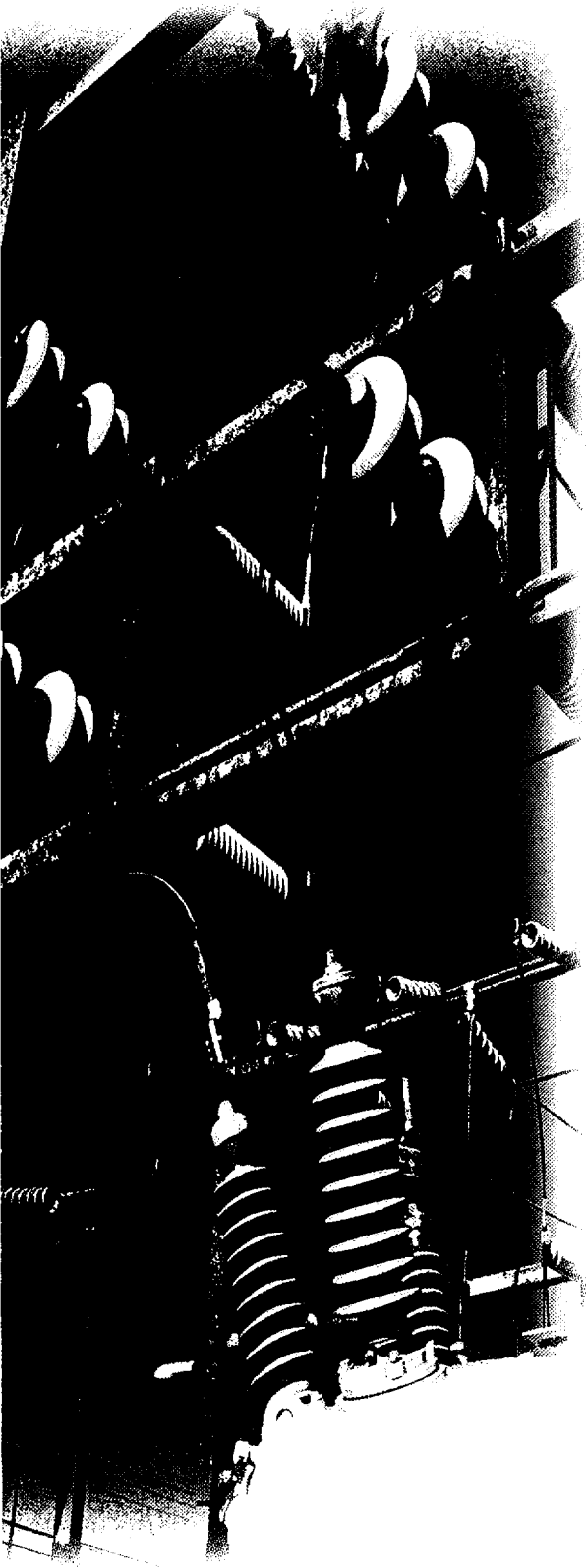
DANIEL W. WATERS

Executive Director



SCPPA DIRECTORS *(From Left to Right)*
Daniel W. Waters, Executive Director; Ronald O. Vazquez, Secretary; Joseph F. Hsu, President;
Edward K. Aghjayan, Vice President; Robert K. Rozanski, Assistant Secretary.

“And They’re Approaching the Starting Gate...”



Like a group of thoroughbreds at the beginning of the season at Santa Anita, the eleven SCPPA members are preparing for the big race – open access and competition. They have been training, getting into top shape, planning the timing and route, and weighing the odds.

They are losing extra weight by eliminating excess staff, addressing stranded costs, and streamlining the way they operate. They are getting stronger and faster by working together, and building support from their fans by giving better and more personal service.

They are working with their councils, boards, and customers to determine when they should enter the race. They are assessing the risks and rewards and will choose the route that best serves their owners, the local customers.

SCPPA is playing an important role in these preparations. Through SCPPA, the members are influencing the rules of the race, the conditions of the track, the handicapping, and the cost of entry. Owners of other stables are trying to add extra weight to SCPPA members’ entries through private use restrictions and high transmission access charges. SCPPA is working to ensure that the track really is level and will allow our members to show their true speed.

The southern California municipal utilities were originally created because of a need for competition. They *were* the competition then, and they can *be* the competition now.

The training period is almost over. The horses are approaching the starting gate. Let the race begin.



Palo Verde Nuclear Generating Station

Operations and Financials

Palo Verde Operations

During FY 1998-99, Palo Verde had another high production year, and continued to break site records, many of which were set only last year.

- 30.23 million MWHs – breaking last year's new record of 29.83 million MWHs.
- Unit 2 set a new Palo Verde record for continuous operation – 515 days, breaking last year's new record of 492 days.
- 36 days, 2 hours, 50 minutes refueling outage for Unit 2 – the shortest yet.

For the fourth calendar year in a row, Palo Verde Nuclear Generating Station was the largest producer of electricity in the United States.

PRODUCTION COST *(Operation and Maintenance plus Nuclear Fuel)*

Calendar Year	Cents per kWh
1993	2.02
1994	1.93
1995	1.61
1996	1.45
1997	1.33
1998	1.28

1998-99 OPERATIONS

	Generation <i>(Millions of MWHs)</i>	Capacity Utilization (%)
Unit 1	10.8	99.1%
Unit 2	9.8	90.3%
Unit 3	9.6	88.0%
Aggregate	30.2	92.5%

Palo Verde's operating
capacity factor of
92.5% compared to

Operations and Financials

Palo Verde Operations

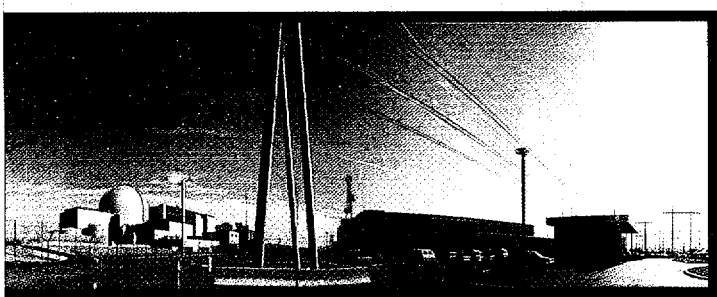
During FY 1998-99, Palo Verde had another high production year, and continued to break site records, many of which were set only last year.

- 30.23 million MWHs – breaking last year's new record of 29.83 million MWHs.
- Unit 2 set a new Palo Verde record for continuous operation – 515 days, breaking last year's new record of 492 days.
- 36 days, 2 hours, 50 minutes refueling outage for Unit 2 – the shortest yet.

For the fourth calendar year in a row, Palo Verde Nuclear Generating Station was the largest producer of electricity in the United States.

PRODUCTION COST (Operation and Maintenance plus Nuclear Fuel)

Calendar Year	Cents per kWh
1993	2.02
1994	1.93
1995	1.61
1996	1.45
1997	1.33
1998	1.28

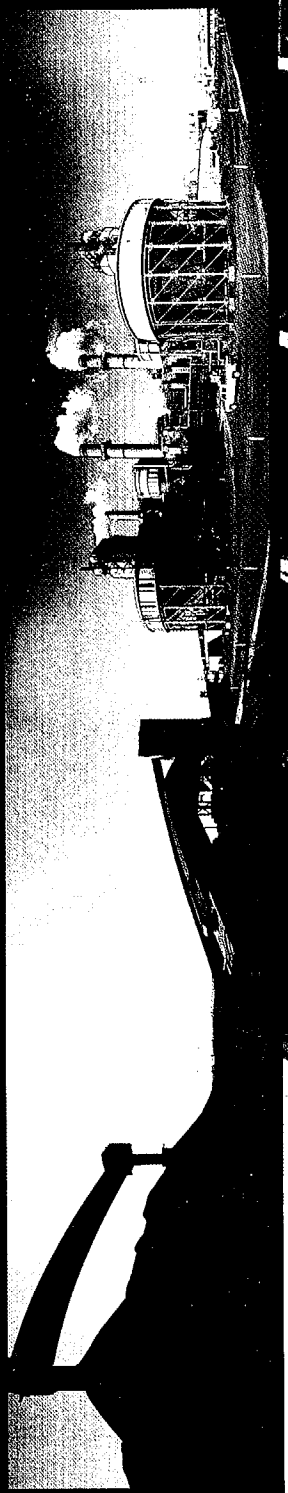
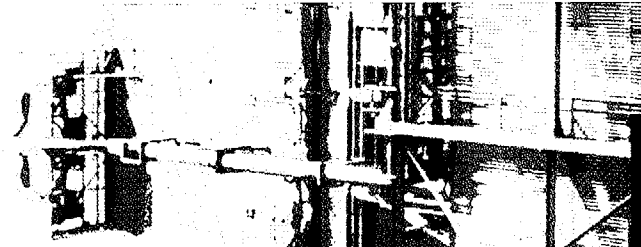


Palo Verde operated at a capacity factor of 92.5%, compared to 91.2% last year.

1998-99 OPERATIONS

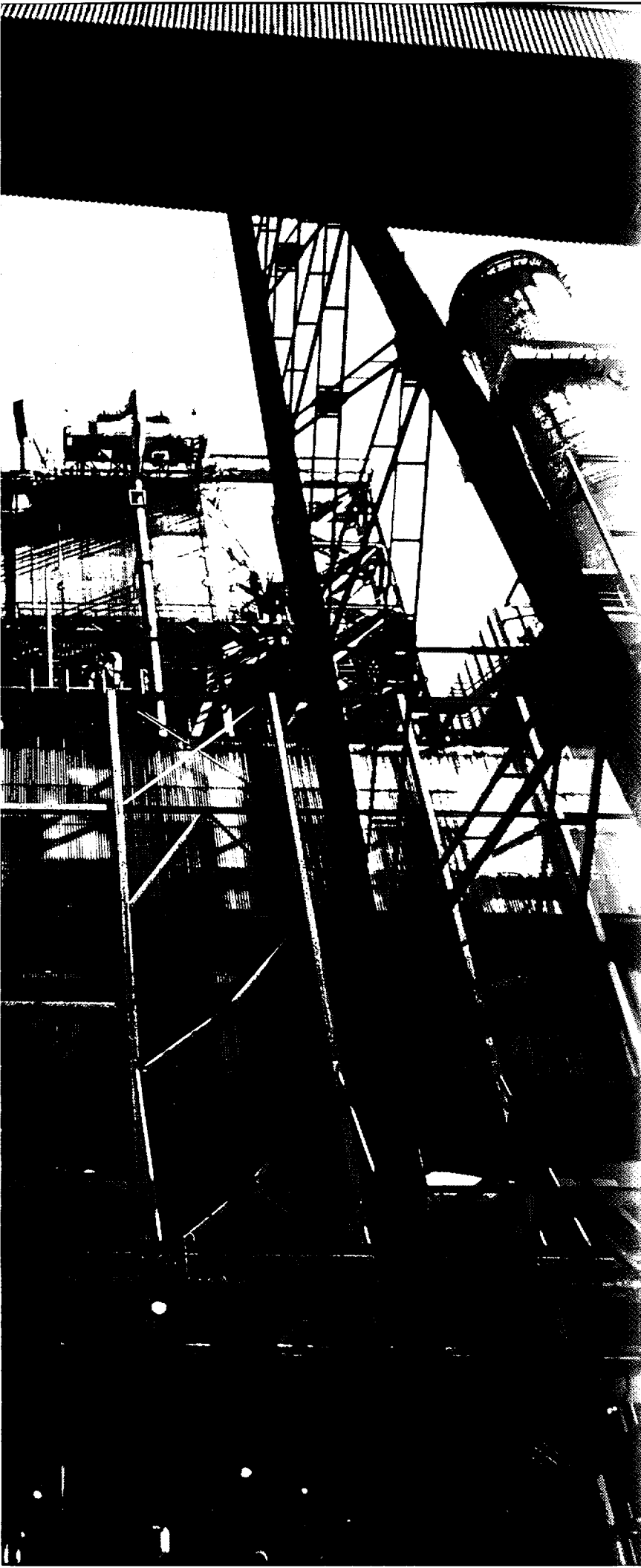
	Generation (Millions of MWHs)	Capacity Utilization (%)
Unit 1	10.8	99.1%
Unit 2	9.8	90.3%
Unit 3	9.6	88.0%
Aggregate	30.2	92.5%

San Juan Community Center



Unit 3 provides 204
MW to five SEPPA
Members.





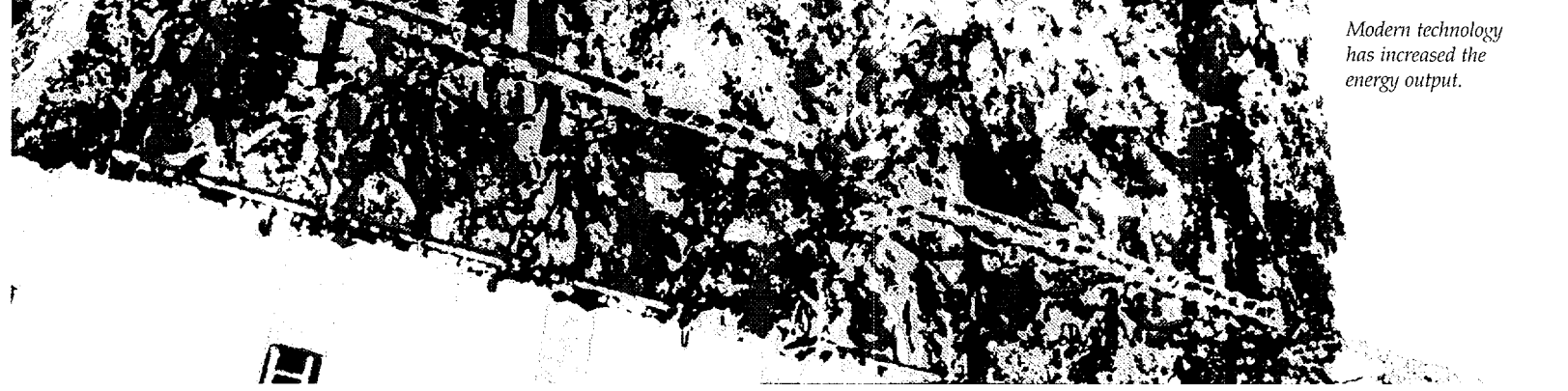
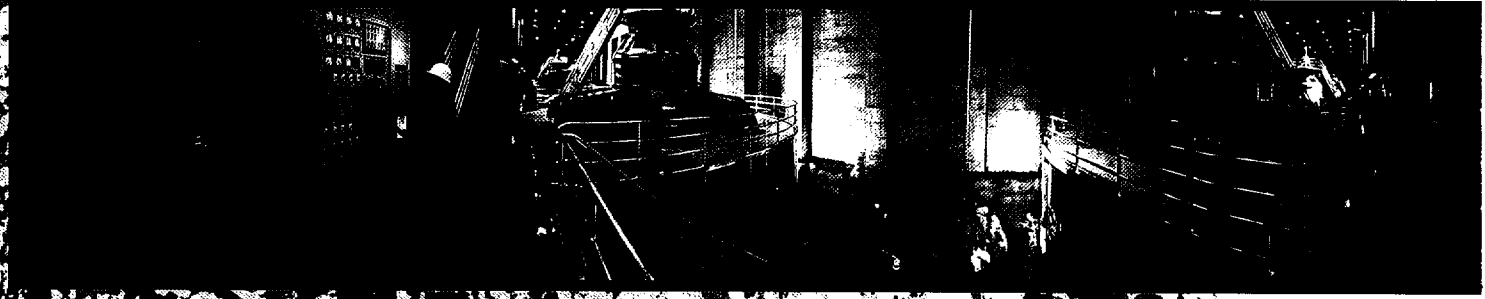
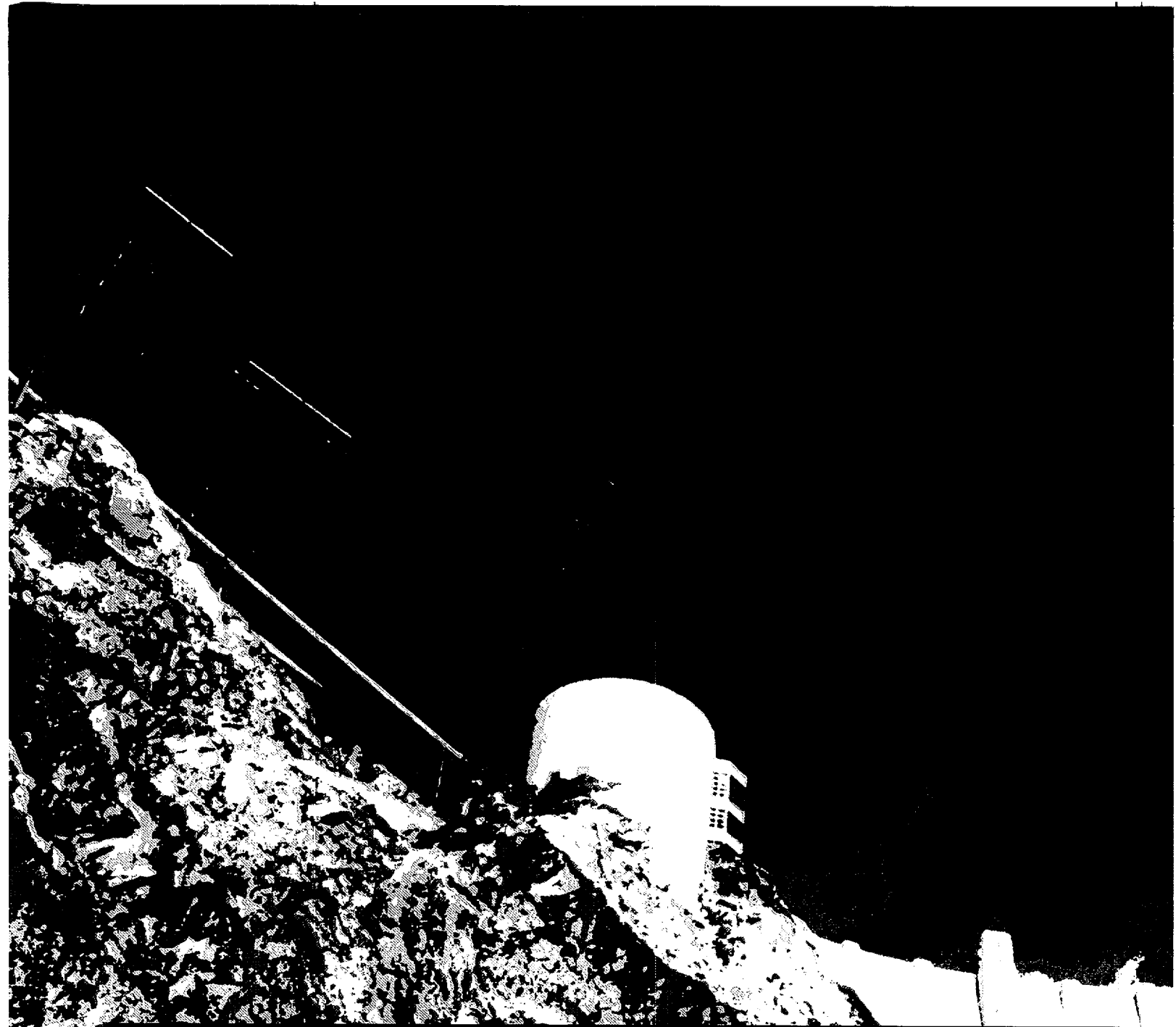
San Juan Unit 3 Operations

Five SCPPA participants own 41.8% of Unit 3 at the San Juan Generating Station in New Mexico. The Limestone Conversion Project was completed this year. The new limestone scrubber system has improved the plant's environmental performance and SCPPA is projected to save \$3 million per year in operating and maintenance costs. As an added bonus, the net capacity rating of the plant has increased due to reduced auxiliary load.

Negotiations are continuing toward a new long-term coal supply agreement, and a series of Interim Invoicing Agreements has led to high capacity factors and lower per unit fuel costs.

Mead-Phoenix/Mead-Adelanto Transmission Projects

The two 500-kV transmission lines, which connect Phoenix to Las Vegas, and Las Vegas to Southern California, completed their third year of dependable operation for the nine SCPPA members who participate in the projects. The Marketplace-McCullough Interconnection was energized, increasing the opportunities for southwest energy transactions.



*Modern technology
has increased the
energy output.*



Hoover Dam

Hoover Upgrading Project

The Hoover Upgrading Project provides six SCPPA members with low-cost, renewable energy. A SCPPA representative is active in the development of the Lower Colorado River Multi-Species Conservation Program, and SCPPA is closely monitoring efforts in Washington, D.C., to change how the Federal Power Marketing Administrations do business.

Southern Transmission System (STS)

As usual, the STS operated with near-perfect availability (99.52%), delivering over 14.3 million MWhs to the six SCPPA members who are participants. The power comes 488 miles from the Intermountain Power Project, in Utah, over the ± 500-kv DC line.



Hoover Upgrading Project

The Hoover Upgrading Project provides six SCPPA members with low-cost, renewable energy. A SCPPA representative is active in the development of the Lower Colorado River Multi-Species Conservation Program, and SCPPA is closely monitoring efforts in Washington, D.C., to change how the Federal Power Marketing Administrations do business.

Southern Transmission System (STS)

As usual, the STS operated with near-perfect availability (99.52%), delivering over 14.3 million MWHs to the six SCPPA members who are participants. The power comes 488 miles from the Intermountain Power Project, in Utah, over the ± 500-kv DC line.



Southern Transmission System



As of June 30, 1999

SCPPA BONDS	Outstanding Principal (000s)	Effective Interest Rate(s)	Final Maturity	Bond Ratings	
				Moody's Investors Service	Standard & Poor's
Hoover Upgrading Project	\$ 29,940	6.2%	2017	Aa3	AA-
Southern Transmission System	\$ 1,138,650	4.3 - 7.2%	2023		
Senior Lien Bonds				Aa3	A+
Subordinate Lien Bonds ¹				Aaa/VMIG1	AAA/A-1+
Palo Verde Project ²	\$ 938,245	4.2 - 7.2%	2017		
Senior Lien Bonds				A2	AA-
Subordinate Lien Bonds				Aaa/VMIG1	AAA/A-1+
Multiple Project Revenue Bonds					
Mead-Adelanto	\$ 106,700	7.1%	2020	Aa3	A
Mead-Phoenix	\$ 38,800	7.1%	2020	Aa3	A
Multiple Project ³	\$ 259,100	7.1%	2020	A2	A
Mead-Adelanto Refunding ⁴	\$ 173,955	5.3%	2015	Aaa	AAA
Mead-Phoenix Refunding ⁴	\$ 51,835	5.3%	2015	Aaa	AAA
San Juan Unit 3 ⁵	\$ 218,525	5.6%	2020	Aaa	AAA

¹ Insured: 1991 Subordinate Variable Rate Bonds (AMBAC); 1996 Subordinate Series A Bonds (MBIA); 1996 Subordinate Variable Rate Series B Bonds (FSA); 1998 Subordinate Series A (MBIA).

² Insured: 1992 Senior Lien Bonds (AMBAC); 1993 Subordinate Bonds (FGIC); 1996 Subordinate Series A (AMBAC); 1996 Subordinate Variable Rate Series B and C Bonds (AMBAC); 1997 Subordinate Series A and B Bonds (FSA); Installment Deposits to Defeasite the 1987 and 1989 Bonds (FSA); 1999 Subordinate Refunding Series A Bonds (FSA).

³ Uncommitted bond proceeds secured by a guaranteed rate investment contract.

⁴ Insured: 1994 Series A Bonds (AMBAC).

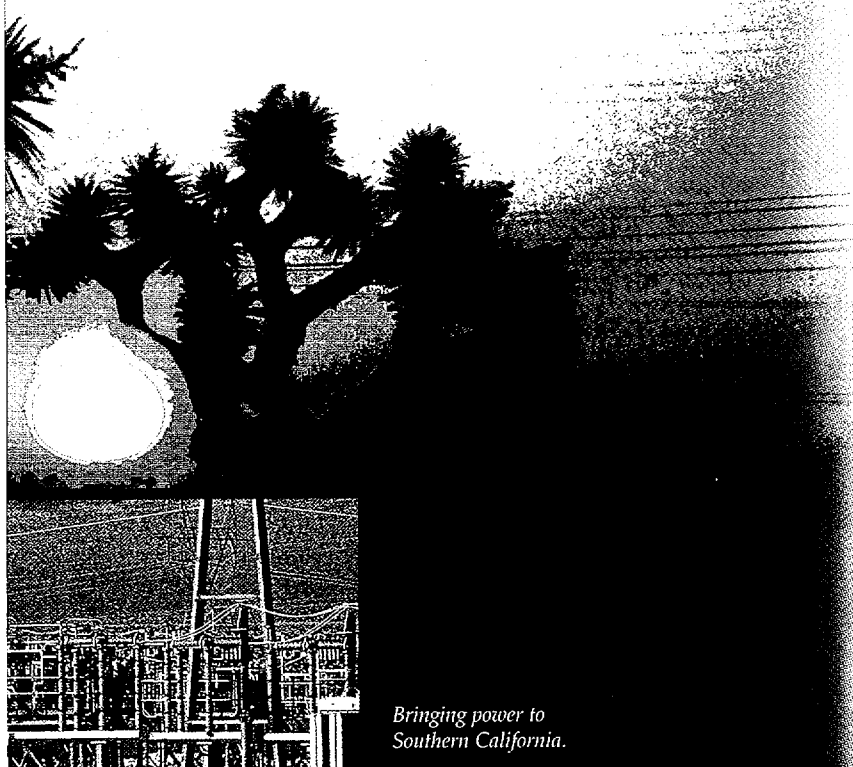
⁵ Insured: 1993 Series A Bonds (MBIA).

Palo Verde Restructuring

During Fiscal Year 1998-99, SCPPA completed restructuring of its fixed-rate Palo Verde Project debt to reduce the cost of energy from the nuclear plant to projected market price by 2004.

On April 6, 1999, SCPPA closed a forward refunding of its 1989 Refunding Series A Bonds maturing in 2001, 2003, 2007, and 2010. The new \$55,015,000 1999 Subordinate Refunding Series A Bonds, scheduled to mature through 2004, were sold at a true interest cost of 4.80 percent. The insured triple-A issue will produce net present value savings of \$5.93 million, or 10.78 percent of the refunding bonds.

In 2004, the Project's fixed rate debt will be economically defeased. The Board continues to review the Project's variable rate obligations of \$148 million for possible retirement on an accelerated basis.



Bringing power to
Southern California.

As of June 30, 1999

SCPPA BONDS

	Outstanding Principal (000s)	Effective Interest Rate(s)	Final Maturity	Bond Ratings	
				Moody's Investors Service	Standard & Poor's
Hoover Upgrading Project	\$ 29,940	6.2%	2017	Aa3	AA-
Southern Transmission System	\$ 1,138,650	4.3 - 7.2%	2023		
Senior Lien Bonds				Aa3	A+
Subordinate Lien Bonds ¹				Aaa/VMIG1	AAA/A-1+
Palo Verde Project ²	\$ 938,245	4.2 - 7.2%	2017		
Senior Lien Bonds				A2	AA-
Subordinate Lien Bonds				Aaa/VMIG1	AAA/A-1+
Multiple Project Revenue Bonds					
Mead-Adelanto	\$ 106,700	7.1%	2020	Aa3	A
Mead-Phoenix	\$ 38,800	7.1%	2020	Aa3	A
Multiple Project ³	\$ 259,100	7.1%	2020	A2	A
Mead-Adelanto Refunding ⁴	\$ 173,955	5.3%	2015	Aaa	AAA
Mead-Phoenix Refunding ⁴	\$ 51,835	5.3%	2015	Aaa	AAA
San Juan Unit 3 ⁵	\$ 218,525	5.6%	2020	Aaa	AAA

¹Insured: 1991 Subordinate Variable Rate Bonds (AMBAC); 1996 Subordinate Series A Bonds (MBIA); 1996 Subordinate Variable Rate Series B Bonds (FSA); 1998 Subordinate Series A (MBIA).

²Insured: 1992 Senior Lien Bonds (AMBAC); 1993 Subordinate Bonds (FGIC); 1996 Subordinate Series A (AMBAC); 1996 Subordinate Variable Rate Series B and C Bonds (AMBAC); 1997 Subordinate Series A and B Bonds (FSA); Installment Deposits to Defeas the 1987 and 1989 Bonds (FSA); 1999 Subordinate Refunding Series A Bonds (FSA).

³Uncommitted bond proceeds secured by a guaranteed rate investment contract.

⁴Insured: 1994 Series A Bonds (AMBAC).

⁵Insured: 1993 Series A Bonds (MBIA).

Palo Verde Restructuring

During Fiscal Year 1998-99, SCPPA completed restructuring of its fixed-rate Palo Verde Project debt to reduce the cost of energy from the nuclear plant to projected market price by 2004.

On April 6, 1999, SCPPA closed a forward refunding of its 1989 Refunding Series A Bonds maturing in 2001, 2003, 2007, and 2010. The new \$55,015,000 1999 Subordinate Refunding Series A Bonds, scheduled to mature through 2004, were sold at a true interest cost of 4.80 percent. The insured triple-A issue will produce net present value savings of \$5.93 million, or 10.78 percent of the refunding bonds.

In 2004, the Project's fixed rate debt will be economically defeased. The Board continues to review the Project's variable rate obligations of \$148 million for possible retirement on an accelerated basis.

*Bringing power to
Southern California.*



City of Anaheim

EDWARD K. AGHJAYAN,
General Manager

In 1894, the citizens of Anaheim voted to create the area's first city-owned electric utility. Over a century later, Anaheim Public Utilities delivers competitively priced electricity to over 300,000 citizens and provides critical infrastructure and service to support a \$12 billion a year business community. While a lot has changed, Anaheim Public Utilities remains focused on providing value to its citizen-owners. Anaheim residents enjoy the lowest electric rates in Orange County - 15% lower than in any neighboring community. In addition, Anaheim Public Utilities provides value-added services to the community through its Advantage Services. In 1998-99, Anaheim Public Utilities provided incentives and education programs to help over 15,000 commercial and residential customers use water and electricity efficiently and cost-effectively.



City of Azusa

JOSEPH F. HSU,
Director of Utilities

The City's electric utility was established in 1898, and for most of its history Azusa has purchased electricity wholesale from Southern California Edison. Since the Mid-1980's, through successful litigation against Edison on transmission access, Azusa began to acquire energy through short- and long-term contracts with other utilities, as well as from SCPPA by participating in Palo Verde Nuclear Generating Station, Hoover Hydroelectric Plant, and San Juan Generating Station Unit #3. Since the formation of California's Independent System Operator and Power Exchange, Azusa has been certified as a Scheduling Coordinator. As such, Azusa has been actively participating in the deregulated wholesale energy market. And in preparation for retail choice for Azusa's customers, Azusa has adopted a strategic financial plan which established a rate stabilization fund to mitigate the utility's stranded investment by mid-2002, and at the same time to reduce retail rates to a competitive level.



City of Banning

PAUL TOOR,
Assistant City Manager

Established in 1913, the Banning electrical system now serves an area of approximately 21 square miles. The city owns a portion of San Juan Unit 3 and a portion of Mead-Adelanto and Mead-Phoenix transmission lines. Service is provided to Banning customers through the City-owned distribution system. With a power record of reliability, the City is committed to continue to provide quality service to both present and future customers while positioning itself for effective delivery of services in a competitive deregulated environment.



City of Burbank

RONALD E. DAVIS,
General Manager

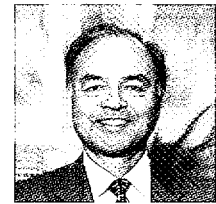
Burbank's Public Service Department began serving both water and electric customers in 1913. The Public Service Department installed on-site generation in response to significant growth in the 1940s and 1950s. Today the Public Service Department receives power from three SCPPA projects, as well as firm and interruptible supplies from other utilities and government agencies. The Public Service Department continues to operate its own local power plant.



City of Colton

THOMAS K. CLARKE,
Utilities Director

The Colton Electric Utility emphasizes the strengthening of key account relationships and customer service systems. New billing software provides improved efficiency and increased flexibility to meet customer needs. Load growth, high reliability, rapid response to customers, power cost reductions, and committed leadership fortify Colton's competitive position.



City of Glendale

BERNARD V. PALK,
Director

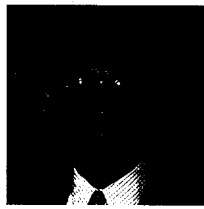
Glendale Water and Power
Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. It received its first power from Hoover Dam in 1937 and inaugurated the first unit of its own steam generating plant in 1941. Now called the Grayson Power Plant, this facility today has eight generating units. Glendale continues to purchase 85 percent of its power from outside sources.



City of Anaheim

EDWARD K. AGHJAYAN,
General Manager

In 1894, the citizens of Anaheim voted to create the area's first city-owned electric utility. Over a century later, Anaheim Public Utilities delivers competitively priced electricity to over 300,000 citizens and provides critical infrastructure and service to support a \$12 billion a year business community. While a lot has changed, Anaheim Public Utilities remains focused on providing value to its citizen-owners. Anaheim residents enjoy the lowest electric rates in Orange County - 15% lower than in any neighboring community. In addition, Anaheim Public Utilities provides value-added services to the community through its Advantage Services. In 1998-99, Anaheim Public Utilities provided incentives and education programs to help over 15,000 commercial and residential customers use water and electricity efficiently and cost-effectively.



City of Azusa

JOSEPH F. HSU,
Director of Utilities

The City's electric utility was established in 1898, and for most of its history Azusa has purchased electricity wholesale from Southern California Edison. Since the Mid-1980's, through successful litigation against Edison on transmission access, Azusa began to acquire energy through short- and long-term contracts with other utilities, as well as from SCPPA by participating in Palo Verde Nuclear Generating Station, Hoover Hydroelectric Plant, and San Juan Generating Station Unit #3. Since the formation of California's Independent System Operator and Power Exchange, Azusa has been certified as a Scheduling Coordinator. As such, Azusa has been actively participating in the deregulated wholesale energy market. And in preparation for retail choice for Azusa's customers, Azusa has adopted a strategic financial plan which established a rate stabilization fund to mitigate the utility's stranded investment by mid-2002, and at the same time to reduce retail rates to a competitive level.



City of Banning

PAUL TOOR,
Assistant City Manager

Established in 1913, the Banning electrical system now serves an area of approximately 21 square miles. The city owns a portion of San Juan Unit 3 and a portion of Mead-Adelanto and Mead-Phoenix transmission lines. Service is provided to Banning customers through the City-owned distribution system. With a power record of reliability, the City is committed to continue to provide quality service to both present and future customers while positioning itself for effective delivery of services in a competitive deregulated environment.



City of Burbank

RONALD E. DAVIS,
General Manager

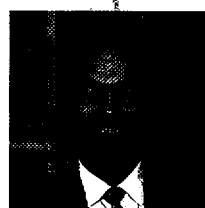
Burbank's Public Service Department began serving both water and electric customers in 1913. The Public Service Department installed on-site generation in response to significant growth in the 1940s and 1950s. Today the Public Service Department receives power from three SCPPA projects, as well as firm and interruptible supplies from other utilities and government agencies. The Public Service Department continues to operate its own local power plant.



City of Colton

THOMAS K. CLARKE,
Utilities Director

The Colton Electric Utility emphasizes the strengthening of key account relationships and customer service systems. New billing software provides improved efficiency and increased flexibility to meet customer needs. Load growth, high reliability, rapid response to customers, power cost reductions, and committed leadership fortify Colton's competitive position.



City of Glendale

BERNARD V. PALK,
*Director,
Glendale Water and Power*

Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. It received its first power from Hoover Dam in 1937 and inaugurated the first unit of its own steam generating plant in 1941. Now called the Grayson Power Plant, this facility today has eight generating units. Glendale continues to purchase 85 percent of its power from outside sources.



Imperial Irrigation District

KRISTINE K. FONTAINE,
Chief Financial Officer/Controller
IID entered the power industry in 1936 and today serves a peak load of 680 MW with 790 MW of generating resources. Among IID-owned resources are 24 MW of low head hydro units along the All American Canal, 307 MW of gas-fired steam and combined cycle units, and 162 MW of peaking gas turbines. In addition to IID's share of SCPPA resources comprising 104 MW at San Juan and 14 MW at Palo Verde, IID has 179 MW of other resources under long-term purchase contracts.



Los Angeles Department of Water and Power

RONALD O. VAZQUEZ,
Chief Financial Officer
In 1916, the City of Los Angeles began distributing electric power purchased from the Pasadena Municipal Power Plant, and the following year inaugurated its first generating capacity at San Francisquito Power Plant No. 1. In 1922 the city purchased the remaining distribution system of Southern California Edison Company within the city limits. It is now the largest municipally owned electric utility in the nation and is undergoing a major business restructuring process to prepare for open market competition.



City of Pasadena

RUFUS HIGHTOWER,
General Manager
Established in 1906, 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. In 1998-99, Pasadena purchased approximately 80 percent of its power needs.



City of Riverside

BILL D. CARNAHAN,
Public Utilities Director
Riverside Public Utilities is positioning itself to continue offering competitive rates in the deregulated environment. Power and transmission costs constitute the bulk of charges passed on to our customers through rates. Cost reduction and restructuring efforts at SCPPA have had significant impact on Riverside Public Utilities' effort in meeting operating cost targets based upon maximum efficiencies. Significant customer focused business and residential marketing efforts have resulted in continued positive community and customer approval ratings.



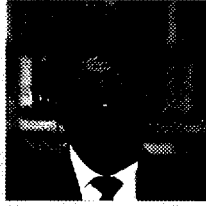
City of Vernon

KENNETH J. DE DARIO,
Director of Utilities
Vernon's Utilities 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 now receives power from Palo Verde, Hoover, and various suppliers. Vernon's average retail rate is less than five cents per Kilowatt-hour.



Imperial Irrigation District

KRISTINE K. FONTAINE
Chief Financial Officer/Controller
IID entered the power industry in 1936 and today serves a peak load of 680 MW with 790 MW of generating resources. Among IID-owned resources are 24 MW of low head hydro units along the All American Canal, 307 MW of gas-fired steam and combined cycle units, and 162 MW of peaking gas turbines. In addition to IID's share of SCPPA resources comprising 104 MW at San Juan and 14 MW at Palo Verde, IID has 179 MW of other resources under long-term purchase contracts.



Los Angeles Department of Water and Power

RONALD O. VAZQUEZ
Chief Financial Officer
In 1916, the City of Los Angeles began distributing electric power purchased from the Pasadena Municipal Power Plant, and the following year inaugurated its first generating capacity at San Francisquito Power Plant No. 1. In 1922 the city purchased the remaining distribution system of Southern California Edison Company within the city limits. It is now the largest municipally owned electric utility in the nation and is undergoing a major business restructuring process to prepare for open market competition.



City of Pasadena

RUFUS HIGHTOWER
General Manager
Established in 1906, 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. In 1998-99, Pasadena purchased approximately 80 percent of its power needs.



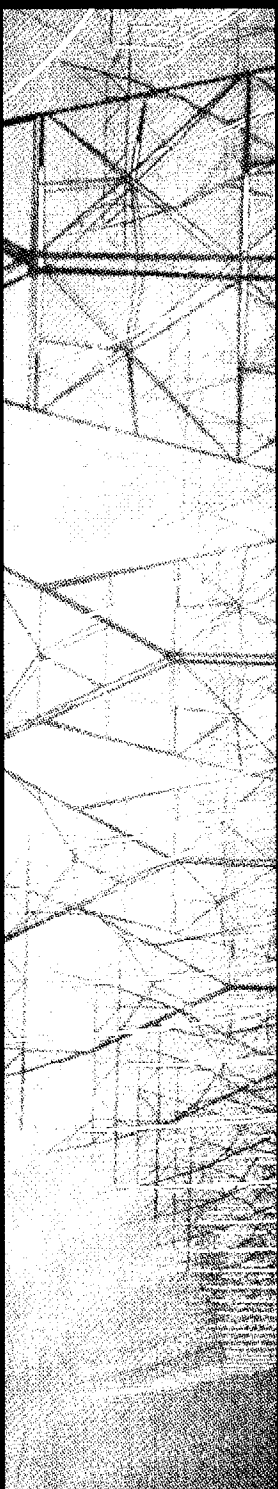
City of Riverside

BILL D. CARNAHAN
Public Utilities Director
Riverside Public Utilities is positioning itself to continue offering competitive rates in the deregulated environment. Power and transmission costs constitute the bulk of charges passed on to our customers through rates. Cost reduction and restructuring efforts at SCPPA have had significant impact on Riverside Public Utilities' effort in meeting operating cost targets based upon maximum efficiencies. Significant customer focused business and residential marketing efforts have resulted in continued positive community and customer approval ratings.



City of Vernon

KENNETH J. DE DARIO
Director of Utilities
Vernon's Utilities 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 now receives power from Palo Verde, Hoover, and various suppliers. Vernon's average retail rate is less than five cents per Kilowatt-hour.



The Converter Station and Switchyard are the end of both the Southern Transmission System and the Mead-Adelanto Line.



Legislative Advocacy

The decision of 24 states to adopt retail choice in their electricity markets has spurred the 106th Congress to act on comprehensive federal legislation to restructure the nation's electric utility industry. SCPPA continued to be involved in shaping the policy debate with key decision makers in Washington, D.C., and in California. The efforts of SCPPA and its members have focused on advancing private use tax legislation and ensuring that any federal legislation not preempt restructuring efforts already underway in the state of California.

House Energy and Power Subcommittee Chairman Joe Barton (R-TX) has made a determined effort to revitalize the issue of electric industry restructuring. Since March of 1999, Barton has held eleven subcommittee hearings and scheduled a markup of his restructuring bill – the "Electric Competition and Reliability Act". Barton has advanced the restructuring debate, and moved the debate away from a federal mandate requiring all states to adopt retail access plans by a specific date.

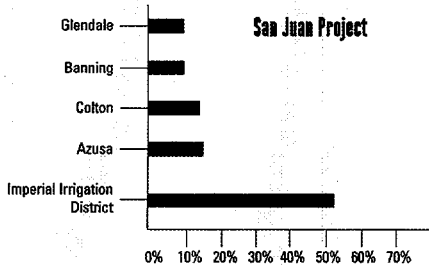
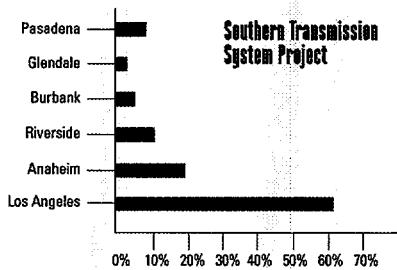
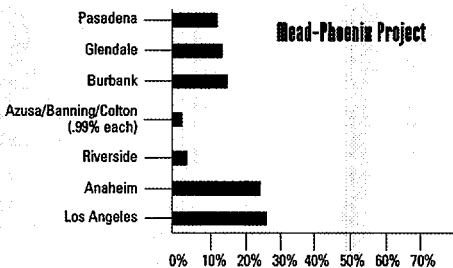
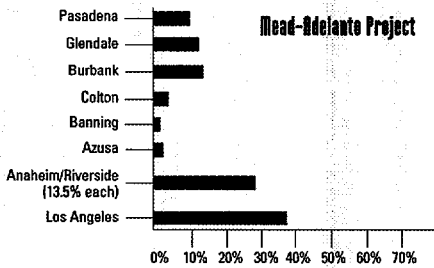
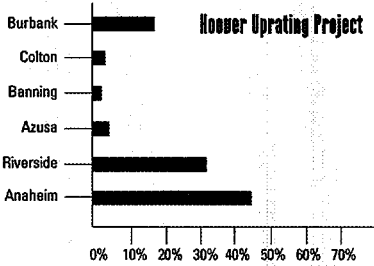
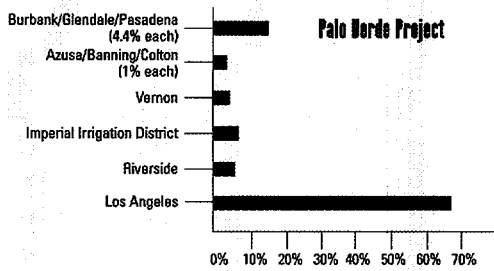
Despite progress on the issue, the road to enactment of a comprehensive federal bill promises to be long and difficult, and consensus continues to be elusive on many issues. And though efforts continue in earnest in the House, the Senate has only recently engaged in the debate.

The year's debate has been effective in educating decision makers on key issues of importance to SCPPA. In particular, the commitment of SCPPA and its members to advance private use legislation – the Bond Fairness and Protection Act – has resulted in a number of



Adelanto Converter Station

Percentage of SCPPA member participation in SCPPA's interest



Southern California cosponsors of the Hayworth-Matsui bill in the House. In addition, SCPPA's efforts have helped win the support of both California Senators on the Gorton-Kerrey bill in the Senate. At the end of the session, the House bill had 110 cosponsors, while the Senate version boasted 32 supporters.

The good news on the private use front is the inclusion of the Hayworth-Matsui private use language in Barton's comprehensive restructuring bill, giving public power systems options as to how and if they will address the private use problem.

Among other hotly contested issues are the formation of regional transmission organizations (RTOs) and federal remedies for market power abuses. SCPPA advanced the view that participation in RTOs should be decided by local officials, and supports strong market power language in any federal restructuring bills.

In Sacramento, issues of electric service oversight and regulation by state government agencies continue to undergo extensive study by the legislature. Future roles of the California Public Utilities Commission, the California Energy Commission, the Electricity Oversight Board, the Independent System Operator and the Power Exchange are the subject of legislative and industry debate. The goal of the legislature is to streamline the regulatory process in a competitive environment.

In addition to its legislative advocacy in Washington, D.C., and in California, SCPPA also hosted its fifth annual congressional staff tour. As in years past, SCPPA coordinated a group of congressional staff from the Southern California delegation to participate in a fact-finding tour of SCPPA facilities. The tour was designed to increase understanding of issues relating to the electric utilities industry in general and to public power specifically. In addition, the staff tour is helpful in cultivating good working relationships with congressional offices representing the SCPPA cities.

REPORT OF INDEPENDENT ACCOUNTANTS

September 9, 1999

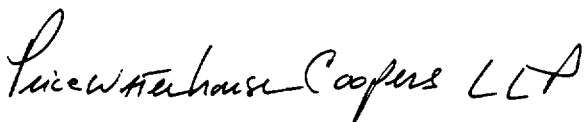
To the Board of Directors and Participants of the
Southern California Public Power Authority

In our opinion, the accompanying combined balance sheets and the related combined statements of operations and of cash flows present fairly, in all material respects, the financial position of the Southern California Public Power Authority (the Authority) at June 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Authority's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

In our opinion, the accompanying separate balance sheets and the related separate statements of operations and of cash flows present fairly, in all material respects, the financial position of each of the Authority's Palo Verde Project, Southern Transmission System Project, Hoover Upgrading Project, Mead-Phoenix Project, Mead-Adelanto Project, Multiple Project Fund, San Juan Project and Projects' Stabilization Fund at June 30, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Authority's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The year 2000 compliance supplementary information included on page 35 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because the criteria specified by Technical Bulletin 98-1, as amended, are not sufficiently specific and, therefore, preclude the prescribed procedures from providing meaningful results. In addition, we do not provide assurance that the Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become year 2000 compliant.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial information, as listed in the accompanying index, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PricewaterhouseCoopers LLP
Los Angeles, California

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED BALANCE SHEET**

(Amounts in thousands)

June 30, 1999

	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
ASSETS									
Utility plant:									
Production	\$ 614,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,125	\$ -	\$ 797,968
Transmission	14,146	674,606	-	51,266	170,896	-	-	-	910,914
General	2,517	18,911	22	2,632	341	-	7,890	-	32,313
	631,506	693,517	22	53,898	171,237	-	191,015	-	1,741,195
Less - Accumulated depreciation	342,953	253,196	6	4,995	14,783	-	68,125	-	684,058
	288,553	440,321	16	48,903	156,454	-	122,890	-	1,057,137
Construction work in progress	11,485	-	-	-	-	-	7,647	-	19,132
Nuclear fuel, at amortized cost	13,587	-	-	-	-	-	-	-	13,587
Net utility plant	313,625	440,321	16	48,903	156,454	-	130,537	-	1,089,856
Special funds:									
Investments									
Escrow accounts	79,943	22,589	-	13,396	37,699	-	-	-	153,627
Decommissioning fund	65,143	-	-	-	-	-	-	-	65,143
Other funds	129,230	120,254	6,492	7,439	28,713	257,147	25,895	16,175	591,345
	274,316	142,843	6,492	20,835	66,412	257,147	25,895	16,175	810,115
Cash and cash equivalents	47,431	31,109	1,016	4,913	9,657	80	14,317	8,375	116,898
Interest receivable	2,186	489	71	683	1,989	9,450	204	284	15,356
	323,933	174,441	7,579	26,431	78,058	266,677	40,416	24,834	942,369
Accounts receivable	2,322	-	-	-	-	-	500	-	2,822
Due from other project	-	-	-	2,518	6,926	-	-	-	9,444
Advance to IPA	-	11,550	-	-	-	-	-	-	11,550
Advances for capacity and energy, net	-	-	23,412	-	-	-	-	-	23,412
Materials and supplies	6,912	-	-	-	-	-	3,325	-	10,237
Costs recoverable from (in excess of) future billings to participants	128,276	279,588	(5,944)	4,209	16,461	-	42,885	-	465,475
Unamortized debt expenses, less accumulated amortization of \$11,518	6,224	8,121	290	1,332	4,343	-	2,338	-	22,648
	\$ 781,292	\$ 914,021	\$ 25,353	\$ 83,393	\$ 262,242	\$ 266,677	\$ 220,001	\$ 24,834	\$ 2,577,813
LIABILITIES									
Long-term debt	\$ 714,550	\$ 862,447	\$ 24,140	\$ 77,697	\$ 244,119	\$ 239,426	\$ 203,820	\$ -	\$ 2,366,199
Current liabilities:									
Debt due within one year	40,615	23,585	580	2,160	5,940	5,400	6,825	-	85,105
Accrued interest	10,837	19,644	387	2,588	7,884	8,256	5,598	-	55,194
Accounts payable and accruals	12,752	8,345	246	353	3,085	-	3,158	-	27,939
Accrued property tax	2,538	-	-	595	1,214	-	600	-	4,947
Due to other projects	-	-	-	-	-	9,444	-	-	9,444
Earnings to be distributed	-	-	-	-	-	-	-	1,038	1,038
Due to participants	-	-	-	-	-	-	-	23,796	23,796
Total current liabilities	66,742	51,574	1,213	5,696	18,123	23,100	16,181	24,834	207,463
Deferred credits	-	-	-	-	-	4,151	-	-	4,151
Commitments and contingencies	-	-	-	-	-	-	-	-	-
	\$ 781,292	\$ 914,021	\$ 25,353	\$ 83,393	\$ 262,242	\$ 266,677	\$ 220,001	\$ 24,834	\$ 2,577,813

The accompanying notes are an integral part of these combined financial statements.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED BALANCE SHEET**

(Amounts in thousands)

June 30, 1998

	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
ASSETS									
Utility plant:									
Production	\$ 617,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,125	\$ -	\$ 800,529
Transmission	14,153	674,606	-	51,266	170,896	-	-	-	910,921
General	2,655	18,951	22	2,632	341	-	7,890	-	32,491
	634,212	693,557	22	53,898	171,237	-	191,015	-	1,743,941
Less - Accumulated depreciation	308,748	233,559	2	3,577	10,305	-	55,573	-	611,764
	325,464	459,998	20	50,321	160,932	-	135,442	-	1,132,177
Construction work in progress	10,016	-	-	-	-	-	6,578	-	16,594
Nuclear fuel, at amortized cost	15,014	-	-	-	-	-	-	-	15,014
Net utility plant	350,494	459,998	20	50,321	160,932	-	142,020	-	1,163,785
Special funds:									
Investments									
Escrow accounts	34,778	24,413	-	-	-	-	-	-	59,191
Decommissioning fund	54,460	-	-	-	-	-	-	-	54,460
Other funds	77,300	97,513	4,907	19,394	57,884	254,884	21,952	11,352	545,186
	166,538	121,926	4,907	19,394	57,884	254,884	21,952	11,352	658,837
Cash and cash equivalents	85,792	51,863	2,690	2,676	7,906	76	18,509	7,979	177,491
Interest receivable	2,065	545	78	718	2,138	9,367	417	266	15,594
	254,395	174,334	7,675	22,788	67,928	264,327	40,878	19,597	851,922
Accounts receivable	2,018	-	-	855	2,962	-	6,605	-	12,440
Due from other project	-	-	-	2,229	6,128	-	-	-	8,357
Advance to IPA	-	11,550	-	-	-	-	-	-	11,550
Advances for capacity and energy, net	-	-	23,984	-	-	-	-	-	23,984
Materials and supplies	7,196	-	-	-	-	-	3,355	-	10,551
Costs recoverable from (in excess of) future billings to participants	173,413	260,261	(6,321)	5,017	17,280	-	33,681	-	483,331
Unamortized debt expenses, less accumulated amortization of \$9,752	7,442	9,134	320	1,376	4,602	-	2,500	-	25,374
	\$ 794,958	\$ 915,277	\$ 25,678	\$ 82,586	\$ 259,832	\$ 264,327	\$ 229,039	\$ 19,597	\$ 2,591,294
LIABILITIES									
Long-term debt	\$ 743,407	\$ 868,122	\$ 24,469	\$ 79,253	\$ 248,365	\$ 244,145	\$ 210,295	\$ -	\$ 2,418,056
Current liabilities:									
Debt due within one year	32,015	21,970	550	-	-	-	6,540	-	61,075
Accrued interest	13,229	21,131	395	2,588	7,884	8,256	5,742	-	59,225
Accounts payable and accruals	3,647	4,054	264	325	181	-	6,006	-	14,477
Accrued property tax	2,660	-	-	420	3,402	-	456	-	6,938
Due to other projects	-	-	-	-	-	8,357	-	-	8,357
Earnings to be distributed	-	-	-	-	-	-	-	799	799
Due to participants	-	-	-	-	-	-	-	18,798	18,798
Total current liabilities	51,551	47,155	1,209	3,333	11,467	16,613	18,744	19,597	169,669
Deferred credits	-	-	-	-	-	3,569	-	-	3,569
Commitments and contingencies	-	-	-	-	-	-	-	-	-
	\$ 794,958	\$ 915,277	\$ 25,678	\$ 82,586	\$ 259,832	\$ 264,327	\$ 229,039	\$ 19,597	\$ 2,591,294

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENT OF OPERATIONS
(Amounts in thousands)

Year Ended June 30, 1999

	Palo Verde Project	Southern Transmission System Project	Hoover Upgrading Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
Operating revenues:									
Sales of electric energy	\$ 182,961	\$ -	\$ 1,996	\$ -	\$ -	\$ -	\$ 52,473	\$ -	\$ 237,430
Sales of transmission services	-	73,064	-	7,252	16,846	-	-	-	97,162
Reimbursement to participants	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Total operating revenues	182,961	73,064	1,996	7,252	16,846	-	52,473	-	334,592
Operating expenses:									
Amortization of nuclear fuel	8,877	-	-	-	-	-	-	-	8,877
Operations and maintenance	32,460	10,915	2,136	1,249	(26)	-	39,232	-	85,966
Depreciation	26,750	19,637	4	1,418	4,478	-	9,439	-	61,726
Decommissioning	11,975	-	-	-	-	-	3,113	-	15,088
Total operating expenses	80,062	30,552	2,140	2,667	4,452	-	51,784	-	171,657
Operating income (loss)	102,899	42,512	(144)	4,585	12,394	-	689	-	162,935
Investment income	5,155	9,069	298	1,787	5,351	18,861	2,049	950	43,520
Income before debt expense	108,054	51,581	154	6,372	17,745	18,861	2,738	950	206,455
Debt expense	62,917	70,908	531	5,564	16,926	18,279	11,942	-	187,067
	\$ 45,137	\$ (19,327)	\$ (377)	\$ 808	\$ 819	\$ 582	\$ (9,204)	\$ 950	\$ 19,388

The accompanying notes are an integral part of these combined financial statements.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENT OF OPERATIONS**

(Amounts in thousands)

Year Ended June 30, 1998

	Palo Verde Project	Southern Transmission System Project	Hoover Upgrading Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
Operating revenues:									
Sales of electric energy	\$ 125,706	\$ -	\$ 2,148	\$ -	\$ -	\$ -	\$ 61,465	\$ -	\$ 189,319
Sales of transmission services	-	83,119	-	6,347	18,623	-	-	-	108,089
Reimbursement to participants	-	(6,787)	-	-	-	-	-	-	(6,787)
Other revenues	65,000	-	-	-	-	-	-	-	65,000
Total operating revenues	190,706	76,332	2,148	6,347	18,623	-	61,465	-	355,621
Operating expenses:									
Amortization of nuclear fuel	9,044	-	-	-	-	-	-	-	9,044
Operations and maintenance	27,261	12,705	2,099	1,688	4,308	-	39,036	-	87,097
Depreciation	17,955	19,715	-	1,441	4,477	-	9,436	-	53,024
Decommissioning	11,593	-	-	-	-	-	3,113	-	14,706
Total operating expenses	65,853	32,420	2,099	3,129	8,785	-	51,585	-	163,871
Operating income	124,853	43,912	49	3,218	9,838	-	9,880	-	191,750
Investment income	8,843	11,254	492	1,509	4,399	18,700	2,377	799	48,373
Income before debt expense	133,696	55,166	541	4,727	14,237	18,700	12,257	799	240,123
Debt expense	75,879	75,217	697	5,581	16,972	18,204	12,228	-	204,778
	\$ 57,817	\$ (20,051)	\$ (156)	\$ (854)	\$ (2,735)	\$ 496	\$ 29	\$ 799	\$ 35,345

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENT OF CASH FLOWS

(Amounts in thousands)

Year Ended June 30, 1999

	Palo Verde Project	Southern Transmission System Project	Hoover Upgrading Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
Cash flows from operating activities:									
Operating income (loss)	\$ 102,899	\$ 42,512	\$ (144)	\$ 4,585	\$ 12,394	\$ -	\$ 689	\$ -	\$ 162,935
Adjustments to reconcile operating income to net cash provided by operating activities -									
Depreciation	26,750	19,637	4	1,418	4,478	-	9,439	-	61,726
Decommissioning	11,975	-	-	-	-	-	3,113	-	15,088
Advances for capacity and energy	-	-	1,876	-	-	-	-	-	1,876
Amortization of nuclear fuel	8,877	-	-	-	-	-	-	-	8,877
Changes in assets and liabilities:									
Accounts receivable	(304)	-	-	855	2,962	-	6,105	-	9,618
Materials and supplies	284	-	-	-	-	-	30	-	314
Accounts payable and accruals	8,983	4,291	(18)	203	716	-	(2,704)	-	11,471
Net cash provided by operating activities	159,464	66,440	1,718	7,061	20,550	-	16,672	-	271,905
Cash flows from noncapital financing activities:									
Advances from participants	-	-	-	-	-	-	-	4,743	4,743
Participant withdrawals	-	-	-	-	-	-	-	(456)	(456)
Net cash provided by noncapital financing activities	-	-	-	-	-	-	-	4,287	4,287
Cash flows from capital and related financing activities:									
Additions to plant, net	(10,733)	40	-	-	-	-	(1,069)	-	(11,762)
Debt interest payments	(48,290)	(53,472)	(1,562)	(5,205)	(15,771)	(16,511)	(11,574)	-	(152,385)
Proceeds from sale of bonds	55,972	-	-	-	-	-	-	-	55,972
Float forward contract proceeds	-	-	-	-	-	-	-	-	-
Payment for defeasance of revenue bonds	(59,250)	-	-	-	-	-	-	-	(59,250)
Principal payments on debt	(32,015)	(21,970)	(550)	-	-	-	(6,540)	-	(61,075)
Decommissioning fund	(10,683)	-	-	-	-	-	-	-	(10,683)
Payment for bond issue costs	(765)	-	-	-	-	-	-	-	(765)
Net cash used for capital and related financing activities	(105,764)	(75,402)	(2,112)	(5,205)	(15,771)	(16,511)	(19,183)	-	(239,948)
Cash flows from investing activities:									
Interest received on investments	9,208	7,190	378	1,871	5,599	18,778	2,291	1,056	46,371
Purchases of investments	(315,216)	(89,286)	(7,738)	(31,722)	(106,904)	(2,263)	(12,805)	(21,765)	(587,699)
Proceeds from sale/maturity of investments	213,947	70,304	6,080	30,232	98,277	-	8,833	16,818	444,491
Net cash provided by (used for) investing activities	(92,061)	(11,792)	(1,280)	381	(3,028)	16,515	(1,681)	(3,891)	(96,837)
Net increase (decrease) in cash and cash equivalents	(38,361)	(20,754)	(1,674)	2,237	1,751	4	(4,192)	396	(60,593)
Cash and cash equivalents at beginning of year	85,792	51,863	2,690	2,676	7,906	76	18,509	7,979	177,491
Cash and cash equivalents at end of year	\$ 47,431	\$ 31,109	\$ 1,016	\$ 4,913	\$ 9,657	\$ 80	\$ 14,317	\$ 8,375	\$ 116,898

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENT OF CASH FLOWS

(Amounts in thousands)

Year Ended June 30, 1998

	Palo Verde Project	Southern Transmission System Project	Hoover Upgrading Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	Projects' Stabilization Fund	Total
Cash flows from operating activities:									
Operating income	\$ 124,853	\$ 43,912	\$ 49	\$ 3,218	\$ 9,838	\$ -	\$ 9,880	\$ -	\$ 191,750
Adjustments to reconcile operating income to net cash provided by operating activities -									
Depreciation	17,955	19,715	-	1,441	4,477	-	9,436	-	53,024
Decommissioning	11,593	-	-	-	-	-	3,113	-	14,706
Advances for capacity and energy	-	-	1,700	-	-	-	-	-	1,700
Amortization of nuclear fuel	9,044	-	-	-	-	-	-	-	9,044
Changes in assets and liabilities:									
Accounts receivable	860	-	-	(962)	(3,704)	-	(6,605)	-	(10,411)
Materials and supplies	315	-	-	-	-	-	139	-	454
Accounts payable and accruals	(6,106)	(464)	149	599	3,285	-	1,859	-	(678)
Net cash provided by operating activities	158,514	63,163	1,898	4,296	13,896	-	17,822	-	259,589
Cash flows from noncapital financing activities:									
Advances from participants	-	-	-	-	-	-	-	9,731	9,731
Participant withdrawals	-	-	-	-	-	-	-	(5,932)	(5,932)
Net cash provided by noncapital financing activities	-	-	-	-	-	-	-	3,799	3,799
Cash flows from capital and related financing activities:									
Additions to plant, net	(13,450)	(154)	(20)	(148)	(6)	-	(6,398)	-	(20,176)
Debt interest payments	(57,014)	(60,815)	(1,594)	(4,905)	(15,027)	(16,512)	(11,716)	-	(167,583)
Proceeds from sale of bonds	377,849	93,802	-	-	-	-	-	-	471,651
Float forward contract proceeds	3,464	-	-	-	-	-	-	-	3,464
Payment for defeasance of revenue bonds	(415,581)	(97,485)	-	-	-	-	-	-	(513,066)
Principal payments on debt	(28,570)	(21,360)	(515)	-	-	-	(6,275)	-	(56,720)
Decommissioning fund	(10,517)	-	-	-	-	-	-	-	(10,517)
Payment for bond issue costs	(5,316)	(1,130)	-	-	-	-	-	-	(6,446)
Net cash used for capital and related financing activities	(149,135)	(87,142)	(2,129)	(5,053)	(15,033)	(16,512)	(24,389)	-	(299,393)
Cash flows from investing activities:									
Interest received on investments	8,723	11,386	345	1,473	4,318	18,620	2,042	539	47,446
Purchases of investments	(177,665)	(60,457)	(10,725)	(1,026)	(8,560)	(2,105)	(34,511)	(32,290)	(327,339)
Proceeds from sale/maturity of investments	217,959	92,471	10,798	225	9,056	-	50,042	25,468	406,019
Net cash provided by (used for) investing activities	49,017	43,400	418	672	4,814	16,515	17,573	(6,283)	126,126
Net increase (decrease) in cash and cash equivalents	58,396	19,421	187	(85)	3,677	3	11,006	(2,484)	90,121
Cash and cash equivalents at beginning of year	27,396	32,442	2,503	2,761	4,229	73	7,503	10,463	87,370
Cash and cash equivalents at end of year	\$ 85,792	\$ 51,863	\$ 2,690	\$ 2,676	\$ 7,906	\$ 76	\$ 18,509	\$ 7,979	\$ 177,491

The accompanying notes are an integral part of these combined financial statements.

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

Note 1 – Organization and Purpose

The Southern California Public Power Authority (the Authority), a public entity organized under the laws of the State of California, was formed by a Joint Powers Agreement dated as of November 1, 1980 pursuant to the Joint Exercise of Powers Act of the State of California. The Authority's participants consist of ten Southern California cities and one public district of the State of California. The Authority was formed for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The Joint Powers Agreement has a term of fifty years.

The Authority has interests in the following projects:

Palo Verde Project – Pursuant to an assignment agreement dated as of August 14, 1981 with the Salt River Project (Salt River), the Authority purchased a 5.91% interest in the Palo Verde Nuclear Generating Station (PVNGS), a 3,810 megawatt nuclear-fueled generating station near Phoenix, Arizona, and a 6.55% share of the right to use certain portions of the Arizona Nuclear Power Project Valley Transmission System (collectively, the Palo Verde Project). Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988, respectively.

Southern Transmission System Project – Pursuant to an agreement dated as of May 1, 1983 with the Intermountain Power Agency (IPA), the Authority made payments-in-aid of construction to IPA to defray all the costs of acquisition and construction of the Southern Transmission System Project (STS), which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP).

Hoover Upgrading Project – As of March 1, 1986, the Authority and six participants entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to the Authority in return for the Authority's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. The Authority has an 18.68% interest in the contingent capacity of the Hoover Upgrading Project (HU). All seventeen "uprated" generators of the HU have commenced commercial operations.

Mead-Phoenix and Mead-Adelanto Projects – The Authority entered into an agreement dated as of December 17, 1991 to acquire an interest in the Mead-Phoenix Project (Mead-Phoenix), a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project component, a 17.76% interest in the Mead Substation project component and a 22.41% interest in the Mead-Marketplace project component.

The Authority also entered into an agreement dated as of December 17, 1991 to acquire a 67.92% interest in the Mead-Adelanto Project (Mead-Adelanto), a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer of funds from the Multiple Project Fund (Note 4) and commercial operations commenced in April 1996. LADWP serves as the operations manager of Mead-Adelanto.

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

San Juan Project – Effective July 1, 1993, the Authority purchased a 41.80% interest in Unit 3 and related common facilities, of the San Juan Generating Station (SJGS) from Century Power Corporation. Unit 3, a 488 megawatt unit, is one unit of a four-unit coal-fired power generating station in New Mexico.

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

Participant Ownership Interests

The Authority's participants may elect to participate in the projects. The members have the following participation percentages in the Authority's interest in the projects at June 30, 1999 and 1998:

Participants	Palo Verde	Southern Transmission System	Hoover Upgrading	Mead-Phoenix	Mead-Adelanto	San Juan
City of Los Angeles	67.0%	59.5%		24.8%	35.7%	
City of Anaheim		17.6%	42.6%	24.2%	13.5%	
City of Riverside	5.4%	10.2%	31.9%	4.0%	13.5%	
Imperial Irrigation District	6.5%					51.0%
City of Vernon	4.9%					
City of Azusa	1.0%		4.2%	1.0%	2.2%	14.7%
City of Banning	1.0%		2.1%	1.0%	1.3%	9.8%
City of Colton	1.0%		3.2%	1.0%	2.6%	14.7%
City of Burbank	4.4%	4.5%	16.0%	15.4%	11.5%	
City of Glendale	4.4%	2.3%		14.8%	11.1%	9.8%
City of Pasadena	4.4%	5.9%		13.8%	8.6%	
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The members participate in the Projects' Stabilization Fund by making deposits to the fund at their discretion. The members do not currently participate in the Multiple Project Fund as it was established to provide funding for unspecified future projects.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Authority are presented in conformity with generally accepted accounting principles applicable to government utilities. The Authority complies with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority also complies with Financial Accounting Standards Board statements which do not conflict with GASB pronouncements. The Authority's records are also substantially in conformity with accounting principles prescribed by the Federal Energy Regulatory Commission and the California Public Utilities Commission. The Authority is not subject to regulation by either of these regulatory bodies.

The financial statements represent the Authority's share in each jointly-owned project. The Authority's share of direct expenses of jointly-owned projects are included in the corresponding operating expense of the combined statement of operations.

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

Utility plant – The Authority's share of construction and betterment costs associated with PVNGS, STS, Mead-Phoenix, Mead-Adelanto and SJGS are included as utility plant. Depreciation expense is computed using the straight-line method based on the estimated service lives, principally thirty-five years for PVNGS, STS, Mead-Phoenix and Mead-Adelanto and twenty-one years for SJGS.

Nuclear fuel – Nuclear fuel is amortized and charged to expense on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel. Under the provisions of the Nuclear Waste Policy Act of 1982, the federal government charges the Authority \$1 per megawatt hour on its share of electricity produced by PVNGS. These funds will eventually be utilized by the federal government to provide for PVNGS' nuclear waste disposal. The Authority records this charge as a current year expense. See Note 7 for information about spent nuclear fuel disposal.

Nuclear decommissioning – Decommissioning of PVNGS is projected to commence subsequent to the year 2024. The total cost to decommission the Authority's interest in PVNGS is estimated to be \$104.9 million in 1998 dollars (\$402.2 million in 2022 dollars, assuming a 6% estimated annual inflation rate). This estimate is based on an updated site specific study prepared by an independent consultant in 1998. The Authority is providing for its share of the estimated future decommissioning costs over the remaining life of the nuclear power plant through annual charges to expense which amounted to \$12.0 and \$11.6 million in fiscal 1999 and 1998. The decommissioning liability is included as a component of accumulated depreciation and was \$123.3 and \$111.3 million at June 30, 1999 and 1998, respectively.

The Authority contributes to external trusts set up in accordance with the Arizona Nuclear Power Plant participation agreement and Nuclear Regulatory Commission requirements. As of June 30, 1999, decommissioning funds totaled approximately \$66.1 million, including approximately \$1.0 million of interest receivable.

Demolition and site reclamation – Demolition and site reclamation of SJGS, which involves restoring the site to a "green" condition is projected to commence subsequent to the year 2014. Based upon a study performed by an independent engineering firm, the Authority's share of the estimated demolition and site reclamation costs is \$18.7 million in 1992 dollars. The Authority is providing for its share of the estimated future demolition costs over the remaining life of the power plant through annual charges to expense of \$3.1 million. The demolition liability is included as a component of accumulated depreciation and totaled \$18.7 and \$15.6 million at June 30, 1999 and 1998, respectively.

As of June 30, 1999, the Authority has not billed participants for the cost of demolition nor has it established a demolition fund.

Investments – Investments include United States Government and governmental agency securities and repurchase agreements which are collateralized by such securities. These investments are reported at fair value and changes in unrealized gains and losses are recorded in the statement of operations. Gains and losses realized on the sale of investments are generally determined using the specific identification method.

Additionally, investments held by Mead-Phoenix, Mead-Adelanto, the Multiple Project Fund and the Southern Transmission System also include guaranteed investment contracts. These contracts are reported at amortized cost.

As discussed in Note 3, all investments are restricted as to their use, except for investments held by the Project Stabilization Fund.

Advances for capacity and energy – Advance payments to USBR for the uprating of the 17 generators at the Hoover Power Plant are included in advances for capacity and energy. These advances are being reduced by the principal portion of the credits on billings to the Authority for energy and capacity.

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

Unamortized debt expenses – Unamortized debt issue costs, including loss on refundings, are deferred and amortized to expense over the shorter of the terms of the respective issues or the remaining terms of the bonds refunded, and are reported net of accumulated amortization. Total deferred loss on refundings, net of accumulated amortization, was \$304.6 and \$297.2 million at June 30, 1999 and 1998, respectively.

Arbitrage rebate – A rebate payable to the Internal Revenue Service (IRS) results from the investment of the proceeds from the Multiple Project Revenue Bond offering in a taxable financial instrument that yields a higher rate of interest income than the cost of the associated funds. The excess of interest income over costs is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter. The Authority made a payment of \$3.8 million at

the end of the initial rebate period during fiscal year 1995. The next rebate payment to the IRS, if any, is due in fiscal year 2000. As of June 30, 1999 and 1998, the Authority had no arbitrage rebate payable.

Revenues – Revenues consist of billings to participants for the sales of electric energy and of transmission service in accordance with the participation agreements. Generally, revenues are fixed at a level to recover all operating and debt service costs over the commercial life of the property (see Note 6).

In March 1997, the Palo Verde Project participants approved a board resolution which instructs the Authority to increase fiscal 1998 and future billings to Palo Verde participants so as to fully amortize the costs recoverable from future billings to participants balance of \$231,230,000 at June 30, 1997 by June 30, 2003 and to prevent the further accumulation of costs recoverable from future billings to participants. In fiscal 1999 and 1998, total billings to participants for this purpose were \$65,000,000. During fiscal 1999, these additional billings were primarily used for debt service associated with the October 1997 refunding which accelerated the repayment of debt (see Note 4).

Debt expense – Debt expense includes interest on debt and the amortization of bond discounts, debt issuance expense and loss on refunding costs.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Note 3 – Special Funds

The Bond Indentures for the six projects and the Multiple Project Fund require the following special funds to be established to account for the Authority's receipts and disbursements. The moneys and investments held in these funds are restricted in use to the purposes stipulated in the Bond Indentures. A summary of these funds follows:

Fund	Purpose
Acquisition	To disburse funds for the acquisition and construction of the Mead-Phoenix, Mead-Adelanto and San Juan Projects
Construction	To disburse funds for acquisition and construction
Debt Service – Debt service account – Debt service reserve account	To pay interest and principal related to the Revenue Bonds To make up deficiencies in the debt service account
Decommissioning	To accumulate funds related to the future decommissioning of PVNGS
Deposit Installment	To accumulate funds related to the purchase of bond obligations.
Deposit Installment Reserve	To make up deficiencies in the Deposit Installment account
Earnings Account	To receive investment earnings on the Multiple Project Fund
Escrow Account	To receive pledged revenues associated with the applicable subordinate refunding series' Indenture of Trust and pay the related interest and principal and to hold funds designated for redemption of specified bonds in the future
General Reserve	To make up deficiencies in other funds
Issue Fund	To initially receive pledged revenues associated with the applicable subordinated refunding series' Indenture of Trust and pay the related interest and principal
Operating	To pay operating expenses
Proceeds Account	To hold proceeds of the sale of the Multiple Project revenue bonds
Project	To receive funds from any other source
Reserve and Contingency – Renewal and replacement – Reserve	To pay for the cost of acquisitions related to capital improvements To make up deficiencies in other funds
Revenue	To initially receive all revenues and disburse them to other funds
Revolving Fund	To pay the Authority's operating expenses
Surplus Fund	To make up any deficiencies in other funds of the Mead-Adelanto and Mead-Phoenix projects

All of the funds listed above, except for the Revolving Fund, are held by the respective trustees.

The balances of the funds required by the Bond Indentures at June 30, 1999 are as follows (amounts in thousands):

Fund	As of June 30, 1999							Total
	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	
Acquisition	\$ -	\$ -	\$ -	\$ 804	\$ 1,944	\$ -	\$ 121	\$ 2,869
Construction	-	-	-	-	-	-	-	-
Debt service								
Debt service account	70,180	982	853	4,994	14,669	-	8,789	100,467
Debt service reserve account	34,506	11,158	3,073	6,132	16,865	-	18,112	89,846
Decommissioning	66,151	-	-	-	-	-	-	66,151
Deposit installment	6,169	-	-	-	-	-	-	6,169
Deposit installment reserve	1,010	-	-	-	-	-	-	1,010
Earnings account	-	-	-	-	-	9,846	-	9,846
Escrow account	79,943	22,589	-	13,396	37,699	-	-	153,627
General reserve	-	82	2,222	-	-	-	-	2,304
Issue	7,827	132,420	-	-	-	-	-	140,247
Operating	29,226	7,168	1,407	80	100	-	5,909	43,890
Proceeds account	-	-	-	-	-	256,831	-	256,831
Reserve and contingency	28,823	-	-	877	6,396	-	7,474	43,570
Revenue	-	4	-	-	1	-	(7)	(2)
Revolving	98	38	24	12	10	-	18	200
Surplus	-	-	-	136	374	-	-	510
	<u>\$ 323,933</u>	<u>\$ 174,441</u>	<u>\$ 7,579</u>	<u>\$ 26,431</u>	<u>\$ 78,058</u>	<u>\$ 266,677</u>	<u>\$ 40,416</u>	<u>\$ 917,535</u>

The balances of the funds required by the Bond Indentures at June 30, 1998 are as follows (amounts in thousands):

Fund	As of June 30, 1998							Total
	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead-Phoenix Project	Mead-Adelanto Project	Multiple Project Fund	San Juan Project	
Acquisition	\$ -	\$ -	\$ -	\$ 13,594	\$ 42,303	\$ -	\$ 115	\$ 56,012
Construction	-	-	-	-	-	-	-	-
Debt service								
Debt service account	40,946	961	1,168	1,409	4,091	-	8,837	57,412
Debt service reserve account	39,098	11,322	3,125	6,132	16,865	-	18,049	94,591
Decommissioning	55,219	-	-	-	-	-	-	55,219
Deposit installment	6,164	-	-	-	-	-	-	6,164
Deposit installment reserve	1,001	-	-	-	-	-	-	1,001
Earnings account	-	-	-	-	-	7,496	-	7,496
Escrow account	34,779	24,428	-	-	-	-	-	59,207
General reserve	-	2,580	1,869	-	-	-	-	4,449
Issue	23,300	129,820	-	1,325	4,411	-	-	158,856
Operating	28,860	5,191	1,479	254	243	-	5,993	42,020
Proceeds account	-	-	-	-	-	256,831	-	256,831
Reserve and contingency	24,927	-	-	62	-	-	7,860	32,849
Revenue	9	-	-	-	1	-	-	10
Revolving	92	32	34	8	10	-	24	200
Surplus	-	-	-	4	4	-	-	8
	<u>\$ 254,395</u>	<u>\$ 174,334</u>	<u>\$ 7,675</u>	<u>\$ 22,788</u>	<u>\$ 67,928</u>	<u>\$ 264,327</u>	<u>\$ 40,878</u>	<u>\$ 832,325</u>

Note 4 – Long-term Debt

Reference is made below to the Combined Schedule of Long-term Debt at June 30, 1999 for details related to all of the Authority's outstanding bonds.

Palo Verde Project

To finance the purchase and construction of the Authority's share of the Palo Verde Project, the Authority issued Power Project Revenue Bonds pursuant to the Authority's Indenture of Trust dated as of July 1, 1981 (the Senior Indenture), as amended and supplemented. The Authority also has issued and outstanding Power Project Subordinate Refunding Series Bonds issued under an Indenture of Trust dated as of January 1, 1993 (the Subordinate Indenture). The Subordinate Refunding Bonds were issued to advance refund certain bonds previously issued under the Senior Indenture.

The bond indentures provide that the Revenue Bonds and Subordinate Refunding Bonds shall be special, limited obligations of the Authority payable solely from and secured solely by (1) proceeds from the sale of bonds, (2) all revenues, incomes, rents and receipts attributable to the Palo Verde Project (see Note 6) and interest on all moneys or securities (other than in the Construction Fund) held pursuant to the Bond Indenture and (3) all funds established by the Bond Indenture.

After the purchase of securities (consisting of non-callable direct obligations of, or unconditionally guaranteed by, the United States of America) pursuant to a 1997 Series B Forward Purchase Agreement (Defeasance Obligations), the principal of and interest on the Palo Verde 1997 Subordinate Refunding Series B Bonds will be payable solely from and secured by the Defeasance Obligations. The 1997 Series B Forward Purchase Agreement provides that Defeasance Obligations must be purchased monthly in specified amounts. The Authority expects that all of the Defeasance Obligations aggregating \$290,568,000 will be purchased by July 1, 2004. It is expected that the Series B Subordinate Bonds will be defeased once all of the Defeasance Obligations have been purchased pursuant to the 1997 Series B Forward Purchase Agreement.

Pursuant to a Forward Securities Purchase Contract, the collection of additional revenues by the Authority under the Senior Indenture, together with other available moneys, will be used to purchase non-callable direct obligations of, or unconditionally guaranteed by the United States of America, to defease, on or about July 1, 2004, approximately \$166,350,000 of the outstanding 1987 Series A and 1989 Series A revenue bonds, maturing on July 1, 2011 through 2017.

At the option of the Authority, all outstanding Power Project Revenue Bonds and Subordinate Refunding Term Bonds are subject to redemption prior to maturity, except for the 1996 Subordinate Refunding Series A and portions of the 1989A, 1992A, 1992B and 1993A Series bonds which are not redeemable.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2003 (1986 Series A Bonds and 1987 Series A Bonds), 2005 (1989 Series A Bonds), 2010 (1993 Series A Bonds), and 2008 (1996 Subordinate Refunding Series B).

Palo Verde Refunding – In April 1999, the Authority issued \$55,015,000 of Palo Verde Revenue Bonds, 1999 Subordinate Refunding Series A to refund \$59,250,000 of previously issued bonds. The refunding was implemented to reduce interest costs, to free up

debt service reserves and to accelerate the repayment of debt. The refunding is expected to reduce total debt service payments in the future by \$23,525,000 and is expected to result in a net present value savings of approximately \$5,927,000.

In October 1997, the Authority issued \$29,975,000 of Palo Verde Refunding Bonds 1997 Subordinate Refunding Series A and \$375,650,000 of Palo Verde Refunding Bonds 1997 Subordinate Refunding Series B to refund \$28,690,000 and \$422,845,000 of previously issued bonds, respectively. These refundings were implemented to reduce interest costs, to free up debt service reserves and to accelerate the repayment of debt. These refundings are expected to reduce total debt service payments in the future by \$297,103,000. The transactions will not result in any material net present value savings.

Southern Transmission System Project

To finance payments-in-aid of construction to IPA for construction of the STS, the Authority issued Transmission Project Revenue Bonds pursuant to the Authority's Indenture of Trust dated as of May 1, 1983 (Senior Indenture), as amended and supplemented. The Authority also has issued and has outstanding Transmission Project Revenue Bonds 1991 and 1992 Subordinate Refunding Series issued under Indentures of Trust dated as of March 1, 1991 and June 1, 1992, respectively. The 1991 and 1992 subordinated bonds were issued to advance refund certain bonds previously issued under the Senior Indenture.

The bond indentures provide that the Revenue Bonds and the Subordinate Refunding Series Bonds shall be special, limited obligations of the Authority payable solely from and secured solely by (1) proceeds from the sale of bonds, (2) all revenues, incomes, rents and receipts attributable to STS (see Note 6) and interest on all moneys or securities (other than in the Construction Fund) held pursuant to the Bond Indenture and (3) all funds established by the Bond Indenture.

At the option of the Authority, all outstanding Transmission Project Revenue and Refunding Bonds are subject to redemption prior to maturity, except for the 1996 Subordinate Refunding Series A which is not redeemable. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2019 (for the 1996 Series B Bonds).

Southern Transmission System Refunding – In June 1998, the Authority issued \$90,900,000 of Southern Transmission Project Revenue Bonds 1998 Subordinate Refunding Series A to refund \$96,520,000 of the Southern Transmission Project 1988 Refunding Series A Bonds. The refunding is expected to reduce total debt service payments over the next seven years by approximately \$15,364,200 (the difference between the debt service payments on the old and new debt) and is expected to result in a net present value savings of approximately \$7,548,000.

Southern Transmission System Interest Rate Swap – In fiscal year 1991, the Authority entered into an Interest Rate Swap agreement with a third party for the purpose of hedging against interest rate fluctuations arising from the issuance of the Southern Transmission Project Revenue Bonds, 1991 Subordinate Refunding Series as variable rate obligations. The notional amount of the Swap Agreement is equal to the par value of the bond (\$289,700,000 and \$290,500,000 at June 30, 1999 and 1998, respectively). The Swap Agreement provides for the Authority to make payments to the third party on a fixed rate basis at 6.38%, and for the

third party to make reciprocal payments based on a variable rate basis (3.25% and 3.1% at June 30, 1999 and 1998, respectively). The bonds mature in 2019.

Hoover Upgrading Project

To finance advance payments to USBR for application to the costs of the Hoover Upgrading Project, the Authority issued Hydroelectric Power Project Revenue Bonds pursuant to the Authority's Indenture of Trust dated as of March 1, 1986 (Bond Indenture).

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely from and secured solely by (1) the proceeds from the sale of the bonds, (2) all revenues from sales of energy to participants (see Note 6), (3) interest or other receipts derived from any moneys or securities held pursuant to the Bond Indenture and (4) all funds established by the Bond Indenture (except for the Interim Advance Payments Account in the Advance Payments Fund).

At the option of the Authority, all outstanding Hydroelectric Power Project Revenue Bonds are subject to redemption prior to maturity. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2007 for the 1991 Series A Bonds maturing on October 1, 2010 and fiscal year 2011 for the 1991 Series A Bonds maturing on October 1, 2017.

Multiple Project Fund

To finance costs of construction and acquisition of ownership interests or capacity rights in one or more projects expected to be undertaken within five years after issuance, the Authority issued Multiple Project Revenue Bonds pursuant to the Authority's Indenture of Trust dated as of August 1, 1989 (Bond Indenture), as amended and supplemented.

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely from, and secured solely by, (1) proceeds from the sale of bonds, (2) with respect to each authorized project, the revenues of such authorized project, and (3) all funds established by the Bond Indenture.

In October 1992, \$103,640,000 and \$285,010,000 of the Multiple Project Revenue Bonds were transferred to the Mead-Phoenix Project and the Mead-Adelanto Project, respectively, to finance the estimated costs of acquisition and construction of the projects. A total of \$153,500,000 of the outstanding Multiple Project Revenue Bonds are not subject to redemption prior to maturity. At the option of the Authority, the balance of the outstanding bonds are subject to redemption prior to maturity. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2006 for the 1989 Series Bonds.

Mead-Phoenix Project

To finance the Authority's ownership interest in the estimated cost of the project, \$103,640,000 of the Multiple Project Revenue Bonds were transferred to the Mead-Phoenix Project in October 1992. In March 1994, the Authority issued and has outstanding \$51,835,000 of Mead-Phoenix Revenue Bonds under an Indenture of Trust dated as of January 1, 1994 (Bond Indenture). The proceeds from the Revenue Bonds, together with drawdowns from the Debt Service Fund and Project Acquisition Fund, were used to advance refund \$64,840,000 of the Multiple Project Revenue Bonds previously transferred to the Mead-Phoenix Project.

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely from, and secured solely by, (1) proceeds from the sale of bonds, (2) all revenues, incomes, rents and receipts attributable to Mead-Phoenix (see Note 6) and interest on all moneys or securities and (3) all funds established by the Bond Indenture.

At the option of the Authority, all outstanding Mead-Phoenix Revenue Bonds are subject to redemption prior to maturity. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2018 for the 1994 Series Bonds.

Mead-Adelanto Project

To finance the Authority's ownership interest in the estimated cost of the Mead-Adelanto Project, \$285,010,000 of the Multiple Project Revenue Bonds were transferred to the Mead-Adelanto Project in October 1992. In March 1994, the Authority issued and has outstanding \$173,955,000 of Mead-Adelanto Revenue Bonds under an Indenture of Trust dated as of January 1, 1994 (Bond Indenture). The proceeds of the Revenue Bonds, together with drawdowns from the Debt Service Fund and Project Acquisition Fund, were used to advance refund \$178,310,000 of the Multiple Project Revenue Bonds previously transferred to the Mead-Adelanto Project.

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely from, and secured solely by, 1) proceeds from the sale of bonds, (2) all revenues, incomes, rents and receipts attributable to Mead-Adelanto (see Note 6) and interest on all moneys or securities and (3) all funds established by the Bond Indenture.

At the option of the Authority, all outstanding Mead-Adelanto Revenue Bonds are subject to redemption prior to maturity. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2018 for the 1994 Series Bonds.

Escrow accounts – In May 1999, the Authority transferred \$13.0 million and \$36.6 million from Mead-Phoenix and Mead-Adelanto, respectively, to restricted escrow accounts for the purpose of refunding a portion of the Multiple Project Fund Revenue Bonds which were transferred to Mead-Phoenix and Mead-Adelanto in October 1992. The funds transferred represented primarily excess funds from the Mead-Phoenix and Mead-Adelanto project acquisition funds. The escrow funds will be used to redeem \$12.5 million and \$35.3 million of Mead-Phoenix and Mead-Adelanto revenue bonds, respectively, on July 1, 2000 and to pay interest on the specified bonds prior to redemption.

Refunding – In March 1994, the Authority issued \$51,835,000 of Mead-Phoenix Project Revenue Bonds and \$173,955,000 of Mead-Adelanto Project Revenue Bonds to refund \$243,150,000 of previously issued Multiple Project Revenue Bonds which were transferred to the Mead-Phoenix and Mead-Adelanto projects during fiscal year 1993. The partial refunding of the original issue within five years of its issuance triggered a recalculation of the arbitrage yield. The recalculation resulted in a higher arbitrage yield which reduced the rebate liability of the Authority. At June 30, 1999, cumulative savings due to the rebate calculation amounted to \$9,443,880. This amount was allocated \$2,518,368 and \$6,925,512 to the Mead-Phoenix and Mead-Adelanto Projects, respectively, and is recorded as accounts receivable in the accompanying combined balance sheet.

San Juan Project

To finance the costs of acquisition of an ownership interest in Unit 3 of the SJGS, the Authority issued San Juan Project Revenue Bonds pursuant to the Authority's Indenture of Trust dated as of January 1, 1993 (Bond Indenture).

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely from, and secured solely by, (1) proceeds from the sale of bonds, (2) all

revenues, incomes, rents and receipts attributable to San Juan (see Note 6) and interest on all moneys or securities and (3) all funds established by the Bond Indenture.

At the option of the Authority, all outstanding San Juan Project Revenue Bonds are subject to redemption prior to maturity. The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2012 for the 1993 Series A Bonds.

COMBINED SCHEDULE OF LONG-TERM DEBT AT JUNE 30, 1999 (Amounts in thousands)

Project	Series	Date of Sale	Effective Interest Rate	Maturity on July 1	Total
Principal:					
Palo Verde Project Revenue and Refunding Bonds	1987A	02/11/87	6.9%	1999 to 2017	\$ 40,140
	1989A	02/15/89	7.2%	1999 to 2015	168,855
	1992A	01/01/92	6.0%	1999 to 2010	3,040
	1992B	01/01/92	6.0%	1999 to 2006	52,015
	1992C	01/01/92	6.0%	1999 to 2010	2,315
	1993A	03/01/93	5.5%	1999 to 2017	27,625
	1996A	02/13/96	4.4%	1999 to 2017	66,970
	1996B	02/29/96	4.4%	1999 to 2017	58,870
	1996C	08/22/96	4.2%	2016 to 2017	89,570
	1997A	10/09/97	4.3%	1999 to 2004	28,155
	1997B	10/09/97	6.9%	2017	345,675
	1999A	03/31/99	5.0%	1999 to 2004	55,015
					<u>938,245</u>
Southern Transmission System Project					
Revenue and Refunding Bonds	1988A	11/22/88	7.2%	1999 to 2015	57,565
	1991A	04/17/91	6.4%	2019	289,700
	1992 Comp 1, 2, 4	07/20/92	6.1%	1999 to 2021	34,500
	1992 Comp 3	07/20/92	6.1%	1999 to 2021	409,270
	1993A	07/01/93	5.4%	1999 to 2023	98,990
	1996A	09/12/96	4.9%	1999 to 2006	36,660
	1996B	09/12/96	4.3%	2019 to 2023	121,065
	1998A	06/04/98	4.6%	1999 to 2011	90,900
					<u>1,138,650</u>
Hoover Upgrading Project Revenue and Refunding Bonds	1991	08/01/91	6.2%	1999 to 2017	<u>29,940</u>
Multiple Project Revenue Bonds					
Mead-Phoenix Project	1989	01/04/90	7.1%	1999 to 2020	38,800
Mead-Adelanto Project	1989	01/04/90	7.1%	1999 to 2020	106,700
Multiple Project	1989	01/04/90	7.1%	1999 to 2020	259,100
					<u>404,600</u>
Mead-Phoenix Project Revenue Bonds	1994A	03/01/94	5.3%	2006 to 2015	51,835
Mead-Adelanto Project Revenue Bonds	1994A	03/01/94	5.3%	2006 to 2015	173,955
San Juan Project Revenue Bonds	1993	06/01/93	5.6%	1999 to 2020	<u>218,525</u>
Total principal amount					<u>2,955,750</u>
Total unamortized debt-related costs					(504,446)
Long-term debt due within one year					(85,105)
Total long-term debt, net					<u>\$ 2,366,199</u>

Bonds which have been refunded are excluded from this schedule. At June 30, 1999, the aggregate amount of debt in all projects considered to be defeased and outstanding was \$920,425,000.

Unamortized debt-related costs are as follows (amounts in thousands):

	Loss on refunding	Discount	Total
Unamortized debt-related costs:			
Palo Verde Project	\$ 105,788	\$ 77,292	\$ 183,080
Southern Transmission System Project	170,045	82,573	252,618
Hoover Uprating Project	1,963	3,257	5,220
Mead-Phoenix Project	7,028	3,750	10,778
Mead-Adelanto Project	19,329	11,267	30,596
Multiple Project Fund	-	14,274	14,274
San Juan Project	-	7,880	7,880
	<u>\$ 304,153</u>	<u>\$ 200,293</u>	<u>\$ 504,446</u>

Long-term debt maturities are as follows (amounts in thousands):

Fiscal Year Ending	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead- Phoenix Project	Mead- Adelanto Project	Multiple Project Fund	San Juan Project	Total
2000	\$ 40,615	\$ 23,585	\$ 580	\$ 2,160	\$ 5,940	\$ 5,400	\$ 6,825	\$ 85,105
2001	43,675	24,555	615	2,320	6,380	5,800	7,140	90,485
2002	45,105	19,210	650	2,480	6,820	6,200	7,480	87,945
2003	47,395	33,070	1,145	2,640	7,260	6,600	7,845	105,955
2004	49,190	31,802	1,220	2,840	7,810	7,100	8,230	108,192
Thereafter	712,265	1,006,428	25,730	78,195	246,445	228,000	181,005	2,478,068
	<u>\$ 938,245</u>	<u>\$ 1,138,650</u>	<u>\$ 29,940</u>	<u>\$ 90,635</u>	<u>\$ 280,655</u>	<u>\$ 259,100</u>	<u>\$ 218,525</u>	<u>\$ 2,955,750</u>

Average interest rates on the Authority's long-term debt are as follows:

	Palo Verde Project	Southern Transmission System Project	Hoover Uprating Project	Mead- Phoenix Project	Mead- Adelanto Project	Multiple Project Fund	San Juan Project
Fiscal 1999	5.1%	4.9%	5.8%	5.6%	5.6%	6.8%	5.3%
Fiscal 1998	5.0%	5.4%	5.8%	5.6%	5.6%	6.7%	5.3%

Fair Value

The fair value of the Authority's long-term debt (including the current portion) is \$2.97 billion and \$3.17 billion at June 30, 1999 and 1998, respectively. Management has estimated fair value based on the quoted market prices for the same or similar issues or on the current average rates offered to the Authority for debt of approximately the same remaining maturities, net of the effect of a related interest rate swap agreement.

Note 5 – Power Sales and Transmission Service Contracts

The Authority has entered into power sales and transmission service contracts with its participants as follows:

Palo Verde – The Authority has power sales contracts with ten participants of the Palo Verde Project. Under the terms of the contracts, the participants are entitled to power output from the PVNGS and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service whether or not the Palo Verde Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2030 and, as long as any Power Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

Southern Transmission System – The Authority has transmission service contracts with six participants of the Southern Transmission System Project. Under the terms of the contracts, the participants are entitled to transmission service utilizing the Southern Transmission System Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service whether or not the Southern Transmission System Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2027 and, as long as any Transmission Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

Hoover Upgrading Project – In March 1986, the Authority entered into power sales contracts with six participants of the Hoover Upgrading Project. Under the terms of the contracts, the participants are entitled to capacity and associated firm energy of the Hoover Upgrading Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service whether or not the Hoover Upgrading Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2018, and as long as any Hydroelectric Power Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

Mead-Phoenix Project – In August 1992, the Authority entered into transmission service contracts with nine participants of the Mead-Phoenix Project. Under the terms of the contracts, the participants are entitled to transmission service utilizing the Mead-Phoenix Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on the Multiple Project and Mead-Phoenix Revenue Bonds and other debt, whether or not the Mead-Phoenix Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2030 and, as long as any Multiple Project and Mead-Phoenix Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

Mead-Adelanto Project – In August 1992, the Authority entered into transmission service contracts with nine participants of the Mead-Adelanto Project. Under the terms of the contracts, the participants are entitled to transmission service utilizing the Mead-Adelanto Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on the Multiple Project and Mead-Adelanto Revenue Bonds and other debt, whether or not the Mead-Adelanto Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2030 and, as long as any Multiple Project and Mead-Adelanto Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

San Juan Project – In January 1993, the Authority entered into power sales contracts with five participants of Unit 3 of the San Juan Project. Under the terms of the contracts, the participants are entitled to their proportionate share of the power output of the San Juan Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on the San Juan Revenue Bonds, whether or not Unit 3 of the San Juan Project or any part thereof is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2030 and, as long as any San Juan Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

Note 6 – Costs Recoverable from Future Billings to Participants

Billings to participants are designed to recover "costs" as defined by the power sales and transmission service agreements. The billings are structured to systematically provide for debt service requirements, operating funds and reserves in accordance with these agreements. Those expenses, according to generally accepted accounting principles (GAAP), which are not included as "costs" are deferred to such periods when it is intended that they be recovered through billings for the repayment of principal on related debt.

Costs recoverable from future billings to participants are comprised of the following (in thousands):

	June 30, 1998	Fiscal 1999 Activity	June 30, 1999
GAAP items not included in billings to participants:			
Depreciation of plant	\$ 503,829	\$ 61,726	\$ 565,555
Nuclear fuel amortization	19,548	-	19,548
Decommissioning expense	96,247	7,084	103,331
Amortization of bond discount, debt issue costs, and loss on refundings	376,702	40,223	416,925
Interest expense	41,466	1,461	42,927
Bond requirements included in billings to participants:			
Operations and maintenance, net of investment income	(109,631)	(3,081)	(112,712)
Costs of acquisition of capacity - STS	(18,350)	-	(18,350)
Billings to amortize costs recoverable	(65,000)	(50,410)	(115,410)
Reduction in debt service billings due to transfer of excess funds	66,616	5,482	72,098
Principal repayments	(378,168)	(75,977)	(454,145)
Other	(49,929)	(4,363)	(54,292)
	<u>\$ 483,330</u>	<u>\$ (17,855)</u>	<u>\$ 465,475</u>

Note 7 – Commitments and Contingencies

Deregulation – In September 1996, Assembly Bill 1890 (the Bill) was given final approval. The Bill, which provides for broad deregulation of the power generation industry in California, requires the participation of the state's investor-owned utilities. Consumer-owned utilities can participate on a voluntary basis but must hold public hearings as part of their decision making process. The Bill, which was supported by the Authority, authorizes the collection of a transition charge for generation when a consumer-owned utility opens its service area to competition and participates in the independent transmission system established by the legislation. The Bill also mandates the collection of a public benefit charge from all electric utility customers in the state. Although these funds (approximately 2.85% of gross revenues) must be spent on renewable resources, conservation, research and development, or low income rate subsidies, the governing authority of each consumer-owned utility will control actual expenditures.

Nuclear spent fuel and waste disposal – Under the Nuclear Waste Policy Act, the Department of Energy (DOE) was to develop the facilities necessary for the storage and disposal of spent fuel and to have the first such facility in operation by 1998. That facility was to be a permanent repository, but the DOE has announced that such a repository now cannot be completed before 2010. There is ongoing litigation with respect to the DOE's ability to accept spent nuclear fuel; however, no permanent resolution has been reached.

APS has capacity in existing fuel storage pools at PVNGS which, with certain modifications, could accommodate all fuel expected to be discharged from normal operation of PVNGS through 2002, and believes it could augment that wet storage with new facilities for on-site dry storage of spent fuel for an indeterminate period of operation beyond 2002, subject to obtaining any required governmental

approvals. The Authority currently estimates that it will incur \$23.6 million (in 1998 dollars) over the life of PVNGS for its share of the costs related to the on-site interim storage of spent nuclear fuel. During fiscal 1999, the Authority expensed approximately \$7 million for on-site interim nuclear fuel storage costs related to nuclear fuel burned prior to fiscal 1999. During the current year, the Authority began accruing for these costs as a component of operations and maintenance as the fuel is burned. APS currently believes that spent fuel storage or disposal methods will be available for use by PVNGS to allow its continued operation beyond 2002.

The Price-Anderson Act (the "Act") requires that all utilities with nuclear generating facilities share in payment for claims resulting from a nuclear incident. The Act limits liability from third-party claims to \$8.9 billion per incident. Participants in the Palo Verde Nuclear Generating Station currently insure potential claims and liability through commercial insurance with a \$200 million limit; the remainder of the potential liability is covered by the industry-wide retrospective assessment program provided under the Act. This program limits assessments to \$88 million for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$10 million, per incident, per year. Based on the Authority's 5.91% interest in Palo Verde, the Authority would be responsible for a maximum assessment of \$5.2 million, limited to payments of \$591,000 per incident, per year.

Other legal matters – The Authority is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material effect on the financial position of the Authority or the respective separate projects.

Year 2000 Compliance (Unaudited)

The year 2000 issue refers to the fact that many computer programs use only the last digits to refer to a year; therefore, both 1900 and 2000 would be referred to as "00." Computer programs must be adjusted to differentiate between the two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect equipment, such as environmental systems, elevators, and vehicles, containing computer chips that have date recognition features.

The computer system of the Authority is primarily a personal computer-based system with many of the components recently acquired and installed. The Authority believes that its computer system is year 2000 compatible in all material respects. To the extent that the computer system proves not to be compatible with the year 2000, management believes that it will be able to make necessary corrections at a minimum cost and without significant disruption to the Authority's business.

Management has also assessed the year 2000 readiness of the operating agents of the Authority's projects. Management does not currently anticipate any disruption as a result of year 2000 readiness issues associated with its jointly owned facilities; however, the Authority cannot currently predict the effect if the systems of these other companies are not year 2000 ready.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SUPPLEMENTAL FINANCIAL INFORMATION
INDEX**

Palo Verde Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

Southern Transmission System Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

Hoover Upgrading Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

Mead-Phoenix Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

Mead-Adelanto Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

Multiple Project Fund

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

San Juan Project

Supplemental Schedule of Receipts and Disbursements in Funds Required by the Bond Indenture for the Year Ended June 30, 1999

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Debt Service Fund	Debt Service Reserve Fund	Decom- missioning Trust Fund	Deposit Installment	Deposit Reserve Installment	Escrow Account	General Reserve Account	Issue Account	Operating Account	Reserve & Contingency	Revenue Fund	Total
Balance at June 30, 1998	\$ 40,635	\$ 38,659	\$ 54,427	\$ 7,860	\$ 1,000	\$ 37,153	\$ -	\$ 25,301	\$ 28,264	\$ 20,086	\$ 9	\$ 253,394
Additions:												
Investment earnings	143	933	3,307	53	34	-	2	606	1,382	113	63	6,636
Discount on investment purchases	984	28	100	103	-	-	-	569	365	139	18	2,306
Distribution of investment earnings	(1,090)	(2,156)	-	(157)	(33)	-	(2)	(1,136)	(1,662)	(1,280)	7,516	-
Revenue from power sales	-	-	-	-	-	-	-	-	-	-	184,929	184,929
Funds transferred for refundings	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of revenues	47,432	-	8,000	-	-	-	92,621	-	37,698	3,600	(189,351)	-
Transfers to escrow for refundings	(1,041)	(4,166)	-	6,162	-	12,509	(92,601)	82,759	(7,364)	6,921	(3,179)	-
Transfer from escrow for principal and interest payments	21,221	-	-	-	-	-	-	9,551	-	-	-	30,772
Transfer to issue fund for debt service payment	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	(7,860)	-	37,901	43	(34,986)	418	-	-	(4,484)
Total	67,649	(5,361)	11,407	(1,699)	1	50,410	63	57,363	30,837	9,493	(4)	220,159
Deductions:												
Construction expenditures	-	-	-	-	-	-	-	-	-	6,376	-	6,376
Operating expenditures	-	-	-	-	-	-	-	324	22,517	-	-	22,841
Fuel costs	-	-	-	-	-	-	-	-	7,155	-	-	7,155
Bond issue costs	-	-	-	-	-	-	-	450	-	-	-	450
Payment of principal	24,350	-	-	-	-	-	-	7,665	-	-	-	32,015
Interest paid	13,498	-	-	-	-	-	-	32,812	-	-	-	46,310
Premium and interest paid on investments	11	24	75	-	2	-	1	5	6	253	-	377
Payment of principal and interest on escrow bonds	21,221	-	-	-	-	-	-	9,551	-	-	-	30,772
Total	59,080	24	75	-	2	-	1	50,807	29,678	6,629	-	146,296
Balance at June 30, 1999	\$ 49,204	\$ 33,274	\$ 65,759	\$ 6,161	\$ 999	\$ 87,563	\$ 62	\$ 31,857	\$ 29,423	\$ 22,950	\$ 5	\$ 327,257

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$2,186 and \$2,065 at June 30, 1999 and 1998, respectively, nor do they include total amortized net investment discounts of \$3,199 at June 30, 1998. These balances also do not include unrealized losses on investments of \$5,510 and \$4,263 at June 30, 1999 and 1998, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Debt Service Fund	Debt Service Reserve Fund	Escrow Fund	General Reserve Fund	Issue Fund	Operating Fund	Revenue Fund	Total
Balance at June 30, 1998	\$ 959	\$ 11,132	\$ 21,418	\$ 2,573	\$ 124,780	\$ 5,207	\$ -	\$ 166,069
Additions:								
Investment earnings	30	717	134	80	7,658	288	124	9,031
Distribution of investment earnings	(30)	(717)	-	(80)	(7,654)	(288)	8,769	-
Revenue from transmission sales	-	-	-	-	-	-	77,209	77,209
Distribution of revenue	-	-	-	(2,492)	75,674	12,920	(86,102)	-
Transfer from escrow for principal and interest payments	-	-	-	-	-	-	-	-
Transfer to escrow fund required by refunding bonds issuance	-	-	-	-	-	-	-	-
Other transfers	-	-	(2,456)	-	2,456	-	-	-
Total	-	-	(2,322)	(2,492)	78,134	12,920	-	86,240
Deductions:								
Operating expenses	-	-	-	-	-	10,944	-	10,944
Payment of principal	-	-	-	-	21,970	-	-	21,970
Interest paid	-	-	-	-	53,120	-	-	53,120
Payment of principal and interest on escrow bonds	-	-	-	-	-	-	-	-
Premium and interest paid on investment purchases	-	6	-	-	30	-	-	36
Other disbursements	-	-	-	-	140	-	-	140
Total	-	6	-	-	75,260	10,944	-	86,210
Balance at June 30, 1999	\$ 959	\$ 11,126	\$ 19,096	\$ 81	\$ 127,654	\$ 7,183	\$ -	\$ 166,099

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$489 and \$554 at June 30, 1999 and 1998, respectively, nor do they include total amortized net investment discounts of \$3,489 and \$6,698 at June 30, 1999 and 1998, respectively. These balances do not include unrealized (gain) loss on investments in funds available for sale of (\$4,364) and \$1,022 at June 30, 1999 and 1998, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Debt Service Account	Debt Service Reserve Account	General Reserve Fund	Operating Fund	Total
Balance at June 30, 1998	\$ 1,164	\$ 3,083	\$ 1,845	\$ 1,502	\$ 7,594
Additions:					
Investment earnings	15	77	57	50	199
Discount on investment purchases	19	98	58	5	180
Distribution of investment earnings	(35)	(174)	(115)	324	-
Revenue from power sales	-	-	-	2,071	2,071
Distribution of revenues	1,570	-	300	(1,870)	-
Miscellaneous transfers	231	-	85	(316)	-
Total	<u>1,800</u>	<u>1</u>	<u>385</u>	<u>264</u>	<u>2,450</u>
Deductions:					
Operating expenses	-	-	-	352	352
Payment of principal	550	-	-	-	550
Interest paid	1,563	-	-	-	1,563
Payment for defeasance of revenue bonds	-	-	-	-	-
Payment of principal and interest on escrow bonds	-	-	-	-	-
Premium and interest paid on investment purchases	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Total	<u>2,113</u>	<u>-</u>	<u>-</u>	<u>352</u>	<u>2,465</u>
Balance at June 30, 1999	<u>\$ 851</u>	<u>\$ 3,084</u>	<u>\$ 2,230</u>	<u>\$ 1,414</u>	<u>\$ 7,579</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$71 and \$78 at June 30, 1999 and 1998, respectively. These balances also do not include unrealized (gain)/loss on investments of \$71 and (\$3) at June 30, 1999 and 1998, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-PHOENIX PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Acquisition Account	Debt Service Account	Debt Service Reserve Account	Escrow Account	Operating Fund	Reserve & Contingency Fund	Revenue Fund	Surplus Fund	Total
Balance at June 30, 1998	\$ 13,114	\$ 2,703	\$ 5,916	\$ -	\$ 263	\$ 61	\$ -	\$ 4	\$ 22,061
Additions:									
Investment earnings	980	98	434	381	5	4	121	8	2,031
Transfer of investment	(13,394)	421	(435)	13,004	-	800	14	(410)	-
Transmission revenue	-	-	-	-	-	-	8,336	-	8,336
Transfer of revenues	-	7,263	-	-	1,208	-	(8,471)	-	-
Other transfers	(199)	(362)	-	127	-	-	-	434	-
Total	(12,613)	7,420	(1)	13,512	1,213	804	-	32	10,367
Deductions:									
Construction expenditures	3	-	-	-	-	-	-	-	3
Interest paid	-	5,175	-	-	-	-	-	-	5,175
Premium and interest paid on investment purchases	-	6	-	72	-	-	-	-	78
Operating expenses	-	-	-	-	1,384	-	-	-	1,384
Total	3	5,181	-	72	1,384	-	-	-	6,640
Balance at June 30, 1999	<u>\$ 498</u>	<u>\$ 4,942</u>	<u>\$ 5,915</u>	<u>\$ 13,440</u>	<u>\$ 92</u>	<u>\$ 865</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 25,788</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$683 and \$718 at June 30, 1999 and 1998, respectively, nor do they include total amortized net investment discount of \$9 at June 30, 1998. The balances also do not include unrealized loss on investments of \$40 at June 30, 1999.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-ADELANTO PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Acquisition Account	Debt Service Account	Debt Service Reserve Account	Escrow Account	Operating Fund	Reserve & Contingency Fund	Revenue Fund	Surplus Fund	Total
Balance at June 30, 1998	\$ 40,803	\$ 8,440	\$ 16,267	\$ -	\$ 253	\$ -	\$ -	\$ 4	\$ 65,767
Additions:									
Investment earnings	3,055	360	1,196	1,043	8	-	44	13	5,719
Distribution of investment earnings	-	1,139	(1,196)	-	14	-	57	-	14
Transmission revenue	-	-	-	-	-	-	22,768	-	22,768
Distribution of revenues	-	21,472	-	-	1,397	-	(22,869)	-	-
Other transfers	(42,857)	(1,018)	-	36,829	679	6,300	-	67	-
Total	(39,802)	21,953	-	37,872	2,098	6,300	-	80	28,501
Deductions:									
Interest paid	-	15,769	-	-	-	-	-	-	15,769
Construction expenditures	8	-	-	-	-	-	-	-	8
Payment of principal	-	-	-	-	-	-	-	-	-
Premium and interest paid on investment purchases	-	4	-	78	-	-	-	-	82
Operating expenses	-	-	-	-	2,241	-	-	-	2,241
Total	8	15,773	-	78	2,241	-	-	-	18,100
Balance at June 30, 1999	\$ 993	\$ 14,620	\$ 16,267	\$ 37,794	\$ 110	\$ 6,300	\$ -	\$ 84	\$ 76,168

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$1,989 and \$2,138 at June 30, 1999 and 1998, respectively, nor do they include total amortized net investment discount of \$23 at June 30, 1998. The balances do not include unrealized loss on investments of \$99 at June 30, 1999.

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
 MULTIPLE PROJECT FUND
 SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
 REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999**
 (Amounts in thousands)

	Proceeds Account	Debt Service Account	Earnings Account	Total
Balance at June 30, 1998	\$ 247,727	\$ -	\$ 7,233	\$ 254,960
Additions:				
Investment earnings	18,208	-	571	18,779
Transfer of investment earnings to earnings account	(18,208)	-	18,208	-
Transfer to debt service account	-	16,512	(16,512)	-
Total	<u>-</u>	<u>16,512</u>	<u>2,267</u>	<u>18,779</u>
Deductions:				
Interest paid	-	16,512	-	16,512
Total	<u>-</u>	<u>16,512</u>	<u>-</u>	<u>16,512</u>
Balance at June 30, 1999	<u>\$ 247,727</u>	<u>\$ -</u>	<u>\$ 9,500</u>	<u>\$ 257,227</u>

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of investments at original cost. These balances do not include accrued interest receivable of \$9,450 and \$9,367 at June 30, 1999 and 1998, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1999
(Amounts in thousands)

	Acquisition Account	Debt Service Account	Debt Service Reserve Account	Operating Fund	Reserve & Contingency Fund	Revenue Fund	Total
Balance at June 30, 1998	\$ 116	\$ 8,727	\$ 18,015	\$ 5,877	\$ 7,775	\$ -	\$ 40,510
Additions:							
Investment earnings	5	100	1,057	1,322	1,178	41	3,703
Distribution of investment earnings	-	(302)	(1,056)	(338)	(453)	2,149	-
Discount on investment purchases	-	212	-	55	101	4	372
Revenue from power sales	-	-	-	-	-	57,478	57,478
Distribution of revenues	-	18,024	-	38,554	900	(57,478)	-
Other transfers	-	-	-	2,194	-	(2,194)	-
Total	5	18,034	1	41,787	1,726	-	61,553
Deductions:							
Administrative expenditures	-	-	-	41,837	2,043	-	43,880
Interest paid	-	11,483	-	-	-	-	11,483
Premium and interest on investment purchases	-	7	-	-	-	-	7
Principal payment	-	6,540	-	-	-	-	6,540
Total	-	18,030	-	41,837	2,043	-	61,910
Balance at June 30, 1999	\$ 121	\$ 8,731	\$ 18,016	\$ 5,827	\$ 7,458	\$ -	\$ 40,153

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of \$204 and \$417 at June 30, 1999 and 1998, respectively. These balances do not include unrealized gain on investments of \$59 and \$49 at June 30, 1999 and 1998, respectively.

City of Anaheim

Customers - Retail	114,888
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	920,360
Purchased	2,247,792
Total	3,168,152
Total Revenues (000s)	\$254,521
Operating Costs (000s)	\$217,663

City of Azusa

Customers Served	14,663
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased	399,314
Sales	
Retail	226,114
Wholesale	173,200
Total Revenues (000s)	\$25,319
Operating Costs (000s)	\$25,319

City of Banning

Customers Served	9,607
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased	132,854
Total	132,854
Total Revenues (000s)	\$15,188
Operating Costs (000s)	\$15,016

City of Burbank

Customers Served	51,573
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	112,000
Purchased	1,082,000
Total	1,194,000
Total Revenues (000s)	\$118,363
Operating Costs (000s)	\$108,415

City of Colton

Customers Served	16,779
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	0
Purchased	281,787
Total	281,787
Total Revenues (000s)	\$28,117
Operating Costs (000s)	\$29,621

City of Glendale

Customers Served	83,119
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	400,888
Purchased	770,373
Total	1,171,261
Total Revenues (000s)	\$135,166
Operating Costs (000s)	\$123,136

Imperial Irrigation District

Customers Served	91,829
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	1,017,255
Purchased	1,696,354
Total	2,713,609
Total Revenues (000s)	\$206,111
Operating Costs (000s)	\$175,341

**Los Angeles Department
of Water and Power**

Customers Served	1,386,200
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	13,276,503
Purchased	15,042,142
Total	28,318,645
Total Revenues (000s)	\$2,203,364
Operating Costs (000s)	\$1,788,991

City of Pasadena

Customers Served	58,366
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	297,074
Purchased	1,158,249
Total	1,455,323
Total Revenues (000s)	\$142,733*
Operating Costs (000s)	\$113,444**

*Includes:
Other Non-Generating Revenue \$96,695
Non-Operating Revenues \$ 6,232

**Includes:
Non-Operating Expenses \$17,016

City of Riverside

Customers Served	92,213
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	288,754
Purchased	1,541,024
Total	1,829,778
Total Revenues (000s)	\$170,673
Operating Costs (000s)	\$172,097

City of Vernon

Customers Served	2,027
Power Generated and Purchased (in Megawatt-Hours)	
Self-Generated	1,412
Purchased	1,209,577
Total	1,210,989
Total Revenues (000s)	\$59,283
Operating Costs (000s)	\$54,635



Southern California Public Power Authority
225 S. Lake Avenue, Suite 1410, Pasadena, CA 91101
Tel: (626) 793-9364 Fax: (626) 793-9461 Website: www.scppa.org